Evas Plus International

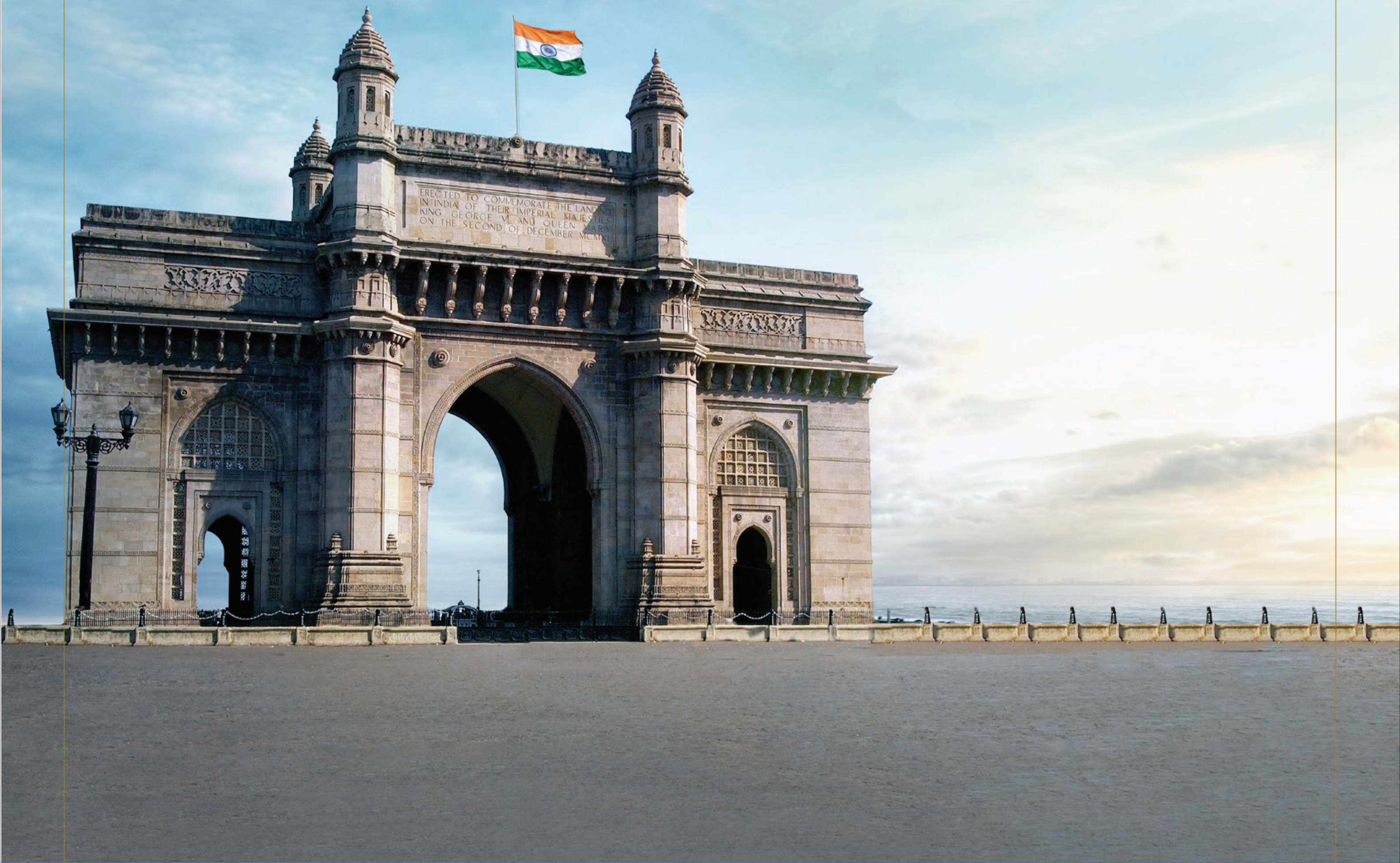
NEWSLETTER

Volume 2 – Issue 4

21ST WORLD CONGRESS OF ACCOUNTANTS 2022 | 18-21 NOVEMBER | MUMBAI INDIA

BUILDING TRUST ENABLING SUSTAINABILITY

"India set to host the 21st World Congress of Accountants at Mumbai"



روح الاتحاد
SPIRIT OF THE UNION
NATIONAL DAY اليوم الوطني
UNITED ARAB EMIRATES الإمارات العربية المتحدة

SPIRIT OF THE UNION

Beginning on the 51st UAE National Day, UNESCO has announced the celebration of World Futures Day on 2nd December across the globe. This day aims to raise awareness about the importance of developing a future mindset and enabling countries and governments to use scientific tools that can create a sustainable future for all. Future literacy has become an essential skill in the wake of a rapidly changing world and understanding the impact that our decisions today have on the future, is critical.

As a nation with a truly futuristic outlook, the UAE National Day Celebrations coinciding with the World Futures Day seems far from coincidental.

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Hello From Us

And in the blink of an eye, we are in the last quarter of 2022 presenting to you the latest edition of Evas Plus. Through our quarterly newsletter series, we share the latest industry insights and key academic concepts that will aid you gain a deeper understanding of the world of business and finance.

