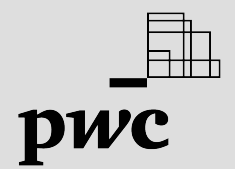


October 2024

GCC Indirect Tax News Roundup

Quarter Three 2024

PwC Middle East
Tax & Legal Services





Anticipating the Impact of Global Digital Trade Rules: Strategic Insights for Businesses

As digital trade continues to reshape global commerce, the need for comprehensive, forward-looking regulations has become increasingly urgent. The recently proposed global digital trade rules, currently under negotiation at the World Trade Organization (WTO), signal a significant shift in how cross-border digital transactions will be governed. Businesses that proactively prepare for these new regulations can minimize potential risks and capitalize on the opportunities presented by a more transparent and consistent global digital trade framework.

Though the exact timeline remains uncertain, it is inevitable that all WTO members will face a significant shift in trade regulation through the implementation of global digital trade rules.

Learning from past regulatory shifts, digital trade rules are expected to have a profound operational and financial impact on businesses. Companies should start assessing their data flow management, tax systems, IT infrastructure, and legal structures to anticipate future compliance challenges. Proactive preparation is essential to navigate the upcoming landscape.

A crucial takeaway from prior digital trade regulatory adjustments is the importance of staff training on compliance procedures, particularly regarding cross-border data flows, e-commerce taxation, and digital services. Companies must educate employees about the implications of these new rules for operational efficiency. Additionally, upgrading IT systems is necessary, as many existing platforms may not support the required data collection for digital trade compliance. The disconnect between IT, legal, and finance teams can further complicate implementation if not addressed early.

Different sectors such as e-commerce, finance, telecommunications, and tech may experience varying compliance burdens and opportunities, given the nuances of digital trade regulation. Adopting a sector-specific approach and preparing for the operational and reporting requirements can significantly ease the transition.

In conclusion, a strategic approach, including early assessments, investment in technology, and employee training, will ensure businesses thrive in a more regulated digital trade environment. Proactively preparing for the new global digital trade rules will lead to a competitive advantage and a smoother transition in the long term.

Visit our dedicated tax policy alert for further insights on the WTO's digital trade rule negotiations [here](#).





Indirect Taxes in the GCC

An overview of the current indirect taxes applicable in the GCC

UAE

VAT standard rate of 5% (reduced VAT rate 0%).

Excise Tax rates:

100% for tobacco, tobacco products, electronic smoking devices and energy drinks; and

50% on carbonated and sweetened drinks.

KSA

VAT standard rate of 15% (reduced VAT rate 0%).

Real Estate Transaction tax (**RETT**) applicable at 5% (effective 4 October 2020).

Excise Tax rates:

100% for tobacco products, electronic smoking devices and energy drinks; and

50% on soft drinks and sweetened drinks.

Bahrain

VAT standard rate of 10% (reduced VAT rate 0%).

Excise Tax rates:

100% for tobacco (and related) products and energy drinks; and

50% on soft drinks.

Oman

VAT standard rate of 5% (reduced VAT rate 0%).

Excise Tax rates:

100% on tobacco and related products, energy drinks and special purpose goods (pork & alcohol products), 50% on carbonated drinks.

Qatar

VAT is not yet introduced in Qatar.

Excise Tax rates:

100% for tobacco products and energy drinks; and 50% on carbonated drinks.




Kuwait

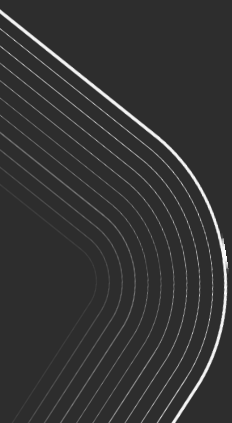
VAT and Excise Tax are not yet introduced in Kuwait.



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An aerial photograph of Dubai, United Arab Emirates, showing a dense skyline of skyscrapers along a coastline with a sandy beach and turquoise water. A small boat is visible in the water in the lower left. The sky is clear and blue. In the top right corner, there is a decorative geometric pattern of blue triangles. In the bottom left corner, there is another decorative geometric pattern of light blue triangles. In the bottom right corner, there is a decorative graphic consisting of a white square with a black silhouette of the UAE map, surrounded by yellow and pink triangles.

