

## Round-up on International Tax and Transfer Pricing Developments

### KUWAIT

#### Amendment of Tax Treaty with Luxembourg

- In 2007, Kuwait and Luxembourg first signed an income and capital tax treaty in Luxembourg.
- On 25 March 2021, Kuwait and Luxembourg signed a Protocol amending the said tax treaty.
- Subsequently, on 16 November 2021, Luxembourg approved the amending protocol to the tax treaty.
- The tax treaty was amended in order to comply with the BEPS global minimum standards.
- The Preamble is replaced in conformity with the BEPS standards.
- The Protocol amends the following sections:
  - MAP procedures
  - Exchange of information
  - Taxes covered
  - Limitation of benefits

### UAE

#### Upcoming CbCR deadline

- CbC Reporting was first introduced in the UAE in April 2019 and forms part of Action 13 of the BEPS initiative led by the OECD.
- BEPS Action 13 requires MNEs to file CbC Report providing various information such as global revenue, PBT, income tax and other financial information.
- In UAE, this is applicable to MNE groups headquartered in the country with a consolidated revenue of at least AED 3.15 billion for financial reporting years starting on or after January 2019.
- The compliance requirement is two-fold:
  - CbC Notification – To be filed before the end of the FY
  - CbC Report – To be filed within 12 months from end of the FY
- Accordingly, UAE headquartered MNE Groups satisfying the threshold are required file the CbC Notification (FY 2021) and CbC Report (FY 2020) before 31 December 2021.
- The compliance is also due in other GCC countries such as KSA, Oman and Qatar.

### GCC

#### OECD Issues Pillar Two Model Rules

- On 20 December 2021, the OECD published Pillar Two Model Rules for the implementation of a 15% global minimum tax, which will come into effect in 2023.
- Pillar Two forms part of the OECD's two-pillar solution to address tax challenges arising from the digitalization of the economy.
- Participating jurisdictions, including all GCC countries except Kuwait, are expected to implement these rules into their domestic law framework in 2022.
- The OECD guide covers the following areas:
  - Scope of the GloBe Rules
  - Application of IIR and UTPR
  - Adjusted covered taxes
  - Computation of effective tax rate and top up tax
  - Tax neutrality
  - Transition rules
- The OECD published guide can be found at <https://www.oecd.org/tax/beps/tax-challenges-arising-from-the-digitalisation-of-the-economy-global-anti-base-erosion-model-rules-pillar-two.htm>

### Contact Us

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## Glossary

<b>BEPS</b>	-	Base Erosion and Profit Shifting
<b>CbC Reporting</b>	-	Country-by-Country Reporting
<b>GCC</b>	-	Gulf Cooperation Council
<b>GloBE</b>	-	Global Anti-base Erosion Rules
<b>IIR</b>	-	Income Inclusion Rule
<b>KSA</b>	-	Kingdom of Saudi Arabia
<b>MAP</b>	-	Mutual Agreement Procedures
<b>MNE</b>	-	Multinational Enterprise
<b>OECD</b>	-	Organisation for Economic Co-operation and Development
<b>PBT</b>	-	Profit before Tax
<b>UAE</b>	-	United Arab Emirates
<b>UTPR</b>	-	Undertaxed Payments Rule