As the festive season kicks in, we can't help but feel that these last few months of 2022 are going to be special. In November begins the much awaited Qatar FIFA World Cup and nothing brings the world together quite like a global sporting event, football in particular. Irrespective of age, race and cultural differences, people come together to watch sports. Sport creates conversations and passion for sport is a language that transcends all geo-political barriers. The excitement that began in 2010 at the announcement of the Qatar 2022 World Cup, the first in the Middle East, is certainly reaching its pinnacle as we are only days away from this global phenomenon. At this moment in time, let's collectively hope that the joy and togetherness we are about to witness stays in our minds and hearts till the end of time. Hayya Hayya!

For our academic section, we will be covering the below topics:

IFRS DESK

International Accounting Standard 10 (IAS 10) : Events after the Reporting Period

IAS 10 prescribes when an entity should adjust its financial statements for events after the reporting period and when disclosures about the events after the reporting period are to be given.

ISA DESK

International Standard on Auditing 510 (ISA 510) : Initial Audit Engagements – Opening balances

This standard deals with the auditor's responsibilities relating to opening balances in an initial audit engagement.

TAX DESK

Indirect Tax

This time we cover the various taxation aspects in relation to the education sector in the UAE.

Direct Tax

We explain the key concepts of transfer pricing, the related documentation and attempt to demystify the compliance in line with the existing business scenario in the UAE.

We hope that you find the information contained herein to be insightful and informative. Do let us know any other topic that you would like us to cover in the upcoming editions.

Happy Reading !

VIJAYA MOHAN
Managing Partner
EVAS International

21st World Congress Of Accountants (WCOA) 2022

21ST WORLD CONGRESS OF ACCOUNTANTS
2022 | 18-21 NOVEMBER | MUMBAI INDIA
BUILDING TRUST ENABLING SUSTAINABILITY

A distinguished gathering where eminent thought-leaders share their vision of the new world.

- Accounting professionals from around the globe are set to unite in Mumbai, India and also virtually on **18-21 November 2022.**
- It would be a chance to get inspired and enlightened by more than **100 eminent luminaries** from the accounting and business fraternity.
- Making India proud, The Institute of Chartered Accountants of India is set to host this event.

About WCOA 2022

The theme for the 21st World Congress of Accountants is “Building Trust, Enabling Sustainability” which keeps in mind the crucial role accounants play as gatekeeper of public intrerest. The event will also focus on how the profession can play an instrumental role to enable sustainable growth of future economies.

This is an opportunity to get priceless insights and valuable knowledge from industry thought leaders, deliberating on current and future paradigm of the profession, stressing on the need of protecting the public interest and the responsibility towards a sustainable world.

The WCOA 2022 would be an apt platform for exchange of ideas through interactive discussions in accounting, finance and business professionals.

Who should attend

- Regulators
- Standards Setters
- Economists
- Professional Accountants in Practice and Industry
- Global CEOs/CFOs/CXOs of Industry
- Academicians
- Consulting Practitioners
- Global Accounting Institutions
- Commercial Groups

Why should attend

- Insights on global practice and future trends
- Build your network with peers across the Globe
- Know how the accounting & finance professionals are changing the world for the better
- Grow your practice with valuable learnings
- Economic insights to help you to plan better
- Informative and Practical sessions led by experts
- An exhibition to showcasing the products and services to support and streamline your business and practice
- Learn from the trend setters on the challenges to face the uncertain tomorrow

THEMATIC ISSUES

The Congress would explore a range of key themes including

- Role of Accounting Profession in enabling sustainability
- Global collaboration for inclusive growth
- Growing importance of digital technologies
- Integrity, Ethical leadership & Trust
- Global trends in Accounting, Auditing, Corporate Governance & Taxation
- Nurturing Innovation, Fintech & Start-Ups
- Future Ready Profession

HISTORY

Taken from 1972 Pictorial Supplement of the Congress for The Australian Accountant and The Chartered Accountant.

The World Congress of Accountants was first held more than 118 years ago, at the dawn of the 20th century.

Since then, subsequent conferences have been held globally.

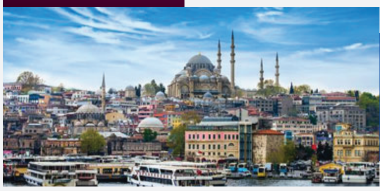
Today the World Congress of Accountants is a large-scale, international event which occurs every four years.

1904

St. Louis, USA

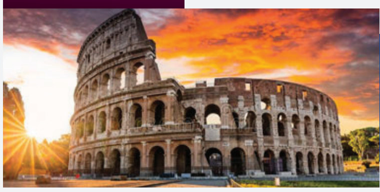
1926
1929
1933
1938
1952
1957
1962
1967
1972
1977
1982
1987
1992
1997
2002

15 events in the next 100 years

2006

ISTANBUL
TURKEY

2010

KUALA LUMPUR
MALAYSIA

2014

ROME
ITALY

2018

SYDNEY
AUSTRALIA

2022

MUMBAI
INDIA

IAS 10 Events After The Reporting Period

Objectives of IAS 10

- to prescribe when an entity should adjust its financial statements for events after the reporting period.
- to prescribe the disclosures that an entity should give about the date the financial statements were authorized for issue and the subsequent events.

Events after the reporting period

are those events, favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue.

These events can be classified as:

- Adjusting events (recognize) – those events that provide evidence of conditions that existed at the end of the reporting period.
- Non-adjusting events (disclose) – those events that are indicative of conditions that arose after the reporting period.

