

PRISM

Tax Newsletter

3rd Quarter 2023

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阿塞拜疆共和国税务修正案

税务稽查、税控：从2023年1月1日起，纳税人在税控措施期间未提交货物证明文件的，将按照市场价格计税。

经济制裁：纳税人在报告期内进行应税或免税交易且作为征税对象，未在规定期限内提交纳税报告的，将受到40马纳特的经济制裁。

对为纳税人开设账户作出的修改。

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Greece

Moderate optimism pending investment grade from rating agencies

Many banks and reputable news agencies expect the rating agencies to upgrade the Greek economy to an investment grade in 2023. The first evaluation is expected on October 20 by S&P and if it is positive, it will give a big boost to the economy. At the same time, the news about tourism is very encouraging, with the first figures showing another record year in terms of number of visitors, but mainly in terms of revenue. These two positive economic figures also give an optimistic forecast for growth in 2023 of 2.5% and above.

评级机构的投资评级持适度乐观态度

许多银行和知名新闻机构预计，评级机构将在 2023 年把希腊经济评级提升至投资级。标准普尔预计将于 10 月 20 日进行首次评估，如果评估结果良好，将极大地推动希腊经济的发展。与此同时，有关旅游业的消息亦令人鼓舞。第一批数据显示今年的游客数量再创新高，主要还是收入方面发展良好。这两项利好经济数据显示，希腊2023 年的经济增长乐观，预计达2.5%或以上。

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Italy

Fiscal Delegation: the text published in the Official Gazette

Law 111-2023, the "Delegation to Government for Tax Reform" is now official. It mandates approving tax system revision decrees within 24 months of its enactment. The Parliament-approved law's definitive version is in Official Gazette No. 189, dated 14th August 2023. Effective 29th August 2023, law No. 111/2023 directs the Government to adopt legislative decrees for tax system revision within 24 months of enactment, aligning with constitutional, EU, and international norms.

财政代表团：《政府公报》公布的文本

111/2023法律，即“授权政府进行税制改革法案”，现已正式生效。该法案规定，必须在法案颁布后的24个月内批准税制修订法令。经议会批准的法律的最终版本刊登在2023年8月14日出版的《官方公报》第189号中。自2023年8月29日起，111/2023法律要求政府在法案颁布后的24个月内采用立法法令进行税制修订，以与宪法、欧盟和国际规范保持一致。

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Malaysia

Income Tax (Transfer Pricing) Rules 2023

The Income Tax (Transfer Pricing) Rules 2023 was gazetted on 29 May 2023. These Rules have effect for the year of assessment 2023 and subsequent year of assessment.

2023年所得税(转让定价)规则

《2023年所得税(转让定价)规定》于2023年5月29日在宪报刊登，并将在2023年课税年度开始生效。

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Malta

Major Recent Tax Updates in Malta

Starting January 2024, Malta will enforce strict transfer pricing regulations. Businesses must comply with documentation and reporting requirements. To simplify the process of income tax calculations and reporting for groups of companies, the Consolidated Group Income Tax Rules will be introduced. Furthermore, Malta's Patent Box Regime will allow companies to avail deductions on qualifying intellectual property assets.

Individuals must also comply with the DAC8 Reporting Requirements on crypto-assets and cross-border tax rulings by May 2023. Overall, these measures are designed to promote transparency and fairness in the business world, benefiting individuals and companies alike while ensuring that they contribute to the Maltese economy's growth and prosperity.

马耳他近期的主要税务更新

从2024年1月开始，马耳他将执行严格的转让定价规定。企业必须遵守文件和报告要求。为了简化集团公司的所得税计算和报告过程，将引入合并集团所得税规则。此外，马耳他的专利箱制度将允许公司对符合条件的知识产权资产进行扣除。

个人还必须在2023年5月之前遵守关于加密资产和跨境税收规则的DAC8报告要求。总体而言，这些措施旨在促进商业世界的透明度和公平性，使个人和公司都受益，同时确保它们为马耳他经济的增长和繁荣做出贡献。

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Pakistan

Federal Board of Revenue of Pakistan Bars Section 7E Defaulters from Selling Properties

Section 7E of the Income Tax Ordinance, 2001 (the Ordinance) was introduced through the Finance Act, 2022, imposing a tax on the fair market value of capital assets that are immovable properties owned by resident persons in Pakistan. A new provision sub-section (2A) in section 236C has been introduced in the Ordinance through the Finance Act, 2023, imposing obligation on transferring authority to ensure that the seller / transferor has discharged their liability u/s 7E in relation to the property being transferred. Accordingly, the Federal Board of Revenue of Pakistan (FBR) has also issued certain circulars defining the mode, manner and mechanism for uniform operation and implementation of the newly introduced law. However, confusion still persists.

