PRISM

Tax Newsletter

2nd Quarter 2024

REANDA

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Greece

Positive messages for the Greek economy at the beginning of 2024

Forecasts for the Greek economy show growth in 2024 ranging from 2.3 to 2.9%, much higher than the European average expected at 1.2%, according to the Commission. Inflation is expected to decrease further in 2024, although for Greece, it will fluctuate a little higher than the rest of Europe, mainly due to food prices and imported inflation. Also, the positive news is that the ECB, after raising interest rates for two consecutive years at historically high levels, is expected to make reductions at the end of the second quarter. This will have the effect of supporting incomes and consumption.

2024年初希腊经济向好

根据欧盟委员会的预测，2024年希腊经济将增长2.3%至2.9%，远高于欧洲平均预期增长的1.2%。预计2024年通货膨胀率将进一步下降，但希腊的通货膨胀率波动将略高于欧洲其他国家，主要原因是食品价格和进口通胀。另一利好消息是，欧洲央行在连续两年处于历史高位加息后，预计将在第二季度末降息，将起到支持收入和消费的作用。

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Malaysia

Service Tax

Service Tax Act 2018 and its subsidiary legislation were recently updated to incorporate changes announced in Budget 2024. Service tax is imposed on taxable services specified under the First Schedule of the Service Tax Regulations 2018.

服务税

《2018年服务税法》及其相关法例近期更新，以纳入2024年财政预算案中宣布的改变。服务税征收项目为《2018年服务税条例》第一附表中指定的应税服务。

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Pakistan

FBR Directs a Number of Businesses, Including Educational Institutions, Hospitals to Integrate with POS System

Integration of POS System:

SRO 428(I)/2024 mandates the mandatory integration of Point-of-Sale (POS) systems for fourteen (14) categories of businesses. These categories primarily target medium and large enterprises. Notably, the SRO focuses on businesses with a higher transaction volume, such as air-conditioned restaurants. The deadline for integration compliance is set for July 1, 2024.

Implementation:

The implementation of mandatory POS system integration represents a significant step towards improved documentation and digitalization of economic transactions in Pakistan. However, a key question remains: does the government possess the necessary resources and commitment to effectively execute this ambitious initiative?

The timeframe allotted for integration – roughly two months from the notification date – presents a significant challenge. While assigning implementation tasks to private enterprises is a positive step, potentially minimizing bureaucratic delays, the success of this initiative hinges on the involvement of qualified professionals and IT specialists."

联邦税务局指示包括教育机构和医院在内的多家企业整合销售点系统

整合销售点系统：

SRO 428(1)/2024规定十四类企业必须整合销售点系统，有关类别主要针对大中型企业。值得注意的是，SRO主要针对于交易量较高的企业，例如设有空调的餐厅。整合合规的最后期限定为2024年7月1日。

实施：

强制销售点系统整合的实施标志着巴基斯坦在改善经济交易记录和数字化方面迈出重要一步。然而，当中仍有一个关键问题存在：政府是否拥有必要的资源和承诺来有效执行此雄心勃勃的措施？

为有关整合作出的时间框架自通知之日起只有大约两个月，因此带来巨大挑战。虽然由私营企业实施措施的效果正面，或能最大限度地减少官僚延误，但此措施的成功取决于合格的专业人员和资讯科技专家的参与。

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Saudi Arabia

Real estate Tax in Saudi Arabia and the act of evasion or avoidance

The Zakat, Tax, & Customs Authority (ZATCA) has defined real estate transactions as any legal transaction transferring ownership of real estate. Real estate transactions are characterized by their diversity and multiple forms, as they can include purchases and sales of residential, commercial, and industrial properties. These actions vary from one country to another and are affected by applicable legislation and legal systems. The specific rate associated with the tax will be clarified, providing examples that will help clarify the picture of real estate transactions. In addition, the impact of tax evasion, tax avoidance and the resulting penalties will be discussed.