Recognition and Measurement

Adjusting events after the reporting period

An entity shall adjust the amounts recognized in its financial statements to reflect adjusting events after the reporting period.

Non-adjusting events after the reporting period

An entity shall not adjust the amounts recognized in its financial statements to reflect non-adjusting events after the reporting period.

Examples of adjusting events that require adjustment:

a) Settlement of an existing court case

b) Impairment of assets. Example:

i. Bankruptcy of a customer that occurs after the reporting period

ii. Sale of inventories after the reporting period may give evidence about their net realizable value

c) Cost of assets purchased, or sold

d) Profit sharing or bonus payments with present legal/ constructive obligation at the reporting date

e) Discovery of fraud or errors that show the financial statements are incorrect

Examples of non-adjusting events that require disclosure:

a) Business combination/ disposal of a subsidiary
b) Announcing a plan to discontinue an operation
c) The destruction of a major production plant by a fire
d) Major restructuring
e) Major ordinary share transactions
f) Changes in foreign exchange rates
g) Changes in tax rates or tax laws
h) Commencing major litigation

DIVIDEND

If an entity declares dividends to holders of equity instruments after the reporting period, the entity shall not recognise those dividends as a liability at the end of the reporting period because no obligation exists at that time. Such dividends are disclosed in the notes.

GOING CONCERN

An entity shall not prepare its financial statements on a going concern basis if management determines after the reporting period either that it intends to liquidate the entity or to cease trading, or that it has no realistic alternative but to do so.

If the going concern assumption is no longer appropriate, the effect is so pervasive that this standard requires a fundamental change in the basis of accounting, rather than an adjustment to the amounts recognized within the original basis of accounting.

Disclosures

Date of authorization for issue

An entity shall disclose the date when the financial statements were authorized for issue and who gave that authorization. If the entity's owners or others have the power to amend the financial statements after issue, the entity shall disclose that fact.

Updating disclosure about conditions at the end of the reporting period

If an entity receives information after the reporting period about conditions that existed at the end of the reporting period, it shall update disclosures that relate to those conditions, in the light of the new information.

Non-adjusting events after the reporting period

If non-adjusting events after the reporting period are material, non-disclosure could influence the economic decisions that users make on the basis of the financial statements. Accordingly, an entity shall disclose the following for each material category of non-adjusting event after the reporting period:

a) the nature of the event; and
b) an estimate of its financial effect, or a statement that such an estimate cannot be made.

ISA 510
Initial Audit Engagements Opening Balances

SCOPE

This ISA deals with the auditor's responsibilities relating to opening balances in an initial audit engagement. In addition to financial statement amounts, opening balances include matters requiring disclosure that existed at the beginning of the period, such as contingencies and commitments.

When the financial statements include comparative financial information, the requirements and guidance in ISA 710 also apply.

OBJECTIVE

The objective of the auditor with respect to opening balances is to obtain sufficient appropriate audit evidence about whether:

(a) Opening balances contain misstatements that materially affect the current period's financial statements; and

(b) Appropriate accounting policies reflected in the opening balances have been consistently applied in the current period's financial statements, or changes thereto are appropriately accounted for and adequately presented and disclosed in accordance with the applicable financial reporting framework.

INITIAL AUDIT ENGAGEMENT

An engagement in which either:

(i.) The financial statements for the prior period were not audited; or

(ii.) The financial statements for the prior period were audited by a predecessor auditor.

	Audit Procedures	Audit Conclusions and Reporting
Opening Balances	The auditor shall read the most recent financial statements, if any, and the predecessor auditor's report thereon, if any, for information relevant to opening balances, including disclosures.	If the auditor is unable to obtain sufficient appropriate audit evidence regarding the opening balances, the auditor shall express a **qualified opinion** or **disclaim an opinion** on the financial statements, as appropriate, in accordance with ISA 705.

	Audit Procedures	Audit Conclusions and Reporting
Opening Balances	The auditor shall obtain sufficient appropriate audit evidence about whether the opening balances contain misstatements that materially affect the current period's financial statements by: a) Determining whether the prior period's closing balances have been correctly brought forward to the current period or, when appropriate, have been restated b) Determining whether the opening balances reflect the application of appropriate accounting policies and c) Performing one or more of the following: a) Where the prior year financial statements were audited, reviewing the predecessor auditor's working papers to obtain evidence regarding the opening balances b) Evaluating whether audit procedures performed in the current period provide evidence relevant to the opening balances or c) Performing specific audit procedures to obtain evidence regarding the opening balances. d) If the auditor obtains audit evidence that the opening balances contain misstatements that could materially affect the current period's financial statements, the auditor shall perform such additional audit procedures to determine the effect on the current period's financial statements. If the auditor concludes that such misstatements exist in the current period's financial statements, the auditor shall communicate with the appropriate level of management and those charged with governance.	If the auditor concludes that the opening balances contain a misstatement that materially affects the current period's financial statements, and the effect of the misstatement is not appropriately accounted for or not adequately presented or disclosed, the auditor shall express a **qualified opinion** or an **adverse opinion**, as appropriate, in accordance with ISA 705.
Consistency of Accounting Policies	The auditor shall obtain sufficient appropriate audit evidence about • Whether the accounting policies reflected in the opening balances have been consistently applied in the current period's financial statements, and • Whether changes in the accounting policies have been appropriately accounted for and adequately presented and disclosed in accordance with the applicable financial reporting framework.	If the auditor concludes in accordance with the applicable financial reporting framework that: a) the current period's accounting policies are not consistently applied in relation to opening balances; or b) a change in accounting policies is not appropriately accounted for or not adequately presented or disclosed, the auditor shall express a **qualified opinion** or an **adverse opinion** as appropriate in accordance with ISA 705.