联邦税务局禁止第7E条违约者出售房产

2001年《所得税条例》第7E条通过引入了《财政法》，对巴基斯坦居民拥有的不动产资本资产的公平市场价值征税。透过2023《财政法》，该条例引入了第236C条第(2A)款的新规定，规定转让权力有义务确保卖方/转让人已履行第7E条规定的与所转让财产相关的责任。因此，联邦税收委员会也发布通知，确定了统一操作和执行新出台法律的模式、方式和机制，但混乱情况依然存在。

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Saudi Arabia

Special economic zones in the Kingdom of Saudi Arabia

The Kingdom of Saudi Arabia launched the first five special economic zones with special trading systems, to accelerate economic diversification and enable investors to do business in the Kingdom.

These zones support a range of industrial sectors and commercial activities, making it easier for investors to accelerate the development of their businesses regionally and internationally by providing an interconnected market with global markets.

These zones include: the Special Economic Zone in King Abdullah Economic City, the Special Economic Zone in Ras Al-Khair, the Special Economic Zone in Jazan, the Special Economic Zone for Cloud Computing and Informatics, and the Special Integrated Logistics Zone in Riyadh.

沙特阿拉伯的经济特区

沙特阿拉伯启动了首五个特别经济区，这些特别经济区均采用特殊的贸易体制，以加速经济多元化并使投资者能够在沙特阿拉伯开展业务。

这些经济区支援一系列工业部门和商业活动，为投资者提供了一个与全球市场相互连接的市场，从而更容易地在区域和国际范围内推动其业务的发展。

这些经济区包括：阿卜杜拉经济城特别经济区、拉斯海尔特别经济区、贾赞特别经济区、云计算与信息学特别经济区以及利雅得特别综合物流区。

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Turkey

Amendment in tax laws in Türkiye, including CIT and VAT rate increases

In the 2nd quarter of 2023, new laws and presidential decrees, namely Presidential Decree No. 7346 and Article 21 of Law No. 7456, came into force, which led to a series of changes in tax laws.

土耳其税法修正案：提高企业所得税和增值税税率

2023 年第二季度，新法律和总统令（即第 7346 号总统令和第 7456 号法律第 21 条）开始生效，令税法发生一系列变化。

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Zimbabwe

Tax agent registration in Zimbabwe

Zimbabwe has introduced a law for the first time that prohibits anyone not registered as a tax agent from carrying out the duties of a tax agent (SI 125 of 2023). While it has been the practice to have customs clearing agents regulated and licensed each and every year by the revenue authority, the same was not true for Domestic taxes. There was no law that prohibited anyone from conducting the business of a tax agent.

津巴布韦税务代理注册

津巴布韦首次出台了一项法律，禁止任何未注册为税务代理人的人士，履行税务代理人的职责（2023 年 SI 125 号法律）。按照惯例，海关清关代理每年都要接受税务部门的监管并获得许可，但国内税收却并非如此，任何人皆可以从事税务代理业务，没有相关法律禁止。

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Azerbaijan



Tax Code of Azerbaijan Republic: 2023 Tax Amendments

According to the amendment to Article 13.2.16.14-1 of the Tax Code, during the payments made to countries or territories subject to preferential taxation, the clause of transferring (giving) the net profit of the non-resident's permanent representative office to the non-resident is added to the list of income which is not considered as gained from the Azerbaijani source during the payments made to countries or territories subject to preferential taxation.

Tax audit, tax control, and financial sanctions:

Starting from January 1, 2023, taxes will be calculated based on the market price if documents on the provision (receipt) of goods (works, services) are not submitted (not available) by the taxpayer during the measures on tax control.

Also, starting from the above-mentioned date, there is no requirement to send electronic invoices for payments made by advocates and advocacy organizations to the Bar Association of the Republic of Azerbaijan.