沙特阿拉伯的房地产税及逃税或避税行为

沙特天课税务和海关总局（ZATCA）将房地产交易定义为转让房地产所有权的任何合法交易。房地产交易的特点是其多样性和多种形式，因为此类交易包括住宅、商业和工业房地产的购买和销售。这些交易因国家或地区而异，并受到适用的立法和法律制度的影响。本文将解构与税收相关的具体税率，并提供房地产交易情况的范例以作解说，除此之外，本文也会讨论逃税和避税的影响以及相关处罚。

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Singapore

Singapore Budget 2024

1. Personal Income Tax Rebate
2. Corporate Income Tax Rebate (CIT Rebate)
3. Renovation or Refurbishment (R&R) Expenditure
4. Maritime Sector Incentive (MSI)
5. Finance and Treasury Centre (FTC) Incentive
6. Development and Expansion Incentive (DEI)
7. Intellectual Property Development Incentive (IDI)
8. Global Trader Programme (GTP)

2024年新加坡预算案

1. 个人所得税退税
2. 企业所得税退税
3. 翻新工程开支
4. 海事部门激励政策
5. 金融及财资中心激励政策
6. 发展与扩张激励政策
7. 知识产权开发激励政策
8. 全球贸易商计划

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UAE

Navigating the UAE's implementation of Global Minimum Tax rules

The UAE Ministry of Finance (MOF) issues a consultation paper along with a guidance paper and consultation questionnaire in relation to the implementation of the Global Minimum Tax or Global Anti-Base Erosion Model (Pillar Two) ("GloBE") Rules and is open for public comments till 10th April 2024. UAE consults on implementing a global minimum tax (15%) for large businesses. This affects companies with UAE subsidiaries exceeding €750 million in revenue. The goal is to ensure fair taxes and minimize the burden on smaller businesses. Public feedback is sought on tax breaks and preferred implementation methods. This consultation reflects the UAE's commitment to international tax cooperation.

探究阿联酋实施之全球最低税规则

阿联酋财政部（MOF）就实施全球最低税或全球反税基侵蚀模式（第二支柱）（"GloBE"）规则发布咨询文件指导文件和咨询问卷，并征求公众意见，截止日期为2024年4月10日。阿联酋就对大型企业实施全球最低税（15%）进行咨询。有关措施将影响在阿联酋拥有子公司且收入超过7.5亿欧元的公司，目标是确保税收公平，尽量减轻小企业的负担。阿联酋征求公众对减税和首选实施方法的反馈意见，反映阿联酋对国际税务合作的承诺。

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UK

Changes for Non-domiciled Individuals Including the End of the Remittance Basis

The remittance basis will be abolished from 2025/26 and replaced by a new 4-year foreign income and gains regime for new UK arrivals and transitional arrangements for current non-domiciled individuals (non-doms) potentially allowing: capital assets to be rebased at April 2019, UK tax on half of foreign income for 2025/26, and 12% tax when remitting foreign income and gains (from before April 2025) to the UK in 2025/26 or 2026/27.

Internationally mobile workers could be impacted by Overseas Workday Relief changes.

Trusts taxation is impacted and non-doms can only create trusts excluded from UK Inheritance Tax before 6 April 2025.

非户籍个人变化，包括终止汇款基准点

从2025/26年起，汇款制征税将被废除，取而代之的是针对英国新移民的新四年期外国收入和收益制度，和当前非英国居籍人士（非定居者）的过渡安排，可能允许资本资产在2019年4月重新计税，2025/26年度外国收入的一半在英国征税，以及在2025/26或2026/27年将（2025年4月之前的）外国收入和收益汇至英国时征收12% 的税款。

国际流动工作人员可能会受到海外工作日减免变化的影响。

信托税收受到影响，非英国居籍人士只能在2025年4月6日前创建免征英国继承税的信托。

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Greece

Positive messages for the Greek economy at the beginning of 2024

Forecasts for the Greek economy show growth in 2024 ranging from 2.3 to 2.9%, much higher than the European average expected at 1.2% according to the Commission. Inflation is expected to decrease further in 2024, although for Greece it will fluctuate a little higher than the rest of Europe mainly due to food prices and imported inflation. Also positive news is that the ECB, after raising interest rates for two consecutive years at historically high levels, is expected to make reductions at the end of the second quarter. This will have the effect of supporting incomes and consumption.