	Audit Procedures	Audit Conclusions and Reporting
Predecessor Auditor's Report	If the prior period's financial statements were audited by a predecessor auditor and there was a modification to the opinion, the auditor shall evaluate the effect of the matter giving rise to the modification in assessing the risks of material misstatement in the current period's financial statements in accordance with ISA 315.	If the predecessor auditor's modified opinion regarding the prior period's financial statements remains relevant and material to the current period's financial statements, the auditor shall modify the auditor's opinion on the current period's financial statements in accordance with ISA 705 and ISA 710.

The Emirates Lunar Mission UAE's first mission to the MOON

In November 2022, a lunar rover named Rashid will be sent to the Moon by the Mohammed Bin Rashid Space Centre. The rover will land in Lacus Somniorum, the "Lake of Dreams", close to the lunar equator.

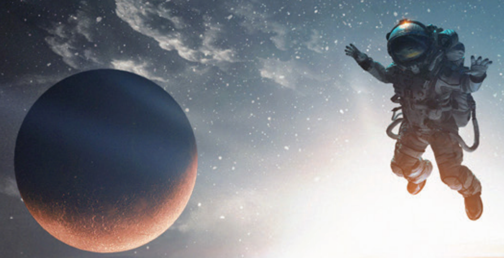
Key Features

Rashid will be equipped with 2 high-resolution cameras, a microscopic camera and a thermal imaging camera.

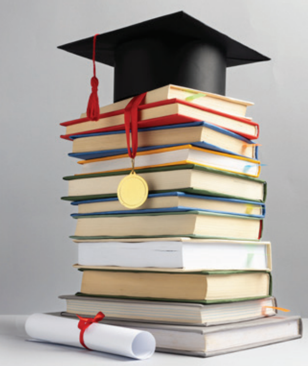
The rover will carry a Langmuir probe, designed to study the Moon's plasma and attempt to explain why Moon dust is peculiar.

The rover will study the lunar surface, mobility on the Moon's surface and how different surfaces interact with lunar particles.

Rashid is expected to be the smallest rover to land on the Moon, weighing approximately 10 Kg with its payload.



Key Aspects Of UAE VAT On Education Sector



VAT ON EDUCATION SECTOR IN GCC

The supplies related to Education are normally exempt from VAT in foreign regimes. Under the GCC framework , the taxability on education sector varies in different implementing states. The supplies related to educational services are zero rate in UAE and Bahrain whereas the same is exempt in Oman. In KSA, the education related supplies are taxable at the standard rate of 5% for private education.

VAT ON EDUCATION SECTOR IN UAE

The supply of educational services and supply of goods and services directly related to these educational services shall be **zero rate** if provided by:

a) educational institutions approved by the authorities and in the frame of a curriculum recognized by them (such as nurseries, preschools, schools);

b) a 'higher educational institution' (such as college or university), such institution must be owned by the local or federal government or receives more than 50 % of its annual funding directly from them.

VARIOUS PROVISIONS REALTED TO VAT

Place of supply

Place of supply rule determines whether the transaction is subject to UAE VAT law or is outside the scope of VAT. For the supply of educational services, the place shall be where such services were performed. If an education service is provided outside UAE, the supply shall be outside the scope of VAT.

Non recovery and apportionment of input VAT

• Input VAT on expenses related to transportation and accommodation cannot be recovered.

• Input tax that relates to both taxable and exempt or non-business supplies shall be apportioned based on apportionment rules.

VAT Refund

When major number of supplies are subject to zero rate, the VAT return will be in the position of VAT refund. VAT refund application are required to be submitted regularly with all the required documents to claim the refund amount from FTA.

Receipt of grant or sponsorship

• VAT liability depends on whether the institution provides the donor with a benefit in return for the funding received. The income may be charged with 5% VAT if a benefit is provided.

• Where there is no significant benefit received, the income will be treated as outside the scope of VAT.

Fund received for research

- VAT liability depends on whether the institution provide any deliverables in return for the funding to the grantor.
- If the fundings of the research will be used in the business of the grantor, the fund will be subject to 5% VAT.
- If the grantor does not receive any benefit in return, then the fund will be outside the scope of VAT.

Tax invoice

- There is no need to issue a tax invoice where the supply qualifies to be wholly zero-rated and there are sufficient records to establish the particulars of the supply.
- Institution can issue simplified tax invoice to un-registered customers or to customers where the total amount of consideration is below AED 10,000.

Taxability on goods and services linked to education sector

Standard rate

- Supply of books and digital reading materials other than related to the curriculum of the Education;
- Uniforms or any other clothing;
- Electronic devices in relation to educational services;
- Food and beverages including supplies from vending machines or vouchers in respect of food and beverages;
- Field trips which are not directly related to the curriculum of an education service or are predominantly recreational;
- Extracurricular activities provided for a fee additional to the fee for the education service;
- Membership in a student organization;
- Rental of halls/auditorium;
- Application or registration fees collected at the time of submitting the registration application and before they actually enrolled in the education institution.