With the exception of taxpayers who are functioning in the oil and gas field or belong to the public sector, as well as those who use the "Green Corridor" release system, other taxpayers must provide the following information to the tax authority where he is registered about the goods to be imported in the form approved by the body (institution) determined by the relevant executive power body until the time when the goods leave the customs control (within 1 working day from the time the goods transported by air leave the customs control).

Financial sanctions:

- In the financial year, if the group of multinational companies whose total income exceeds the manat equivalent of 750 million euros, within the framework of the international agreements to which the Republic of Azerbaijan is a party, the enterprise that is part of the group of multinational companies and is a resident of the Republic of Azerbaijan do not submit a report in the period, form and manner approved by the authority (institution) in order to implement automated information exchange with the authorities of other states, a financial sanction in the amount of 10,000 manats are applied to the taxpayer for not submitting the report.
- The limitation of keeping company documents to 5 years is canceled and they must be kept for at least 5 years from January 1, 2023.

- VAT payers, as well as legal entities and budget organizations whose more than 50 percent of registered and non-registered shares belong to the state, should pay VAT within 1 working day based on the electronic invoices issued to them when purchasing goods, services (works), as well as the persons buying residential and non-residential from the persons engaged in building construction activities within 1 working day.

Amendments made for opening accounts for taxpayers:

When taxpayers apply to credit institutions and the national operator of postal communication (hereinafter - persons conducting banking transactions) with the right to open and maintain bank accounts to open an account after tax registration, persons conducting bank transactions open accounts for taxpayers (cases that justify a refusal to open an account by law taking into account) and the information form approved by the authority (institution) on the opening bank account is sent to the tax authority for registration of opened accounts (except for non-resident accounts not related to entrepreneurial activity) with the tax authority electronically within 1 business day from the date of account opening.

Provisions relating to individual persons - On the income of physical persons:

- full value of prizes received in the form of items in competitions and contests. The value of prizes received in the form of money in international competitions (except for sports competitions) and competitions is up to 4000 manats, and in republican, regional, city and district competitions (except for sports competitions), it is up to 200 manats;
- The full value of prizes given by the organizers of international and cross-country sports competitions, as well as the value of prizes given in the form of money by republican sports federations (associations) and sports clubs in connection with domestic (republic, regional, city and district level) sports competitions, up to 50,000 manats."
- 50 percent of the income of individual entrepreneurs producing food (food) products, whose list is approved by the body (institution) determined by the relevant executive authority, to replace imported goods with locally produced (processed) goods – for the period of 7 years from the year of approval of the relevant list;
- In accordance with Article 10 of the Law of the Republic of Azerbaijan "On the use of renewable energy sources in the production of electricity" from the transmission of electricity produced by an

active consumer included in the population group at the expense of renewable energy sources up to the power limit of 150 kW (including 150 kW) to the electricity supply network income

Additional exemptions to corporate profit tax adopted:

- non-sales income of legal entities engaged in the production of agricultural products (including by industrial method), subsidies given to legal entities in connection with the production of agricultural products at the expense of the state budget, as well as dividend income of legal entities that are participants of resident legal entities in this field - for a period of 1 year from January 1, 2023. 🇧🇪

Reference/ Citation

<https://www.caspianlegalcenter.az/news/more/tax-amendments-2023>

Greece



Moderate optimism pending investment grade from rating agencies

Many banks and reputable news agencies expect the rating agencies to upgrade the Greek economy to investment grade in 2023. The first evaluation is expected on October 20 by S&P and if it is positive, it will give a big boost to the economy. At the same time, the news about tourism is very encouraging, with the first figures showing another record year in terms of number of visitors, but mainly in terms of revenue. These two positive figures for the economy also give an optimistic forecast for growth in 2023 of 2.5% and above.

The positive forecasts and assessments require 3 elements: fiscal discipline, structural reforms and large public and private investments. The Greek government is working for the positive evaluation of the economy mentioned above with the aim of increasing the flow of money to Greece and mainly the increase of investors.

The positive climate that prevails as mentioned above does not negate the existence of obstacles. Society and especially the economically weaker are faced with inflation which increases the prices of fuel, energy and food. The government has announced some measures in the form of subsidies that will take effect from the autumn and mainly concern the reduction of the cost of electricity bills and the subsidization of supermarket purchases. Of course, these measures are a first aid and the taking of new ones should be re-evaluated if the conditions require it.