After the successful year of 2023, the new year started just as strongly and continues. The return of the Greek economy to investment grade by international rating agencies caused positive reactions among international investors. A big rise in stock market turnover was recorded in the first quarter of 2024 with stock market gains hitting a 15-year high of 9.99%. The positive developments of recent years in the economy as well as structural reforms have an impact on the establishment of new businesses. The first quarter saw a 13-year record number of new business start-ups.

The fiscal space freed up by growth rates, primary surpluses as well as additional tax revenues of the state enables the government to take measures in favor of workers and businesses. Since the beginning of the second quarter, there has been an increase in the minimum wage by 6.4% and stands at €830. With the 14 payments made over time, the salary on a monthly basis reaches €968.33. This concerns approximately 600,000 workers. The government's plan until 2027 is to raise the minimum wage to €950, that is, on a monthly basis with the 14 payments per year, it will reach €1,108.33. The economy minister also announced a new reduction in employers' insurance contributions, but it is expected at the end of the year.

In the tourism sector, the messages from the beginning of the year are now positive. Great increase in the number of tourists and the money spent by them for the month of January continuing the positive 2023. According to the Bank of Greece, we had a 16% increase in arrivals and a 27% increase in receipts in a traditionally non-tourist month for Greece, which creates huge optimism. Everything shows that in the new year tourism can move higher than in 2023 as long as the difficult geopolitical conditions are favorable.

Another sector that needs attention due to the latest decline is exports. The government staff announced a program to boost exports based on the following axes: - Utilization of European funds from the Recovery Fund and the new NSRF - Facilitation of the digital transition of businesses - Further development of sectors where we have a comparative advantage, such as agri-food, the pharmaceutical industry and the production of energy from renewable sources -Further consolidation and strengthening of the robustness of the banking system.

The second quarter is moving particularly positively despite the great uncertainty in geopolitics and energy.

Reference/ Citation

https://www.cnn.gr/
https://www.capital.gr/
https://www.ot.gr/
https://www.amna.gr/
https://www.bbc.com/

Malaysia

Service Tax

Service Tax Act 2018 and its subsidiary legislation was recently updated to incorporate changes announced in Budget 2024. Service tax is imposed on taxable services specified under the First Schedule of the Service Tax Regulations 2018 with the tax rates as follows:

<table>
<tr><th>Group</th><th>Taxable Services</th><th>Tax Rate</th></tr>
<tr><td>A</td><td>Accommodation</td><td rowspan="7">6%</td></tr>
<tr><td>B</td><td>Food and Beverage</td></tr>
<tr><td>C</td><td>Night Clubs, Dance Halls, Cabarets, Health and Wellness Centres, Massage Parlours, Public Houses and Beer Houses</td></tr>
<tr><td>D</td><td>Private Club</td></tr>
<tr><td>E</td><td>Golf Club and Gold Driving Range</td></tr>
<tr><td>F</td><td>Betting and Gaming</td></tr>
<tr><td>G</td><td>Professionals</td></tr>
<tr><td>H</td><td>Credit Card and Charge Card</td><td>RM25 per annum</td></tr>
<tr><td>I</td><td>Other Service Providers</td><td>6%</td></tr>
</table>

Effective 26 February 2024, the taxable services is expanded to include new types of taxable services as follows:

Group	Taxable Services
C	Karaoke Centre
G	Maintenance and Repair Services Consultancy, Training or Coaching Services
I	Brokerage and underwriting services (exclude financial services)
J	Logistic services

Service tax is only charged on the new taxable service from 1 March 2024 as the taxable services provided between 26 February 2024 and 29 February 2024 are exempted.

In addition, effective 1 March 2024, the service tax rate is increased from 6% to 8% on all taxable services, except for the following:

Group	Taxable Services
B	Food and beverage
I	Telecommunication services
I	Vehicle parking space services
I	Logistic services

On 11 March 2024, it was announced that a service tax exemption is granted for 5 types of logistic services as follows:

- Logistic services for directly exported goods
- Logistic services for transshipment activities
- Logistic services for transit activities
- Door-to-door logistic services
- Food and beverage delivery services through e-commerce

Service Tax Policy dated 29 March 2024 also granted a service tax exemption on ocean (sea) freight charges for the following voyages:

- Peninsular Malaysia to Sabah/Sarawak/Labuan
- Sabah/Sarawak/Labuan to Peninsular Malaysia
- Travel between Sabah, Sarawak and Labuan

On 31 March 2024, it was announced that a service tax exemption is granted on maintenance services as follows:

- Maintenance services related to land or buildings for residential purposes provided by developers, joint management bodies, or resident associations
- Repairs of residential buildings
- Sinking funds

Subsequently, Service Tax Policy dated 1 April 2024 indicates a policy treatment on maintenance services effective 1 March 2024 as follows:

- Maintenance services (including repairs) of goods/ equipment (moveable items) in residential houses are subject to service tax
- Maintenance services (including repairs) of goods/ equipment (fixed to the structure of the building) provided directly to the owner or accupant of the residential house are not subject to service tax
- Sinking fund related to residential houses imposed by the developer, joint management body, or management corporation are not subject to service tax

In areas of ambiguity, taxpayers are advised to seek clarification from the Royal Malaysian Customs Department (RMCD).

Reference/ Citation

Official Portal of Royal Malaysian Customs Department (RMCD) https://mysst.customs.gov.my

Pakistan

FBR Directs a Number of Businesses, Including Educational Institutions, Hospitals to Integrate with POS System

Federal Board of Revenue Mandate on Point-of-Sale Integration

1. Introduction

On March 22, 2024, the Federal Board of Revenue (FBR) issued SRO 428(I)/2024. This Statutory Regulatory Order (SRO) represents a significant step towards enhancing tax compliance in Pakistan. SRO 428(I)/2024 mandates the real-time integration of point-of-sale (POS) systems for certain designated business enterprises with the FBR's central database.

2. Definition of Point-of-Sale System

A point-of-sale (POS) system refers to electronic hardware or software utilized by a business to record and process transactions at the point of sale. This typically includes recording sales, generating receipts, managing inventory, and accepting customer payments.

3. Mandatory Integration of POS Systems

Pursuant to the Income Tax Regulations, 2002 (as amended by SRO 428(I)/2024), specific business enterprises identified by the FBR are required to integrate their POS systems with the FBR's database. These businesses are designated as "Integrated Enterprises."

4. Scope of Mandatory Integration

A. Expansion Of Geographic Scope

SRO 428(I)/2024 supersedes previously existing regulations by incorporating a new schedule. This new schedule broadens the geographic scope of mandatory POS integration to encompass the entirety of Pakistan. Previously, such regulations were only applicable in designated major cities.

B. Categories of Businesses Subject to Integration

The SRO mandates POS integration for various categories of businesses, including:

i. Retailers: This encompasses various entities such as manufacturer-cum-retailers, wholesaler-cum-retailers, and importer-cum-retailers. Additionally, retailers fulfilling any of the following criteria are included:

   a. Operating as part of a national or international chain store.

   b. Located within an air-conditioned shopping mall, plaza, or center (excluding kiosks).

   c. Having a cumulative electricity bill exceeding PKR 1,200,000 for the preceding twelve months.

   d. Wholesaler-cum-retailers engaged in bulk import and supply of consumer goods.

   e. Possessing a retail space exceeding 1,000 square feet.

ii. Foreign Exchange Dealers/Exchange Companies

iii. Educational Institutions: This includes private schools, colleges, universities, professional institutes, and vocational training centers where monthly fees per student exceed PKR 1,000.

iv. Medical Service Providers: All private medical practitioners including dentists, physiotherapists, plastic surgeons, hair transplant surgeons, and veterinary doctors with fees exceeding PKR 500 are subject to the mandate.

v. Private Hospitals and Medical Care Centers: This encompasses entities providing medical consultation, hospitalization, or ancillary services.

vi. Restaurants with Air Conditioning

vii. Hospitality Industry: This includes hotels, motels, guest houses, marriage halls, marquees, and clubs (including race clubs).

viii. Fitness and Leisure Facilities: This encompasses health clubs, gyms, physical fitness centers, swimming pools, and multipurpose clubs.

ix. Inter-City Travel by Air-Conditioned Road Transport

x. Courier and Cargo Services

xi. Beauty and Wellness Establishments: This includes beauty parlors, clinics, slimming clinics, massage centers, and pedicure centers equipped with air conditioning.

