

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

### KSA

#### Simplified Zakat guide for debts

- Saudi Arabia's ZATCA recently published a simplified guide for treating debts under Zakat.
- Specifically, the guide describes the conditions for different types of debts that must be met before such obligations can be added to the Zakat base, as well as the approach used to value these obligations.
- In addition, the guide describes the types of short-term obligations that should be added to the Zakat base.
- For example, in cases where a short-term debt represents the current portion of a long-term obligation, the current portion shall be added to the Zakat base.
- Also covered in this guide are the Zakat treatments for the following types of accounting items:
  - Financing received from related parties;
  - Advance payments;
  - Government financing;
  - Provisions;
  - Amounts reclassified from equity to debts; and
  - Bad debts.

### OMAN

#### Direct taxation incentives

- The OTA of Oman recently announced a Direct Taxation Incentive for the Filing of Income Tax Returns ("ITRs").
- The OTA has discounted the direct tax rate of 15% to 12% for corporate income taxpayers if all the below conditions are met:
  - The company's revenue turnover is < RO 5 million;
  - The company's number of employees is < 150;
  - The ITR is filed and tax paid within 4 months from the financial year-end i.e., prior to 30 April 2022;
  - If the company does not make a profit, the losses can be carried forward indefinitely.
- It should be noted that PE companies do not qualify for this direct taxation incentive.
- Hence any delay in the filing of the ITR and payment of the appropriate tax liability prior to 30 April 2022 will result in tax payable at the original tax rate of 15%.

### UAE

#### Israel and UAE agree free trade deal

- Recently, the Emirati Minister of State for Foreign Trade His Highness Thani bin Ahmed Al Zeyoudi and Israeli Economy Minister Orna Barbivai announced that they had finished negotiations to establish a "milestone" comprehensive free trade zone between the two countries.
- It is expected that the agreement will become effective after both ministers sign it and the governments of both countries ratify it.
- The deal is considered "historic" as it abolishes customs duties on "95 percent of the products" traded between the Middle Eastern country and the Jewish state.
- A number of issues related to trade and commerce are covered in the agreement, including regulations, duties, services, collaborative activities, government acquisitions, and intellectual property rights.
- In addition to facilitating services trade, the agreement ensures regulatory clarity in fields such as electronic trade, professional services, distribution services (both wholesale and retail), and computerization.

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## Glossary

<b>RO</b>	-	Omani Rial
<b>ITR</b>	-	Income Tax Return
<b>OTA</b>	-	Oman Tax Authority
<b>KSA</b>	-	Kingdom of Saudi Arabia
<b>PE</b>	-	Permanent Establishment
<b>UAE</b>	-	United Arab Emirates
<b>ZATCA</b>	-	Zakat, Tax, and Customs Authority