In the field of tourism, the news is now very positive for 2023 as mentioned, although Greece also faced one of

the most difficult summers with heatwaves and fires. The first figures show an increase in bookings as well as air flights by 10%. Despite the heavy price paid by the country with fires burning more land than ever before and the heat being the worst in decades, tourism was up for another year. Greece maintains a high level of tourism and hospitality services and for this reason it has become a destination not only for large travel agencies but also for individual travelers. In order to keep tourism at a high level but also to protect the environment, the government is called upon to take measures on climate change. It is a problem that will concern the country immediately with the restoration of the damages in the areas affected by the fires, but also in the future with the need to take preventive measures.

The third quarter of 2023 will close positively for the country in the economic sector, but attention is required in terms of continuity mainly in two main points: 1) Finding fiscal space to take measures to support society without disrupting fiscal discipline 2) Implementing projects and taking measures to address climate change. 🇧🇪

Reference/ Citation

<https://www.ot.gr/>

<https://www.statistics.gr/>

<https://www.huffingtonpost.gr/>

<https://www.bbc.com/>

<https://www.in.gr/>

Italy



Fiscal Delegation: the text published in the Official Gazette

From personal income tax (IRPEF) to value-added tax (IVA), including collection and assessment procedures, the delegated law approved by the Parliament has evolved through new integration and clarification. Notably, a more lenient approach to penalties for cooperative taxpayers has emerged.

However, implementation remains ahead, with a 24-month window from enforcement to approve legislative amendments.

Novelties span the entire tax system, particularly impacting taxes, notably IRPEF. Tax brackets will be condensed from 4 to 3, along with a reorganization of tax expenditures. Regional Tax on Productive Activities (IRAP) will be replaced, and the Corporate Income Tax (IRES) will adopt a dual-rate structure. A rationalization of VAT is also foreseen.

The incremental flat tax for employees transforms into tax relief for bonuses, overtime, and productivity incentives. For VAT-registered individuals (partite IVA), installment options for November taxes are on the horizon. The Government is also urged to progressively phase out the “superbollo” vehicle tax.

Changes extend to compliance, collection procedures, assessments, and disputes. Reforms set the groundwork for simplifying, harmonizing, and reordering complex regulations.

The Structure of the Delegated Law for the 2023 Tax Reform

The macro structure of the original delegated bill remained largely intact through parliamentary proceedings, albeit enriched and adjusted.

The text is divided into five sections and, following input from the Chamber and Senate, comprises 23 articles.

The first section pertains to general principles, akin to precepts in the Civil Code, as noted by Deputy Economy Minister Maurizio Leo.

The ultimate aim is a “simpler tax system,” as highlighted by the Deputy Minister during a presentation of the Italian Revenue Agency’s accomplishments on March 9th. This event took place shortly after the text’s submission to the Council of Ministers.

The second part delves into taxes. Leo emphasized:

“We review all taxes, starting from income taxes and proceeding to VAT, IRAP which should gradually be phased out, while also addressing minor taxes that often need consolidation and simplification. We also focus on local and regional taxes, customs, and gaming.”

The Deputy Minister regards the most significant aspect of the reform to be the “procedures.” The third part involves interventions in declarative, assessment, collection, and litigation procedures. Administrative and criminal penalty rules will also be rewritten.

The fourth part of the text entails rationalization and codification, culminating in Unified Texts that consolidate existing regulations.

Particular significance will be attributed to the Taxpayer’s Statute, which is expected to become a general law, carrying more weight, for example, in terms of taxpayers’ legitimate expectations.

Lastly, the text concludes with financial provisions.

The Additions Made in the Chamber to the Framework of the Tax Reform

Amid the deliberations of the Chamber of Deputies’ Finance Committee, several new additions have enriched the framework of the tax reform.

The incremental flat tax for employees has morphed into tax relief applicable to:

- Thirteenth-month bonuses
- Overtime pay
- Productivity bonuses

For these categories, taxation is projected to reach up to 15 percent, targeting lower income brackets.

Within the scope of personal income tax (IRPEF) reductions, emphasis is on supporting individuals under 30 years old to encourage stable employment. Beyond the youth, measures are primarily directed towards families with disabled members.