01

UAE

Indirect Tax Updates



United Arab Emirates

Customs



Dubai Customs announces new policy on the Voluntary Disclosure System

Dubai Customs has announced Customs Policy No. 58/2024, establishing a new Voluntary Disclosure System (VDS) for businesses to self-report customs compliance errors

Eligibility Criteria

Companies can utilize the VDS only if they are not currently undergoing a customs audit or investigation. Entities under audit for the same or related customs issues will not qualify for the program. Additionally, the disclosed error must not be previously detected by Dubai Customs.

Process for Voluntary Disclosure

- **Electronic Submission:** Disclosures are submitted electronically through the Dubai Customs portal, ensuring a streamlined and efficient process.
- **Required Information:** The disclosure must include details of the error, the transaction involved, and any financial impacts, such as underpayment or overpayment of duties.

Timeline and Implementation

The new policy came into effect in 2024, reinforcing Dubai's commitment to trade compliance and facilitating legitimate trade activities. The VDS is part of Dubai's broader strategy to enhance customs efficiency and maintain its status as a global trade hub.

Businesses are encouraged to familiarize themselves with the new policy and ensure they are in compliance with customs regulations to take advantage of the benefits offered by the VDS.

Further details are available in PwC's news alert that can be accessed [here](#).



02

Saudi Arabia

Indirect Tax Updates





Saudi Arabia

Value Added Tax



Proposed Amendments to the VAT Implementing Regulations

The Zakat, Tax and Customs Authority ('ZATCA') has published proposed amendments to various provisions of the VAT Implementing Regulations on the Public Consultation Platform of the National Competitiveness Center on 28 August 2024 for public consultation. Stakeholders and taxpayers were required to express their opinion on the [platform](#) and share feedback by 17 September 2024.

The proposed amendments/ additions to the VAT Implementing Regulations aim to enhance compliance with the KSA VAT landscape and to provide further clarity for the taxpayers, specifically on the following Articles:

- Article 10 - Group Registration
- Article 11 - Application to form a VAT group
- Article 12 - Amendments /Disbanding of a VAT group
- Article 13 - De-registration
- Article 14 - Taxable supplies in the Kingdom
- Article 15 - Nominal supplies
- Article 17 - Transfer of an Economic Activity
- Article 20 - Date of supply and tax due date
- Article 32 - Exports of goods from the Kingdom
- Article 33 - Services provided to non-GCC residents
- Article 36 - Supplies of qualified military goods
- Article 38 - Fair Market Value
- Article 39 - Value of specific taxable supplies (Nominal supply)
- Article 40 - Adjustment to the value of supply
- Article 47 - Persons liable to pay tax in special cases
- Article 50 - Goods and services deemed to be received outside economic activity
- Article 54 - Credit and Debit Notes
- Article 60 - Extension of time to pay tax
- Article 63 - Correction of Returns
- Article 64 - Examination and assessment procedures
- Article 68 - Appeals
- Article 69 - Refund of overpaid Tax
- Article 70 - Refund of Tax to Designated persons
- Article 73 - Refund of tax to Tourists
- Article 78 - Publication of Notifications

Further details are available in PwC's news alert that can be accessed [here](#).



Saudi Arabia

E-invoicing



Electronic Invoicing Integration phase - 14th to 16th wave

During Q3/2024, ZATCA announced the criteria for the Electronic invoicing (E-invoicing) Integration Phase Wave 14-16 participants. As per the announcement, VAT registered taxpayers with the following revenue thresholds must integrate their systems with ZATCA's FATOORA platform by the specified deadlines:

- **Wave 14:** Revenues exceeding SAR 5 million during 2022 or 2023 must integrate by **1 February 2025**.
- **Wave 15:** Revenues exceeding SAR 4 million during 2022 or 2023 must integrate by **1 March 2025**.
- **Wave 16:** Revenue exceeding SAR 3 million during 2022 or 2023 must integrate by **1 April 2025**.

Integration phase enhances tax compliance and transparency by requiring transmission of invoices to ZATCA. Further details are available in the announcements published by ZATCA:

- [Wave 14 announcement](#)
- [Wave 15 announcement](#)
- [Wave 16 announcement](#)



Saudi Arabia

Customs



New Customs Services Fee Structure in Saudi Arabia

On 06 September 2024, ZATCA introduced a revised customs services fee structure, effective immediately. The ZATCA publication is accessible [here](#).