xii. Medical Diagnostic Laboratories: This encompasses pathological laboratories and facilities offering X-ray, CT scan, MRI imaging, and similar services.

xiii. Event Management Businesses: This includes photographers, videographers, and event managers with per-event fees exceeding PKR 50,000.

xiv. Chartered Accountants and Cost and Management Accountants

C. Recordkeeping Requirements

The SRO stipulates that all transactions conducted by designated businesses must be recorded using a duly accredited Electronic Fiscal Device (EFD). An EFD is a system comprised of a Sale Data Controller (SDC) and at least one Point-of-Sale (POS) terminal.

Additionally, each POS terminal within a designated business establishment must be monitored by a CCTV camera. These recordings must be retained for a minimum period of three months and presented to the FBR Commissioner upon request.

Reference/ Citation

https://propakistani.pk/2024/03/22/fbr-directs-number-of-businesses-including-educational-institutions-hospitals-to-integrate-with-pos-system/

Saudi Arabia

Real estate Tax in Saudi Arabia and the act of evasion or avoidance

The Real Estate Transaction Tax (RETT) was introduced in the Kingdom of Saudi Arabia with effect from 4 October 2020. Real Estate Transaction Tax (RETT) is a 5% tax imposed on the sale or transfer of real estate in Saudi Arabia. To register a real estate transaction, you must submit an application to the ZATCA (Saudi Arabian General Tax Authority). The application must include the following information: the names and addresses of the buyer and seller, the property address, the purchase price, and the date of the transaction.

All real estate, regardless of its status, nature, or usage at the time of disposal, is subject to the Real Estate Transaction Tax. Lands and what is being created, constructed, or built thereon, whether developed or not, are all considered real estate, whether this disposal contains all or part of a subdivided, common, residential unit, or other sort of real estate.

The transfer of shares or the stocks in a real estate company, which are companies that have real estate as more than 50% of their assets or capital, is subject to RETT and is considered an indirect transfer of the real estate company's ownership unless there was a direct connection among the shares, stocks and company's assets ownerships. The transfer of ownership of shares related to real estate funds traded on the financial market is not regarded as a form of transfer of share subject to the RETT.

There are some exemptions to the RETT. These include:

the sale or transfer of real estate between family members, the sale or transfer of real estate that is used for religious or charitable purposes, and the sale or transfer of real estate that is located in a free zone.

Some may try to evade the tax by providing incorrect information about the value of the real estate transaction, such as submitting incorrect documents proving the payment of the tax or manipulating the land areas during division. In general, carrying out an act that causes non-payment of the tax, in whole or in part, that has been proven by the Authority, is an exploitation of the situations stipulated in the system.

Penalties

1- For every month or part of a month that the tax is unpaid, the late payment penalty is calculated as 5% of the unpaid tax.

2- If one violates any of the provisions regarding the real estate transaction tax or the necessary executive and administrative decisions, including by being late, failing to disclose at the appropriate time, failing to disclose accurately, or giving an inaccurate value for the contract, or any other violations listed in the tax regulations pertaining to real estate transactions, the fine will neither be less than 10,000 riyals nor more than the amount of tax that is due.

3- The penalty for tax evasion will be equal to the amount of the overdue tax, but not more than three times that amount.

Sellers are liable for violations and must pay the tax to the Authority and thus all forms of illegal evasions must be avoided.

Reference/ Citation

https://zatca.gov.sa/ar/Pages/default.aspx

Singapore

Singapore Budget 2024

On 16 February 2024, the Deputy Prime Minister and Minister for Finance, Mr. Lawrence Wong, delivered the Singapore Budget for the financial year 2024. The salient tax changes for individual and corporate taxes are as follows:

Personal Income Tax Rebate

Personal Income Tax Rebate will be granted to all tax residents for the Year of Assessment (YA) 2024. The rebate will be 50% of tax payable, capped at S$200.

