

Round-up on International Tax and Transfer Pricing Developments

KSA

Withholding tax guidelines issued

- The ZATCA (previously known as GAZT) issued guidelines for applying the provisions of the Income Tax with respect to withholding taxes.
- The guidelines cover the following areas:
 - Background on withholding taxes
 - Persons obligated to withhold taxes
 - Payments attracting withholding taxes
 - Withholding tax rates
 - Exemptions
 - Withholding tax compliance process
- The guidelines provide clarifications on crucial aspects such as the applicability to PEs, disposal of shares by non-residents, licensing of IP, management fees etc.
- The English version of the guidelines issued by ZATCA can be found at <https://gazt.gov.sa/en/HelpCenter/guidelines/Documents/WHT%20Guideline.pdf>

UAE

Statement by MoF supporting OECD and G20 BEPS IF

- The UAE MoF issued a statement supporting the Two Pillar Approach and the foundation for a new global tax framework.
- UAE joined the IF in 2018 and has since been consistently working towards improving the transparency of the tax environment.
- The introduction of ESR ensured removal of UAE from the EU list of non-cooperative tax jurisdictions.
- As per the statement, UAE is supportive of a global consensus approach to combat aggressive tax avoidance and profit shifting.
- The statement concluded that UAE is fully committed to working collaboratively with OECD and IF members to ensure a fair and sustainable outcome.
- The path ahead for UAE may be clearer in the coming months, with the finalization of the rules expected in October 2021.

Bahrain

CbCR requirements

- Early this year, Bahrain introduced CbCR for financial years commencing from 1 January 2021 onwards.
- The CbCR requirements apply to all businesses that have a legal entity or branch in Bahrain and are members of a MNE group with annual turnover of BHD 342 million.
- All constituent entities of an MNE Group resident in Bahrain are required to file the CbCR Notification on or before the last day of the financial year.
- Every UPE resident in Bahrain is required to file the CbCR within 12 months from the last day of the financial year.
- Bahrain ratified the MCAA on the automatic exchange of CbCR and later issued a resolution for the exchange of CbCR.

Contact Us

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Glossary

BEPS	-	Base Erosion and Profit Shifting
CbCR	-	Country-by-Country Report
ESR	-	Economic Substance Regulations
EU	-	European Union
GAZT	-	General Authority of Zakat and Tax
IF	-	Inclusive Framework
KSA	-	Kingdom of Saudi Arabia
MCAA	-	Multilateral Competent Authority Agreement
MNE	-	Multinational Enterprise
MoF	-	Ministry of Finance
OECD	-	Organisation for Economic Co-operation and Development
PE	-	Permanent Establishment
UAE	-	United Arab Emirates
UPE	-	Ultimate Parent Entity
ZATCA	-	Zakat, Tax and Customs Authority