The scope of the intervention regarding the abolition of the “superbollo” on high-displacement vehicles has been downsized. The Government is solicited to evaluate the potential elimination of this tax, provided it doesn’t adversely impact state revenue. 🇮🇹

Reference/ Citation

Il sole 24 ore

Malaysia



Income Tax (Transfer Pricing) Rules 2023

A person who enters into a controlled transaction shall prepare a contemporaneous transfer pricing documentation which is brought into existence prior to the due date for furnishing a return in the basis period for a year of assessment in which a controlled transaction is entered into.

The contemporaneous transfer pricing documentation shall contain:

- information of the Multinational Enterprise Group
- information regarding the person’s business
- information and documents regarding a cost contribution arrangement
- index to documents prepared under this rule
- the date on which the contemporaneous transfer pricing documentation is completed
- any documents which
 - become the foundation for the development of the transfer pricing analysis
 - support the development of the transfer pricing analysis
 - were referred to in the development of the transfer pricing analysis

- any information, data or other related documents used by the person entering into the controlled transaction to determine an arm's length price, including the effect of the material changes to the business conditions during the basis period

A person shall determine the arm's length price for a controlled transaction by applying the most appropriate method as follows:

- the traditional transactional method
 - comparable uncontrolled price method
 - resale price method
 - cost plus method
- the transactional profit method
 - profit split method
 - transactional net margin method
- any other method allowed which provides the highest degree of comparability between the transactions

The person shall ensure the basis for the method selected be supported by an explanation and reasons that the method selected and the profit level indicator are appropriate as a better approximation to determine the arm's length price and be based on the facts and circumstances, including the economically relevant characteristics of the controlled transaction which has been accurately delineated.


Where the Director General of Inland Revenue Board of Malaysia (DG) has reason to believe that any price including the rate of interest imposed or would have been imposed in a controlled transaction is not at arm's length, the DG may make an adjustment to reflect the arm's length price or arm's length interest rate for that transaction by substituting or imputing the price or interest, as the case may be.

Where the price at which a controlled transaction entered by a person is within the arm's length range, such price may be regarded to be the arm's length price. The DG may adjust the price of the controlled transaction to the median or any other point above median within the arm's length range where the uncontrolled transaction is the kind which has a lesser degree of comparability; or where any of the comparability defects cannot be quantified, identified, or adjusted.

Where the price at which a controlled transaction entered by a person is outside the arm's length range, the arm's length price shall be taken to be the median.

The DG may impose surcharge of not more than 5% of the amount of increase of any income generally, or reduction of any deduction or loss, as the case may be, as a consequence of exercising his powers

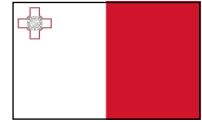
to substitute the price in respect of a transaction or to disregard any structure adopted by a person entering into a transaction.

The Income Tax (Transfer Pricing) Rules 2012 are revoked. 

Reference/ Citation

Official Portal of Inland Revenue Board of Malaysia
www.hasil.gov.my

Malta



Major Recent Tax Updates in Malta

The following are key developments for recent tax updates in Malta.

Transfer Pricing

Effective January 2024, strict regulations will govern transfer pricing for transactions between related parties¹. Compliance with formal documentation and reporting is mandatory, with no exceptions. The rules also provide for the determination of the arm's length amount of such transactions, based on the OECD Transfer Pricing Guidelines. The rules allow for the possibility of obtaining unilateral transfer pricing rulings or advance pricing agreements from the Commissioner for Revenue, subject to certain conditions and fees. These regulations are in place to prevent tax fraud and evasion and are a crucial component of Malta's Recovery and Resilience Plan.

Consolidated Group Income-Tax Rules

The Consolidated Group Income Tax Rules require a parent company and its 95% subsidiary in Malta to fulfil specific requirements to consolidate income tax². These regulations came into effect as of May 31, 2019, and applied from the year of assessment 2020. These rules aim to simplify income tax calculations and reporting for groups of companies by treating them as single taxpayers.³

Businesses operating in Malta must know the critical features of Malta's group income tax rules. The primary taxpayer is selected to form a fiscal unit, including subsidiary companies viewed as single entities. This implies that the profits and expenses of the subsidiary companies are associated with the primary taxpayer.

