

Round-up on International Tax and Transfer Pricing Developments

QATAR

Qatar implements ESR

- Qatar's Ministry of Finance recently issued Decision No. 20 of 2021 concerning ESR in the region.
- Although Qatar imposes CIT, ESR requirements are applicable on certain taxpayers that benefit from the favorable tax arrangements in Qatar.
- Entities in free zones and economic zones whose income is not subject to CIT, are required to comply with the new ESR requirements.
- Requirements under ESR necessitate the entities to demonstrate the following:
 - CIGA is carried out in Qatar
 - An adequate number of FTEs with adequate qualifications undertake the CIGA
 - Adequate operating expenditure to carry out its activities
- Qatar is the third GCC country after UAE and Bahrain to implement ESR in its tax regime.
- The new regulations came into effect on 4 November 2021 for qualifying entities.

QATAR

New notifications deposited by Qatar under Multilateral BEPS Convention

- Qatar deposited new notifications under the Multilateral Convention to implement tax treaty related measures to prevent Base Erosion and Profit Shifting.
- Qatar has notified additional bilateral treaties to which the MLI applies and issued further notifications regarding MLI provisions.
- The MLI was signed on 4 December 2018 and subsequently enforced on 1 April 2020.
- The new notifications will take effect according to Articles 29 and 35 of the MLI.
- Further information on MLIs can be found on the OECD's official website at <https://www.oecd.org/tax/treaties/multilateral-convention-to-implement-tax-treaty-related-measures-to-prevent-beps.htm>

UAE

DTAA signed by UAE and Monaco

- The UAE, represented by the MoF, signed an agreement on the Avoidance of Double Taxation with Monaco at the Expo 2020 Dubai.
- The Agreement was signed by His Excellency Mohamed Bin Hadi Al Hussaini, Minister of State for Financial Affairs on behalf of UAE whereas Jean Castellini, Minister of Finance and Economy of Monaco, signed it on behalf of Monaco.
- The Agreement was signed in order to strengthen the economic cooperation between the two countries.
- The Agreement aims to provide the following benefits:
 - Eliminate double taxation
 - Increase investment inflows
 - Eliminate cross border trade and investment problems
 - Diversify sources of income

Contact Us

For more information visit our Website <https://www.wts-dhruva.com>
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Glossary

BEPS	-	Base Erosion and Profit Shifting
CIGA	-	Core Income Generating Activities
CIT	-	Corporate Income Tax
DTAA	-	Double Taxation Avoidance Agreement
ESR	-	Economic Substance Regulations
FTE	-	Full Time Employees
GCC	-	Gulf Cooperation Council
MLI	-	Multilateral Instrument
MoF	-	Ministry of Finance
OEC	-	Organisation for Economic Co-operation and Development
UAE	-	United Arab Emirates