



# GCC Indirect Tax Newsletter

December 2020 Edition

Insights  
Tax and Legal Services  
PwC Middle East



## The United Arab Emirates (UAE)

### Value Added Tax

#### Practical Updates

##### 1. Tax Certificates Issuance from the Federal Tax Authority ("FTA")

The FTA recently communicated that starting from the 14th November 2020 the FTA will be receiving applications for issuance of the tax certificates via its website.

The FTA explained that there are two categories of tax certificates which are issued to companies and individuals:

- The first being the 'Tax Residency Certificate', a certificate issued by the FTA upon request to enable applicants to benefit from Double Tax Avoidance Agreements ("DTAA") signed between UAE and other countries.
- The second is the Commercial Activities Certificate which is a certificate issued by the FTA to enable applicants to apply for refund of VAT paid outside the UAE, whether or not DTAA's are applicable.

##### 2. Public Clarification (VATP022): Dubai Owners' Associations and Management Entities

The UAE FTA has published a VAT Public Clarification - Dubai Owners' Associations and Management Entities (VATP022) which clarifies the VAT implications of Law No. 6 of 2019 Concerning Ownership of Jointly Owned Real Property in the Emirate of Dubai on Dubai Owners' Associations and Management Entities.

The Clarification (VATP022) confirms that according to Law No. 6, with effect from 3 November 2019, all rights and obligations of Dubai Owners' Associations were transferred to Management Entities and therefore Dubai Owners' Associations are no longer making taxable supplies for VAT purposes.

Dubai Owners' Associations are required to apply for VAT deregistration within the period prescribed in the tax legislation of 20 business days i.e. no later than 4 December 2019.

Management Entities are regarded as making supplies to the owners of Jointly Owned Real Property and required to comply with VAT obligations in this regard, including issuing valid tax invoices and VAT reporting.

The Clarification also emphasizes the administrative penalties that would be imposed for not complying with the deregistration requirements by Dubai Owner's Associations, and for the issuance of invalid tax invoices or not accounting for taxable supplies by Management Entities.

## The United Arab Emirates (UAE)

### Value Added Tax (contd.)

#### 3. New VAT Refund Template

The FTA has recently updated the VAT Refund Template and we have summarised below the changes:

S.No	Tab	Changes in new format
1	Required Information	“Tax Return Period” has been amended to “Tax Return Periods”. Therefore, it appears that VAT Refund for multiple Tax Periods could be filed with a single application.
2	Standard Rated Sales – Box 1	The following columns have been added in the required list of information: 1. Tax Payer TRN ( <i>of the refund applicant</i> ) 2. Company Name / Member Company Name (If applicable) 3. Reporting period (From DD/MM/YYYY to DD/MM/YYYY format only) 4. VAT Adjustments (if any)
3	Out of scope Sales	The following columns have been added in the required list of information: 1. Tax Payer TRN ( <i>of the refund applicant</i> ) 2. Company Name / Member Company Name (If applicable) 3. Reporting period (From DD/MM/YYYY to DD/MM/YYYY format only) 4. VAT Amount AED 5. Reason of Out-of-Scope Sales treatment
4	Tourist Refund Adjustment – Box 2	This is a new tab that has been added in the format.
5	Import of Services – Box 3	The following columns have been added in the required list of information: 1. Tax Payer TRN ( <i>of the refund applicant</i> ) 2. Company Name / Member Company Name (If applicable) 3. Reporting period (From DD/MM/YYYY to DD/MM/YYYY format only) 4. Location of the Supplier - Under the old template this was part of ‘Supplies subject to Reverse Charge Provisions’.
6	Zero Rated Sales – Box 4	The following columns have been added in the required list of information: 1. Tax Payer TRN ( <i>of the refund applicant</i> ) 2. Company Name / Member Company Name (If applicable) 3. Reporting period (From DD/MM/YYYY to DD/MM/YYYY format only) 4. Location of the Customer