Furthermore, the fiscal unit must only file one tax return and make a single payment or claim for a refund, streamlining the tax process and allowing various tax incentives, such as the full imputation system, participation exemption, flat-rate foreign tax credit, and notional interest deductions. It's important

to mention that anti-avoidance measures are in place to prevent misuse or manipulation of these rules. Therefore, businesses must comply with Malta's tax laws by understanding these essential features.

The Patent Box Regime's Deduction Rules

Malta's patent box regime allows for deductions on qualifying IP assets, including patents and software with copyright protection⁴. Malta introduced these rules on August 13, 2019, and they apply to qualifying income derived from qualifying IP on or after January 1, 2019⁵.

Marketing-related IP assets are not eligible. The beneficiary must conduct R&D activities and maintain a substance and presence in the jurisdiction of the IP. The deduction calculation involves using a formula that considers the qualifying expenditure on intellectual property and its income or gains.

DAC8 Reporting

On May 16, 2023, the EU Council agreed on DAC8, which imposed new reporting requirements for individuals regarding crypto-assets and cross-border tax rulings⁶. DAC8 aims to increase tax transparency, combat tax evasion, and ensure the fair taxation of e-money and crypto-assets.

The Maltese government has approved the DAC8 agreement and voiced its support for it. This will enhance the EU's standing as a global leader in regulating the crypto-asset market and provide equal opportunities for all taxpayers.

The tax authorities of Malta demanded that all stakeholders submit their opinions and suggestions by June 30, 2023, regarding the implementation of DAC8 in the country⁷. The proposed changes to the Income Tax Management Act and the Income Tax Act to incorporate DAC8 into this document explains Maltese laws and procedures for reporting crypto-service providers.

The tax authorities in Malta have revealed their plans to arrange a sequence of webinars and workshops for those interested in getting more information and clarification regarding DAC8 and how it will affect Malta⁷.

For more information on Malta's recent tax developments, you can reach Mr. Robert Borg on robert.borg@reandamalta.com. 

Reference/ Citation

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2. <https://cfr.gov.mt/en/inlandrevenue/legal-technical/Documents/Guidelines%20in%20relation%20to%20the%20Consolidated%20Group%20Income%20Tax%29%20Rules.pdf>

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4. <https://www.pricebailey.co.uk/blog/patent-box/>
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Pakistan



Federal Board of Revenue Bars Section 7E Defaulters from Selling Properties

CIRCULAR NO. 01 OF 2023-24: (1) Finance Act 2023 has introduced a new sub-section(2A) in section 236C of the Ordinance which places a bar on the transferring authority for registering, recording, or attesting transfer of any immovable property unless the seller or transferor has discharged his tax liability under section 7E of the Ordinance and evidence to this effect has been furnished to the transferring authority in the prescribed mode, form and manner.

(2)The following instructions are issued under CIRCULAR NO. 01 OF 2023-24 for catering for situations arising out of change in law prescribing mode, form, and manner of collection of payment of tax u/s 7E:

(A) Where the seller or transferor is on ATL:

The said seller or transferor will provide evidence to the transferring authority that he has discharged his liability u/s 7E in any of the following modes:

- i- If the seller has not already paid the tax under 7E of the Income Tax Ordinance, 2001 along with his income tax return then such person is required to pay the tax under section 7E of the Ordinance through preparing separate payment tax challan provided in FBR online payment system and submit the payment through CPR into the government treasury department and the seller will also provide the evidence before the Commissioner Inland Revenue (CIR) for the purpose and to the extent of newly inserted sub-section (2A) of section 236C of the Ordinance: or
- ii- If the seller/transferor has already paid the tax under section 7E of the Ordinance along with his income tax return for the tax year 2022 or the said seller/transferor is not required to pay tax under section 7E of the Ordinance due to any stay granted

by any court of law or authority, then the seller/transferor will furnish a certificate annexed as Form 'A' to this circular issued by the Commissioner Inland Revenue(CIR). The certificate issued by the Commissioner will be treated as evidence for the purpose of newly inserted sub-section (2A) of section 236C of the Ordinance;

- iii- For the issuance of the above certificate, the seller/transferor will fill the requisite particulars in Form 'A' and submit the same to the Commissioner, and the Commissioner after examining the particulars filled by the seller/transferor will accordingly issue the certificate.
- iv- The said certificate will be issued by the Commissioner Inland Revenue within 7 days of the receipt of the pre-filled form 'A' submitted by the seller/transferor.
- v- If there is more than one owner of the property then each person is required to discharge tax liability under section 7E of the Ordinance with respect to his or her share in the said property in any of the modes described above.