Zero rate

- Tuition fees
- Supply of books and digital reading materials related to the curriculum of the Education
- Field trips which are directly related to the curriculum of an education service and are not predominantly recreational

Exempt

- Transportation of students from home to the location of qualified educational institution and vice versa
- Accommodation fees collected from students or teachers other than qualifying for zero rate

Transfer Pricing in UAE - A brief overview

Introduction

The Ministry of Finance through the publication of UAE Corporate tax Public Consultation Document (PCD) announced the introduction of Transfer Pricing for business entities in the UAE from financial years starting 01 June 2023. As the countdown to this date is fast approaching, there is an undeniable urge among business entities to get on top of this compliance.

When Corporate Tax is implemented, one of the most interesting areas in business would be the transaction between related parties / group entities. Such transactions can take place under terms which may not be comparable with the normal business transactions (which is as per the market trends). Here comes the need for understanding the Transfer Pricing Regulations in a detailed manner in order to ensure that there is no undue shifting of income or costs between such entities under different tax jurisdictions.

This article is a basic overview of transfer pricing, the related documentation, and a subtle attempt to demystify the compliance in line with the existing business scenario in the UAE.

Understanding Certain Relevant Terms

What is Transfer Pricing (TP)?

Transfer Pricing essentially means the price charged by an enterprise to provide goods, services, assets, property or other intangibles to another enterprise or person who is an associated enterprise / Related Parties / Connected Persons.

Transfer pricing is the process of fixing the transfer price.

Who is an Associated Enterprise (AE) ?

Two enterprises are associated enterprises if one of the enterprises participates directly or indirectly in the management, control, or capital of the other or if both enterprises are under common control.

Who is a related party under UAE CT ?

In the UAE, the PCD enumerates 'Related parties' and 'Connected persons', the transactions with whom need an introspection in the Transfer Pricing angle. Let us understand who a 'Related Party' is on combinations of transactions between different parties:

Transaction between:	When is it regarded as between 'Related Parties'?
Two or more individuals	When the individuals are related to the fourth degree of kinship or affiliation, including by birth, marriage, adoption, or guardianship
An individual and a legal entity	When the individual alone or together with another related party, directly or indirectly owns 50% or greater share in that legal entity or controls the legal entity
Two or more legal entities	When one legal entity together with its related party directly or indirectly owns a 50% or greater share in or controls the other legal entity or Same person directly or indirectly owns a 50% or greater share directly or indirectly or controls both the legal entities
Legal Entity	When the transaction is with a Permanent Establishment in another country
Unincorporated partnership	When the transaction is with its partners
Any Person	When the transaction is with their other business in UAE which is not subject to Corporate tax

Connected persons are mostly individuals who are an indispensable part of the business of the entity including:

- The individual or individuals who directly or indirectly has an ownership in and controls the entity, which may include the local sponsor,
- A director, officer or manager in the entity
- An individual related to owner, director or officer of the entity and
- Partners in the partnership

Transfer price shall be at arm's length - compliance requirements

The Transfer Pricing guidelines recommend business entities to conduct transactions with its cross border related parties in arm's length price. It mandates to recalculate the business entity's taxable profits for such transactions in line with arm's length price.

Business entities must hitherto keep a check on transactions with Connected Persons and Related Parties and see that these are at arm's length. This is ensured by comparing the transactions with related parties and connected persons called 'controlled transaction' with a similar transaction of the same nature conducted by the entity with an unrelated party (called internal comparable) or by another entity with another unrelated party (called external comparable).

Simply put, the entity needs to make sure that there is no tax avoiding advantage it accrues as a result of the transaction with a related party or connected person.

What is arms - length price?

Arm's length price (ALP) is the price at which a willing buyer and a willing unrelated seller would freely agree to transact or a trade between related parties that is conducted as if they were unrelated, so that there is no conflict of interest in the transaction. In other sense ALP is the market price.

How to find the Arm's length Price?

The PCD mentions that UAE will follow Transfer pricing procedures as per the OECD guidelines. The common methods which are used to find the arm's length price are:

- **Comparable uncontrolled price method;** which determines the Arm's length price by taking the price charged for identical goods and services in the market between unrelated parties;
- **Resale Price method;** which is generally used by distributors reselling such goods to unrelated third parties;
- **Cost Plus Method;** which is generally used by contract manufacturers;
- **Profit Split Method;** which allocates combines operating profits or loss attributable to one or more transactions between more than one related units;
- **Transaction Net Margin Method;** which determines Arm's length Price by comparing the operating profit relative to a appropriate base (costs sales, assets);
- **Other suitable methods;** which is used for complex intangible asset transfers.

The calculation of the arm's length price and the comparability of the product or service to unrelated transactions are generally judged with references to the following:

- the specific characteristics of the property transferred or services provided in either transaction;
- the functions performed, taking into account assets employed or to be employed and the risks assumed, by the respective parties to the transactions;
- the contractual terms (whether or not such terms are formal or in writing) of the transactions which lay down explicitly or implicitly how the responsibilities, risks and benefits are to be divided between the respective parties to the transactions
- conditions prevailing in the markets in which the respective parties to the transactions operate, including the geographical location and size of the markets, the laws and the Government orders in force, costs of labour and capital in the markets, overall economic development and level of competition and whether the markets are wholesale or retail.