## The United Arab Emirates (UAE)

### Value Added Tax (contd..)

7	Exempt Supplies – Box 5	The following columns have been added in the required list of information: 1. Tax Payer TRN ( <i>of the refund applicant</i> ) 2. Company Name / Member Company Name (If applicable) *** 3. Reporting period (From DD/MM/YYYY to DD/MM/YYYY format only)
8	Goods Imported into UAE – Box 6	The following columns have been added in the required list of information: 1. Tax Payer TRN ( <i>of the refund applicant</i> ) 2. Company Name / Member Company Name (If applicable) 3. Reporting period (From DD/MM/YYYY to DD/MM/YYYY format only) 4. Location of the Supplier 5. Name of the Customs Authority 6. Customs Declaration Number
9	Adjustment – Goods Import – Box 7	This is a new tab that has been added in the format.
10	Standard Rated Purchases – Box 9	The following columns have been added in the required list of information: 1. Tax Payer TRN ( <i>of the refund applicant</i> ) 2. Company Name / Member Company Name (If applicable) 3. Tax Invoice/Tax credit note Received Date – DD/MM/YYYY format only 4. Reporting period (From DD/MM/YYYY to DD/MM/YYYY format only) 5. VAT Amount Recovered AED 6. VAT Adjustments (if any)
11	Supplies subject to RCM – Box 10	This is a new tab that has been added in the format.



## The United Arab Emirates (UAE)

### Excise Tax

#### Practical Update

In an effort to enhance compliance with Excise Tax obligations, the FTA is planning to implement additional controls on the movement of stock to and from Designated Zones. A new Opening Stock Declaration (EX204) will be available to disclose the amount of opening stock held in a Designated Zone. According to the notice, Excise tax Taxpayers will only be allowed to move the stock up to the quantity that has been previously declared.

The new requirements are only applicable to Tax Warehouse Keepers that operate Designated Zones. Excise Taxable persons that do not operate a Designated Zone will not be impacted by the new changes.

The requirement to submit the Opening Stock Declaration will be effective by January 1st, 2021. The first Declaration must be submitted between January 1st and January 31st, 2021. The level of frequency of the submission of the declaration remains to be seen (i.e. whether the FTA will request this declaration on a monthly basis, or a periodical basis).

The FTA will be providing additional details with regards to filling up the forms and how to ensure Excise Tax compliance. In particular, the FTA has shared the below relevant dates for your attention:

- December 4th, 2020: The new reporting requirements will be live and available in the FTA portal; and user guides will be published for guidance on how to fill up the forms.
- Week of December 6th, 2020: FTA will conduct a virtual awareness session on the system and process changes.
- January 1st - January 31st, 2021: Period to submit the Opening Stock Declaration (EX204).

## The Kingdom of Saudi Arabia (KSA)

### Value Added Tax

#### Legal updates

##### 1. Amendment to the provisions of Article 44 of the KSA VAT Implementing Regulations

The General Authority of Zakat and Tax ('GAZT') has amended the provisions of Article 44 of the Implementing Regulations by way of adding the following new sub article (unofficial translation):

*"8. As an exception to the provisions of the second paragraph of this article, in special cases, the Authority's Board of Directors may allow taxable persons to postpone import tax payment to be made through the tax return, and the board may set the necessary conditions, controls, and procedures"*

The official announcement in available Arabic language only at the moment and can be accessed through this [link](#)

##### 2. Real Estate Transaction Tax ('RETT') - Draft Law

GAZT has published a draft RETT law on its website for the purpose of public consultation. Stakeholders are required to submit their opinion or feedback by 25th December 2020.

The draft Law is available in Arabic and can be accessed through this [link](#)

This [form](#) may be filled for recommendations, suggested amendments, comments and feedback which can be shared with GAZT via email to [public\\_consul@gazt.gov.sa](mailto:public_consul@gazt.gov.sa)

## Practical updates

### 1. Detailed guide on RETT

GAZT has issued a detailed guide that provides clarification related to application of RETT on real estate disposal transactions.

The guide further elaborates and clarifies definitions, application, exclusions, declaration and payment mechanism, penalties, and objections...etc. The guide also provides the tax treatments related to specific transactions (e.g. sales off-plan)

The guide is available in Arabic language only at the moment can be accessed through this [link](#).

### 2. Guide on the process of obtaining waiver of penalties for on going appeals

Pursuant to the extension of various fiscal stimulus initiatives until 31 December 2020 through Resolution No. 662 dated 09/02/1442AH corresponding to 26 September 2020, GAZT has published a detailed guide clarifying the process to avail benefit under tax amnesty in relation to an ongoing appeals for which no final decision has been issued.

The application can be submitted via this [link](#)

[www.pwc.com/me](http://www.pwc.com/me)

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