Corporate Income Tax Rebate (CIT Rebate)

CIT Rebate of 50% of the corporate tax payable will be granted to all taxpaying companies, whether tax resident or not, for YA 2024. Companies that have employed at least one local employee in 2023 (referred to as "local employee condition") will receive S$2,000 in cash payout (referred to as "CIT Rebate Cash Grant"). The maximum total benefits of CIT Rebate and CIT Rebate Cash Grant that a company may receive is S$40,000.

Renovation or Refurbishment (R&R) Expenditure

Effective YA 2025, the enhancements for R&R expenditure are as follow:

1. Expand the scope of qualifying expenditure to include designer fees or professional fees.
2. Fix the relevant three-year period for the purpose of computing the R&R expenditure cap, with the first three-year period being from YA 2025 to YA 2027.
3. Allow an option to claim R&R deductions in one YA, subject to the prevailing expenditure cap of S$300,000.

Maritime Sector Incentive (MSI)

Effective YA 2024, an alternative basis of tax where the qualifying income of qualifying shipping entities is taxed by reference to the net tonnage of their ships will be available.

Finance and Treasury Centre (FTC) Incentive

FTC Incentive aims to encourage companies to grow treasury management capabilities and use Singapore as a base for conducting strategic finance and treasury management activities.

Effective 17 February 2024, an additional concessionary tax rate tier of 10% will be introduced.

Development and Expansion Incentive (DEI)

DEI encourages companies to engage in high value-added services or activities in Singapore, either through a new setup or an expansion of existing operations in Singapore.

Effective 17 February 2024, an additional concessionary tax rate tier of 15% will be introduced.

Intellectual Property Development Incentive (IDI)

IDI encourages companies to use and commercialize intellectual property rights arising from research and development in Singapore.

Effective 17 February 2024, an additional concessionary tax rate tier of 15% will be introduced.

Global Trader Programme (GTP)

GTP is eligible for established companies engaged in international physical trading looking to set up their trading operations in Singapore. Companies should have an international trading and distribution network, and a good track record.

Effective 17 February 2024, an additional concessionary tax rate tier of 15% will be introduced.

Reference/ Citation

1. https://www.iras.gov.sg/
2. https://www.edb.gov.sg/en/how-we-help/incentives-and-schemes.html
3. https://www.enterprisesg.gov.sg/financial-support/global-trader-programme

UAE

Navigating the UAE's implementation of Global Minimum Tax rules

The UAE Ministry of Finance (MOF) recently issued a consultation paper along with a guidance paper and consultation questionnaire in relation to the implementation of Global Minimum Tax or Global Anti-Base Erosion Model (Pillar Two) ("GloBE") Rules. The consultation is open for public comments till 10th April 2024.

To ease the compliance burden of the global minimum tax, the proposal offers several concessions. Companies can implement a Qualified Domestic Minimum Top-up Tax (QDMTT), a domestic tax aligned with GloBE rules, which could reduce their overall top-up tax liability. Additionally, companies with a substantial physical presence in a country can benefit from Substance-Based Income Exclusions (SBIE), which allow deductions for payroll costs and tangible assets, lowering their taxable income. Finally, de-minimis exclusions provide relief for small businesses with minimal revenue and profits in a specific country, exempting them from the complexities of the GloBE rules.

Determining a company's top-up tax liability under the GloBE rules follows a clear process. First, the multinational enterprise's (MNE's) global reach and subsidiary locations are mapped. Then, each subsidiary's taxable income and taxes paid are analyzed. Finally, an effective tax rate (ETR) is calculated. If the ETR falls below 15%, a top-up tax is applied, considering any domestic minimum tax (QDMTT) already paid to minimize the final amount owed.

The UAE targets multinational enterprises (MNEs) with UAE subsidiaries or headquarters exceeding €750 million in consolidated revenue for this global minimum tax implementation. Consultation paper seeks insights from stakeholders on potential impacts on MNE investment decisions in the UAE. They're particularly interested in understanding preferences: a flat 15% corporate tax versus a top-up tax, the preferred location for paying the top-up tax (UAE or elsewhere), and finally, whether the policy will extend to Free Zone companies.