(B) Where the seller/transferor is a non-ATL person:

Such person is required to pay the tax liability under 7E of the Ordinance and provide evidence to the transferring authority. The payment is made through a separate payment challan provided in FBR system and deposited into the government treasury department and this will be treated as evidence for the purpose of new inserted sub-section (2A) of section 236C of the Ordinance. 🇲🇵

Reference/ Citation

<https://download1.fbr.gov.pk/Docs/2023721217646921CircularNo.1of2023-2024.pdf>

Saudi Arabia



Special economic zones in the Kingdom of Saudi Arabia

The Kingdom of Saudi Arabia launched the first 5 special economic zones with special trading systems, to accelerate economic diversification and enable investors to do business in the Kingdom.

These zones support a range of industrial sectors and commercial activities, making it easier for investors to accelerate the development of their businesses regionally and internationally by providing an interconnected market with global markets.

These zones include: the Special Economic Zone in King Abdullah Economic City, the Special Economic Zone

in Ras Al-Khair, the Special Economic Zone in Jazan, the Special Economic Zone for Cloud Computing and Informatics, and the Special Integrated Logistics Zone in Riyadh.

King Abdullah Economic City Special Economic Zone: Located in Makkah Al-Mukarramah zone with an area of 60 square kilometers, it targets the automotive supply chain and assembly, consumer goods, light electronic industries, pharmaceuticals, medical technologies, and logistics services.

Ras Al Khair Special Economic Zone: Located in the Eastern Province with an area of 20 square kilometers, it targets the shipbuilding, maintenance, repair and operation sectors, and floating drilling platforms, maintenance, repair, and operation sectors.

Jazan Economic Zone: Located in Jazan, with an area of 26 square kilometers, and targets the food processing, metal conversion, and logistics services sectors.

Investment incentives in the three zones mentioned above include:

First: 5% corporate income tax for 20 years.

Second: Permanently 0% withholding tax on repatriation of profits from the Special Economic Zone to foreign countries.

Third: 0% deferred customs duties on goods entering the special economic zones.

Fourth: Flexible and supportive regulations regarding foreign talent during the first five years.

Fifth: 0% value-added tax on all goods within the special economic zone exchanged within the zone and between zones.

Sixth: Exemption from operational fees for foreign employees and their families within the special economic zone.

Cloud Computing and Informatics Special Economic Zone: Located in Riyadh, and data centers can be established and operated throughout the Kingdom of Saudi Arabia, targeting cloud computing services.

The Special Economic Zone for Cloud Computing and Informatics will contribute to achieving the targeted investments of \$20 billion, through foreign direct investments and direct local investments in the data and artificial intelligence sectors by 2030.

Investing in the special economic zone for Cloud Computing and Informatics allows obtaining economic incentives that enhance business success, including:

- Special tax treatment in line with the principle of avoiding double taxation of the OECD and which is compatible with the operating model of cloud

service providers.

- Exemption from operating fees for foreign employees and their families within the Special Economic Zone.
- An appropriate cost for connecting the network and providing electricity services, as the cost of electricity for companies is \$0.05/kWh.
- Flexibility in providing cloud computing services from zone and the possibility of establishing and operating data centers throughout the Kingdom.

The Special Integrated Logistics and Industrial Zone in Riyadh: Located near King Khalid International Airport, in Riyadh, and targets consumer products, computer parts, medicines, food and medical supplies, the aerospace industry and spare parts sector, luxury goods, jewelry and precious metals.

The competitive advantages offered by zone are as follows:

- 0% corporate income tax.
- Tax exemptions for 50 years.
- Exemptions on VAT.
- Withholding tax exemptions, subject to meeting specified criteria.
- 0% VAT on services, manufacturing or assembly.
- Money transfer fees are tax exempt and subject to meeting specified standard.
- VAT exemptions for goods under customs duty suspension status.

The Kingdom of Saudi Arabia seeks to become a global investment power, and in light of Vision 2030; The social and economic transformation in the Kingdom is generating opportunities for growth in many promising sectors and zones. 🇸🇦

Reference/ Citation

<https://site.ecza.gov.sa/ar>

Turkey



Amendment in tax laws in Türkiye including CIT and VAT rate increases

In the 2nd quarter of 2023, new laws and presidential decrees came into force, which led to a series of changes in tax laws.