Documentation – Transfer pricing perspective

The documentation requirements

The Multi-National Enterprises (MNE) will be mandated to prepare documentation to support and substantiate the arm's length price. The actual length and scope of documentation requirements and the applicable threshold will be understood only after the UAE Transfer pricing Guidelines are released. However, the following are the documentation requirements generally prescribed by transfer pricing guidelines:

- The Master File; or the permanent file which provide the general overview of the MNE's business, its overall transfer pricing policies and global allocation of income and economic activity.
- The local file; which includes the cross border related party transactions undertaken by the local unit of the enterprise, calculations of arm's length, the comparability analysis and economic analysis workings etc.
- The Country-by-Country Report (CbCR) which is exclusively for UAE headquartered MNEs having a group consolidated turnover of more than AED 3.15 Billion.

Way forward

What should UAE businesses do now?

The Transfer Pricing regulations would be something new for UAE businesses as this is the first time that they would be exposed to its practical implications. The businesses are recommended to not resort to major changes to its existing operations till the final UAE regulations are published. Meanwhile, they can understand and identify its habitual cross border related party transactions, analyse if those are under the arm's length principle, prepare a detailed transfer pricing policy and gather robust documentation to substantiate the arm's length price. Basically, it would have to question whether the current pricing of cross border transactions would go unchallenged in the face of a transfer pricing assessment or investigation.

It would be a welcome step to **start planning for the Transfer Pricing compliances** by streamlining its accounting, identifying gaps in data collation and conduct a high level impact assessment of transfer.

Scenario

How transaction between entities from high tax jurisdiction to low tax jurisdiction are being used as way to shift tax implications?

With the evolution of Multi-National Enterprises (MNE) and international travel, it was possible for large enterprises to set up their units and do business in all parts of the world. This induced the MNEs to cut tax costs by resorting to advantageous transfer pricing and artificial profit shifting. i.e. Units in high tax jurisdictions sold goods and services to units in low tax jurisdictions at a loss, and the low tax importer further resold those goods to the actual customer at the prevailing market price.

Imagine a situation where the unit of the MNE in Country A which has a corporate tax rate of 30% manufactured goods at a cost of USD 300 per unit and generally sold the same to its customers at USD 400 per unit. In a normal transaction, it had to pay a tax of USD 30 (30% of 100) per unit. To save this cost, the MNE devised to sell these goods to its unit in Country B which has 0% corporate tax at USD 150 per unit, and then resell these goods from Country B to the destinations of its end customer at USD 400.

General arrangement

Unit in Country A → Ships to → End customer

New arrangement

Unit in Country A → Ships to → Unit in Country B → Who further ships to → End customer

Particulars	General arrangement	New arrangement	
	Country A	Country A	Country B
Cost of goods sold	USD 300	USD 300	USD 150
Invoice amount	USD 400	USD 150	USD 400
Profit/(Loss)	USD 100	(USD 150)	USD 250
Tax rate on profits	30%	30%	0%
Tax payable	USD 30	-Nil-	-Nil-
Total tax payable	**USD 30**	**-Nil-**	

The unit in country B acts as an artificial conduit entity to help save the enterprise save group tax cost of USD 30 per unit.

This practice was believed by the tax administrators of high tax countries to be unjust and malicious, as it denies each country's fair share in MNE's total profit. To keep a check on such unjust cross border invoicing to related parties, the tax administrators devised rules and guidelines (called transfer pricing guidelines) to be followed by all MNEs.

In reality, units of MNE does not just avoid tax by transfer of goods and services but by a myriad of arrangements with related parties including :

- Borrowing from related parties to claim tax deductible interest,
- Transfer of Intellectual Property to international units with no or reduced taxation and
- Provision of raw material and semi-finished goods thereby shifting the production base to tax favourable country

The essence of transfer pricing is to ensure that the transactions between associated enterprises and related parties shall be under arms length price which should represent the market price.

Amendment to Excise Tax Decree Law

Excise Tax in the UAE is regulated by the Federal Decree-Law No. 7 of 2017 on Excise Tax ("Excise Tax Decree-Law"). The Federal Decree-Law No. 19 of 2022 on the Amendment of Some Provisions of the Federal Decree-Law No. 7 of 2017 on Excise Tax has been issued, amends some articles of the Excise Tax Decree-Law, and is effective from 14 October 2022.

GLIMPSE ON AMENDED ARTICLES OF THE EXCISE TAX DECREE-LAW

Exception from registration:

Persons importing excise goods for purposes other than conducting business will be excepted from registration.

Payment of any amount received as Excise Tax:

Any amount(s) collected, or reflected on an invoice as Excise Tax, is deemed to be Excise Tax and payable to the FTA.

The statute of limitation:

A statute of limitation relating to tax audits and tax assessments has been introduced in the amended Excise Tax Decree-Law (Explained below in detail).