The UAE's proposed implementation of the global minimum tax likely applies to multinational groups exceeding €750 million in consolidated revenue. It aims to mirror the GloBE Rules with some flexibility. Financial calculations will follow International Financial Reporting Standards (IFRS), and companies with a real economic presence may benefit from Substance-Based Income Exclusions (SBIEs). The UAE is also considering reduced or eliminated domestic minimum tax (QDMTT) for new multinational entrants and aligning payment deadlines with existing tax laws or the GloBE Rules. Public feedback is encouraged on potential reporting requirements and penalties for non-compliance.

To further incentivize investment, the UAE Ministry of Finance (MOF) is exploring additional tax breaks that align with the GloBE Rules. These potential incentives could be structured in two ways: income-based, offering tax exemptions or reductions for multinational enterprises (MNEs) that meet specific criteria, or expenditure-based, providing tax credits, accelerated deductions for depreciation, or tax allowances.

Multinational enterprises (MNEs) with operations in the UAE should carefully consider how the proposed implementation might affect their tax strategy and investment decisions in the region. The UAE's open consultation process demonstrates their commitment to international tax cooperation. By actively seeking public feedback, they aim to create a system that balances global tax standards with considerations for local businesses and investment attractiveness.

Reference/ Citation

1. Federal Decree-Law No. 60 of 2023 Amending Certain Provisions of the Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses
2. Global Minimum Tax Public Consultation Document, UAE

UK

Changes for Non-domiciled Individuals Including the End of the Remittance Basis

4-Year Foreign Income and Gains Regime (FIG) for New Arrivals

The remittance basis for UK resident non-doms will be abolished from the 2025/26 tax year (commencing 6 April 2025) and replaced by a 4-year FIG regime based on an individual's tax residence. Where individuals arrive to the UK after 10 consecutive tax years of non-residence, they can claim for 4 tax years to forgo their Income Tax Personal Allowance and Capital Gains Tax (CGT) Annual Exempt Amount and have their FIG be exempt from UK tax (regardless of whether remitted to the UK).

For the purpose of this residence-based exemption, the residence of an individual will be determined by the Statutory Residence Test (i.e. not treaty residence). A split years (partial year of residence) will count as one of the 4 years and an individual does not have to be resident throughout the period.

Transitional Arrangements for Non-doms

There are transitional arrangements for non-doms who have previously claimed the remittance basis and will be ineligible for the 4-year FIG scheme.

Non-doms leaving the remittance basis will only pay UK Income Tax on 50% of their foreign income for 2025/26. Foreign capital gains will be subject to UK tax, however, the CGT can be reduced by rebasing the base cost of assets to their 5 April 2019 value where the remittance basis was claimed previously.

For the 2025/26 and 2026/27 tax years, individuals who have claimed the remittance basis will be able to remit FIG that arose before 6 April 2025 to the UK via the Temporary Repatriation Facility, incurring a relatively low UK tax rate of 12% (FIG that arose within trusts will be excluded). The ordering rules for 'mixed funds' will be revised.

Overseas Workday Relief (OWR)

Previously for the first 3 years of UK residence, a non-domiciled worker with UK and overseas employment duties could claim OWR and not be subject to UK Income Tax on income from overseas duties if the earnings were not remitted to the UK.

From 6 April 2025, domicile will be irrelevant for OWR and earnings from foreign employment duties for the first 3 years of UK residence will be free from UK tax after being non resident for at least 10 years, regardless of whether these earnings are remitted.

Inheritance Tax & Trusts

Non-doms can only create trusts excluded from UK Inheritance Tax until April 2025.

In future, Inheritance Tax will move from a domicile-based system to a system based on being UK resident for 10 years.

FIG arising until 6 April 2025 in protected non-resident trusts will not be taxed unless distributions or benefits are paid to individuals who have been UK resident for over 4 years.

From 6 April 2025, non-domiciled and deemed domiciled settlors of settlor interested trusts will be directly taxed on trust FIG.

From 6 April 2025, the remittance basis cannot be claimed by UK resident non-dom beneficiaries in respect of pre-6 April 2025 FIG matched with trust distributions to UK resident beneficiaries.

Reference/ Citation

https://www.gov.uk/government/publications/changes-to-the-taxation-of-non-uk-domiciled-individuals/technical-note-changes-to-the-taxation-of-non-uk-domiciled-individuals

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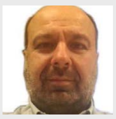
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