Presidential Decree No. 7346, which regulates the increase in VAT rates, was published in the Official

Gazette dated July 7, 2023 and became effective as of July 10, 2023. With the Decree, the general VAT rate of 18% has been increased to 20% and the VAT rate of deliveries and services subject to 8% VAT has been increased to 10%. The VAT rate applied as 8% over certain products has been increased to 20% as well.

Article 21 of Law No. 7456 "Law on the Amendment of Additional Motor Vehicles Tax for Compensation of Economic Losses Caused by Earthquakes Occurring on 6/2/2023 and Amendments to Some Laws and Decree-Law No. 375" which introduces significant changes in tax rates and exemption entered into force by being published on Official Gazette on July 15, 2023.

The changes in the corporate income tax rated introduced by the new Law are as follows;

- Corporate income tax rate of 20% is increased to 25%.
- Corporate income tax rate will be applied at a rate of 30% for the corporate income of banks, companies within the scope of the Financial Leasing, Factoring, Financing and Savings Financing Companies Law No. 6361, electronic payment and money institutions, authorized foreign exchange institutions, asset management companies, capital market institutions, insurance and reinsurance companies and pension companies.
- The corporate income tax rate reduction of 1 percentage point applied over the earnings derived from the export activities is increased to 5 percentage points.

These changes entered into force on the date of publication of the new Law to be applied to the earnings of the corporations obtained in 2023 and the following taxation periods, starting from the declarations to be submitted as of October 1, 2023, and to the earnings of the corporations subject to special accounting period, obtained in the special accounting period starting in the calendar year 2023 and the following taxation periods.

In addition to these, the corporate income tax and VAT exemptions applied on the sale of immovables have been removed. Before the amendment, for the immovables recorded in the assets of the taxpayers for a period more than 2 years, taxpayers could benefit from VAT exemption, while 50% of the capital gains would be exempt from corporate income tax. For the immovable properties recorded in the assets of the taxpayers before the publication date of the Law, a transitional application has been added to the regulation. Accordingly, if the conditions in the relevant articles of the relevant laws are fulfilled, on the sale of immovables recorded in the assets before this date VAT exemption will be applied, and the

corporate income tax exemption will be applied as 25% instead of 50%. 🇳🇮

Reference/ Citation

Presidential Decree No. 7346 (<https://www.resmigazete.gov.tr/eskiler/2023/07/20230707-11.pdf>)

Article 21 of Law No. (<https://www.resmigazete.gov.tr/eskiler/2023/07/20230715-2.htm>)



Tax agent registration in Zimbabwe

Zimbabwe has for the first time introduced a law that prohibits anyone who is not registered as a tax agent to carry out the duties of a tax agent (si 125 of 2023). While it has been the practice to have customs clearing agents regulated and licensed each and every year by the revenue authority, the same was not true for Domestic taxes. There was no law that prohibited anyone from conducting the business of a tax agent.

As with any change this has been met with many different views. One argues that an agent represents the principal and as such the principal has a right to choose any agent of his choice, irrespective of whether that person is registered or not. Further, the regulating authority is also the licensing authority, which gives rise to the question who then handles disputes should they arise.

On the contrary others believe that tax agents should at least be subject to some vetting process and ensure that the persons conducting the business are actually qualified to do the business.

Questions have been asked as to the relevance of registering one as a tax agent in Zimbabwe. Tax agent business has always been done successfully in Zimbabwe since time immemorial without any form of registration. The registration however seems to have become a world practice.

- Is this necessary or it's just another way of trying to unnecessarily hinder the freedoms of business enterprises.
- Does the revenue authority have the capacity to regulate the tax agents and to what end?
- The registration of clearing agents by the same authority has been compulsory since time immemorial, has this stopped unregistered persons from conducting clearing agent business.
- How ethical is it to have the tax office being the registering authority at the same time? Given the history of corruption that stains the good standing of the authority. 🇳🇮

Reference/ Citation

The newly gazetted Zimbabwe Statutory Instrument 125 of 2023

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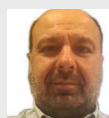
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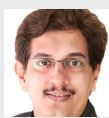
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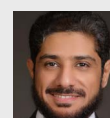
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