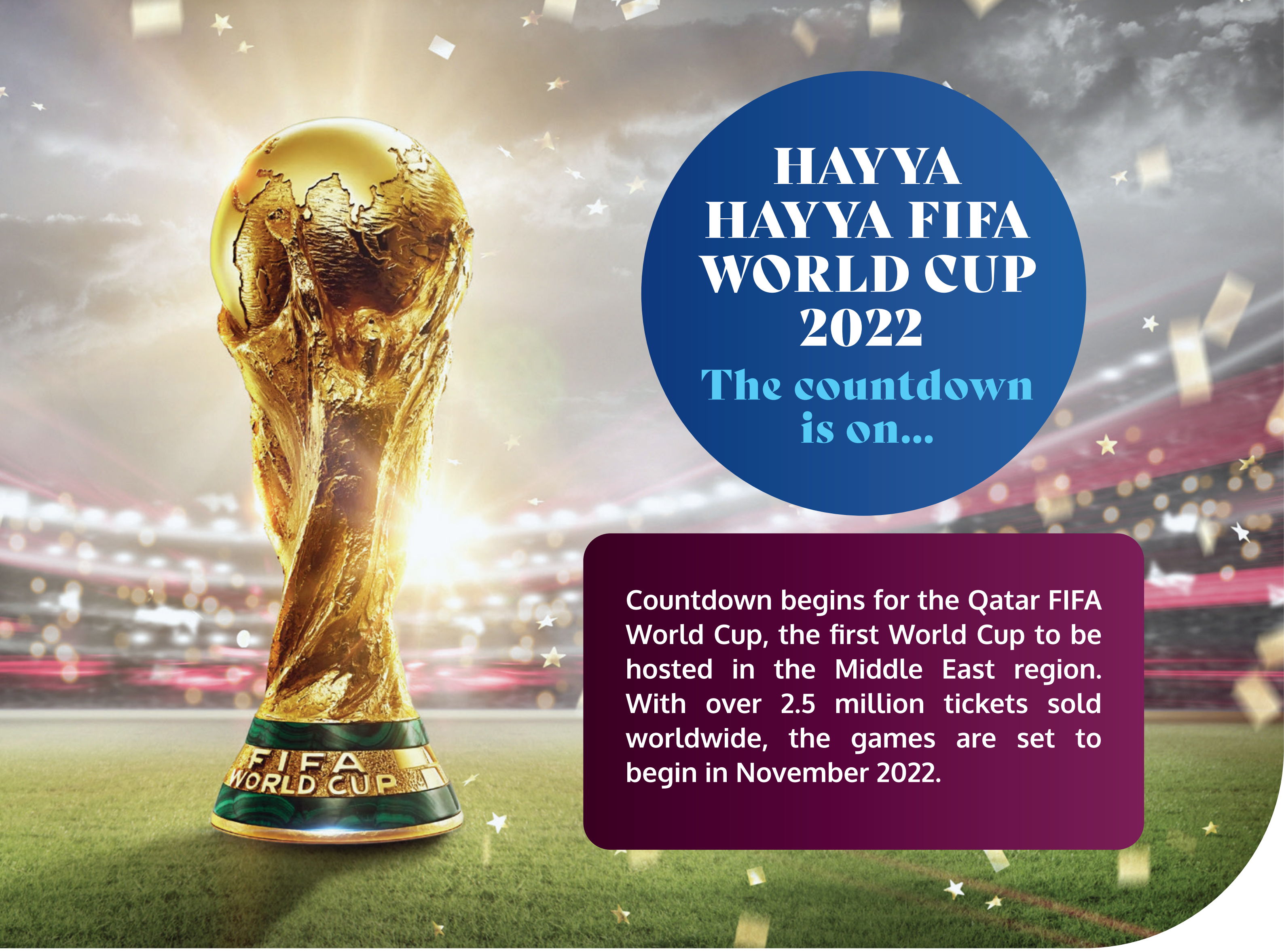
Timeframe for voluntary disclosure:

No voluntary disclosure may be submitted after five years from the end of the relevant tax period.

Statute of Limitation

Generally, the FTA may not conduct a tax audit or issue a tax assessment to a taxable person after the expiration of 5 years from the end of the relevant tax period. As an exception to the general rule, the FTA may conduct a tax audit or issue a tax assessment to the taxable person after 5 years from the end of the relevant tax period for some specific instances.

The amendment of Excise tax law clearly aims at supporting the business sector, facilitating fulfilment of obligations for taxable persons, minimizing tax avoidance, and addressing challenges related to the application of the excise tax.



HAYYA HAYYA FIFA WORLD CUP 2022

The countdown is on...

Countdown begins for the Qatar FIFA World Cup, the first World Cup to be hosted in the Middle East region. With over 2.5 million tickets sold worldwide, the games are set to begin in November 2022.

Procedures and rules to be followed by visitors to cheer up the show

BOOK THE TICKETS

Last minute sale phase for tickets is currently open and will run until the end of the show on 18 December 2022. Check FIFA.com/tickets for updates.

HAYYA CARD

All the local and international ticket holders are required to hold Hayya card to access the stadium.

ACCOMMODATION

All international visitors are required to book for accommodation to apply for Hayya card via qatar2022.qa.

COVID-19

A negative COVID-19 test is mandatory to enter the country for all the visitors.

FIFA world cup's economic impact on Qatar and important announcements

With less than 50 days to go until the start of the greatest show, Qatar is ready in advance with all the infrastructures to host FIFA world cup 2022. As per the latest news available, the country has spent about $200 billion to set the infrastructures including road, hotels, airports and building stadiums to host the show. It was estimated by financial analysts all across the world that Qatar's GDP will rise by 4.1% by the end of 2022 and will rise by an average of 3.2% annually between 2022 and 2030.