The main aspects of this new fee structure include:

- **Increased Transparency:** Fees are now itemized for each specific customs service, offering businesses greater clarity regarding the cost of import and export activities.
- **New Fees for Specialized Services:** Introduction of new charges for services such as customs inspections outside of regular working hours and expedited processing.
- **Discounted Bulk Transaction Fees:** Discounts apply to high-volume transactions, encouraging larger trade activities.
- **Updated Warehousing and Storage Fees:** Revised fees aim to align with international standards, enhancing efficiency in port resource management.
- **Stricter Penalties for Non-Compliance:** Adjustments to fines are designed to enforce customs regulations more strictly, with a focus on deterring repeated violations.

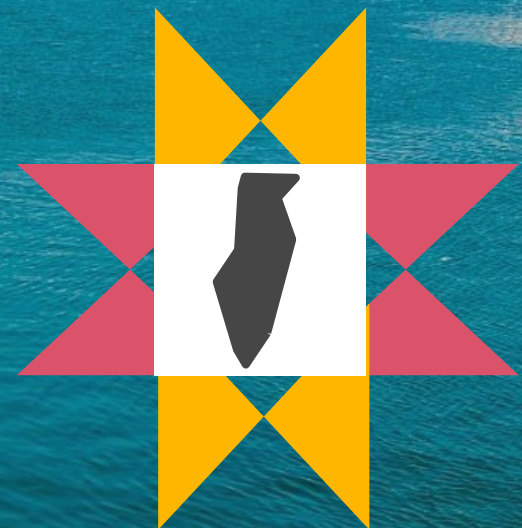
ZATCA's revisions are expected to have a significant impact on businesses, with the transparency and discounts potentially benefiting larger operations, while new specialized fees could increase costs for certain services.



03

Bahrain

Indirect Tax Updates





Bahrain

Value Added Tax

NBR has published the updated VAT General Guide (version 1.11)

The National Bureau for Revenue (NBR) has issued new updates in the VAT General Guide, version 1.11. This update includes additions to the Appendix regarding fees vs penalties.

As of 1 November 2024, all charges are considered VATable as they represent consideration for the broader scope of services provided unless the payment is in relation to an indemnification of an actual damage incurred.

All charges/fees imposed by banks, such as late payment fees or early termination fees are subject to VAT at the standard rate

Appendix D of the General Guide provides examples of charges that are subject to VAT as well as examples of punitive charges in nature that are out of the scope of VAT.

The updated guide is accessible [here](#).

NBR has published the updated VAT Financial Services Guide (version 1.3)

The National Bureau for Revenue (NBR) has issued new updates in the VAT Financial Services Guide, version 1.3. This update includes more details in section 2.7.2 in relation to interchange fees. The NBR has covered details of the VAT treating in relation to charges to issuing banks, payment network operators and switch services.

The updated guide is accessible [here](#).



Bahrain

Value Added Tax

NBR has published the updated Real Estate Guide (version 1.4)

The National Bureau for Revenue (NBR) has released updated version 1.4 of the Real Estate Guide. This update includes important changes to section 2.3.9 regarding the VAT treatment for the rental of retail and promotional stands.

As of 1 January 2025, the provision of space for retail or promotional stands will not be regarded as an exempt supply for VAT purposes, irrespective of the rental period. Such a supply will be subject to VAT at the standard rate if the person providing the space is a VATable person.

The updated guide is accessible [here](#).



Events



TLS Seminar Roadshow kicks off in Oman.

Our TLS Seminar Series is back. We have enhanced our seminar structure this year offering bespoke client sessions, panel discussions, networking booths and the opportunity to connect with our experts for one on one conversations.



Our TLS Seminar Series heads to Bahrain as the DMTT law is announced.

Bringing together tax professionals from all over Bahrain to talk about the latest trends and transformation including DMTT, NewLaw and Pillar Two.



Hanan Abboud
Pillar Two Leader, PwC Middle East

BEPS P2 Tax Technology Webinar.

This was the first of two webinars that will be held over the coming months focusing on Pillar Two functions, data, technology, and tools.



Our first edition in our TLS Roundtable Series begins.

In the first edition of our TLS roundtable Series after the Summer break we spoke about UAE tax accounting - tax reporting considerations for year end. We welcomed nearly 40 clients to this insightful session.



The takeaway

Taxpayers are now, more than ever, required to keep up with the pace of indirect tax changes in the region and stay future ready.

For a deeper discussion on various aspects listed in the publication that are applicable to your business, please get in touch.

www.pwc.com/me

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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Thank you

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