Qatar has come with two important announcements impacting travel and education as the countdown started:

CLOSE BORDERS

Entry of visitors who don't hold a Hayya card will be shut effective from 1 November till the end of the event. Exemption applied for Qatari citizens, residents, GCC citizens holding a Qatari ID card, and anyone with a personal or work visa

CLOSE SCHOOLS

Ministry of Education announced that the schools will remain closed during the FIFA world cup 2022.

5 R's insisted to be followed by citizens, residents and visitors of Qatar

RE-MODE

Walk, cycle or try an e-scooter

Use Doha Metro public buses and trams

Carpool with coworkers

RE-TIME

Avoid rush hours

Implement flexible working hours

RE-ROUTE

Plan an alternative route

Check for road closures or diversions

Find available parking

REMAIN

Get delivery

Visit local shops

Work from home

REDUCE

Reschedule meetings or trips

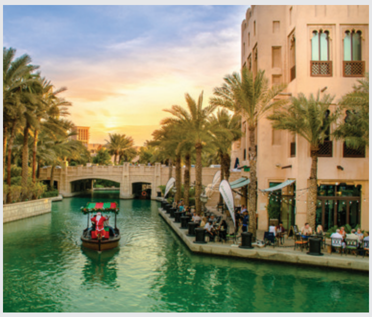
Switch to phone or video meetings

Boom Of the UAE Market And Its Effect On Different Industries

The FIFA World Cup has and continues to have a 'mini-Expo effect' in boosting the UAE market. Industries across the country are waking to opportunities extented by this event since Qatar is just a 1-hour journey from Dubai. As a great initiative to capture visitor interest, the UAE has announced a new multiple entry visa which costs AED 100 and is valid for 90 days. This is applicable for those visitors comng into the UAE and holding a Hayya Card. The World Cup not only catapults the growth of tourism but also the growth of SME's in the region. Here's a closer look at the impact on a few major sectors:

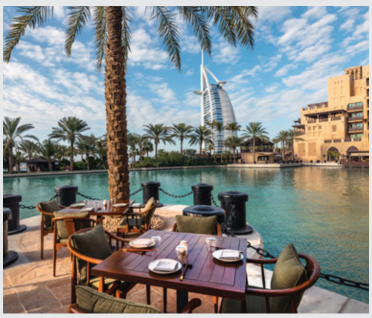
Tourism Sector (airlines and hotel chains)

Match day shuttle flights are now available for visitors for watching the matches. 30 return flights per day will take off from Dubai for Doha with flydubai, while Air Arabia will put on 14 daily flights between Sharjah and Doha in addition to their thrice daily services. One Dubai hotel, on the man-made, frond-shaped Palm island, will be given over entirely to football fans.



Real Estate Sector

A shortage of accommodation in Qatar has led to football fans seeking stay either through hotels or short-term rentals in UAE. Due to the reputation of the Dubai city worldwide, the visitors may become influenced to invest in Dubai property. Some experts say "These individuals often purchase luxury developments due to their lavish infrastructure and appeal as assets for long-term investment"



Small and Medium Entrprises

The influx of major potential international visitors to the UAE will naturally initiate a domino effect on the supply chain, whether that is B2B or B2C. Increased visitors mean increased uptakes of all industries including marketing fields, food chain and restaurants, trading, fashion, IT etc.

MoIAT: Recap of the 3rd Quarter

The Ministry of Industry and Advanced Technology (MoIAT), established in July 2020, aims to empower the UAE's industrial sector and raise the sector's contribution to the national GDP. One of the key initiatives led by the Ministry as it progresses towards this goal is the In-Country Value (ICV) Program.

Here's a roundup of all the latest news from MoIAT over the last quarter:

30 September

A core delegation from the UAE presented the Country's unique business environment and competitive advantages at the Global Manufacturing and Industrialization Summit in Pittsburgh, USA attracting several high-level conversations between MoIAT and US-based companies looking to expand into the UAE.

8 August

Signs MoU with EDGE to establish the UAE's first Industry 4.0 Enablement Centre aimed at promoting, enabling and supporting the digital transformation and the adoption of Industry 4.0 technologies across the country's manufacturing sector.

20 July

Etihad Airways becomes the Country's first airline to join the National ICV Program and aims to boost the Aviation's contribution to UAE's Industrial Sector.

اصنع في الإمارات
MAKE IT
IN THE EMIRATES

15 September

Launch of a new digital platform for companies to obtain the National ICV Certificate. Supported by artificial intelligence and blockchain technology, the new platform is in line with the ministry's strategy to empower the industrial sector. The platform provides several advantages and competitive features including:

- Automation of the certification process, which can save companies up to 40% in time and costs;
- Includes a bidding process feature, which enables users to select the certifying body;
- Notifies the Emirates Development Bank of users interested in the incentives offered by the bank;
- Provides standardized taxonomy to improve data input quality;
- Allows users to view the status of their application, enhancing governance and transparency.

29 July

Bahrain joins the Industrial Partnership for Sustainable Economic Development, at the second higher committee meeting held in Cairo with the aim of establishing large joint industrial projects, creating job opportunities, contributing to increasing economic output, diversifying the economies of the partner countries, supporting industrial production and increasing exports.