

PRISM

Tax Newsletter

3rd Quarter 2024

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Azerbaijan

Infrastructure Investments Driving Economic Growth in Azerbaijan

Azerbaijan has intensified infrastructure investments to drive sustainable economic growth and regional integration. Key focuses include upgrading transportation networks—roads, railways, and ports—to enhance domestic logistics and trade efficiency. Projects like the Baku-Tbilisi-Kars railway and Baku International Sea Trade Port are pivotal for regional connectivity and global trade. Concurrently, Azerbaijan advances energy infrastructure with projects like the Southern Gas Corridor, ensuring reliable supply and supporting sustainability through renewable energy investments. Digital transformation efforts, including expanded telecommunications, foster connectivity critical for economic diversification and innovation. These initiatives position Azerbaijan to attract investments, unlock economic opportunities, and ensure long-term prosperity.

基础设施建设推动阿塞拜疆经济增长

阿塞拜疆加大基础设施投资力度，推动可持续经济增长和区域一体化。重点包括升级交通运输网络——公路、铁路和港口，以提升国内物流和贸易效率。巴库—第比利斯—卡尔斯铁路和巴库国际海上贸易港等项目对于地区互联互通和全球贸易至关重要。与此同时，阿塞拜疆通过南方天然气走廊等项目推进能源基础设施建设，确保可靠的能源供应，并通过可再生能源投资促进可持续发展。数字化转型工作，包括扩大电信，促进经济多样化和创新关键的连接。有关举措使阿塞拜疆能够吸引投资，开拓经济机会，保持长期繁荣。

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Germany

Germany Lures Skilled Migrants with Tax Breaks

Germany is offering significant tax breaks to attract highly skilled migrants. The plan, aimed at addressing a looming labor shortage, includes reduced income tax rates for high earners and streamlined immigration procedures. This move is part of a broader strategy to boost economic growth and compete for global talent. While the incentives are designed to be attractive, questions remain about their long-term impact and potential budgetary implications. As Germany joins the global competition for skilled workers, the success of this policy will be closely watched.

德国以税收减免吸引技术移民

德国正在提供大量税收减免措施，以吸引高技术移民德国。有关计划旨在解决迫在眉睫的劳动力短缺问题，包括降低高收入人士的所得税率和简化移民程序，此举是促进经济增长和争夺全球人才的更广泛战略的一部分。虽然这些激励措施的目的是吸引人才，但其长期影响和潜在的预算问题仍然存在。随着德国加入争夺技术劳工的全球竞争，该政策的成败将受到密切关注。

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Malaysia

e-Invoice

e-Invoice applies to all persons in Malaysia. All individuals and legal entities are required to comply with e-Invoice requirement, including association, body of persons, branch, business trust, co-operative societies, corporations, limited liability partnership, partnership, property trust fund, property trust, real estate investment trust, representative office and regional office, trust body; and unit trust.

电子发票

电子发票适用于马来西亚所有人士。所有个人和法人实体都必须遵守电子发票要求，包括协会、团体、分支机构、商业信托、合作社、公司、有限责任合伙企业、合伙企业、房地产信托基金、房地产信托、房地产投资信托、代表处和地区办事处、信托机构；以及单位信托。

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Nigeria

A Transformative Step: Executive Order to Exempt Tariffs, Excise Duties and VAT from Essential Medical Products

In a visionary move, President Bola Ahmed Tinubu of Nigeria has signed an executive order that eliminates tariffs, excise duties and Value Added Tax (VAT) on imported medical inputs.

重大变革：尼日利亚免除基本医疗产品的关税、消费税增值的行政命令

尼日利亚推出一项前瞻举措，总统博拉·艾哈迈德·蒂努布签署一项行政命令，取消进口医疗投入品的关税、消费税和增值税(VAT)。

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Pakistan

Taxation of Exports in Finance Bill 2024

Tax On Exports:

The Finance Bill 2024 has proposed to change the tax regime for export of goods from “final tax regime” to “minimum tax”.

The Federal Board of Revenue (FBR) proposed to convert the final tax regime of exporters of goods, Export Processing Zone (EPZ) entities, indirect exporters, etc. into minimum tax regime besides prescribing collection of an additional advance tax at the rate of 1% for direct exporters of goods. A new provision has now been added in section 147 (Advance Tax) whereby specified withholding agents are now required to collect 1% advance income tax from the exporters of goods (whether direct or indirect) at the time of realization of export proceeds, etc. Consequent to this amendment, collection of advance tax under section 154 proposed through the FBR on direct exporters of goods has been withdrawn.

2024年财政法案中的出口征税规定

出口税:

2024年财政法案建议将货物出口的税制从“最终税制”改为“最低税制”。

联邦税务委员会建议将货物出口商、出口加工区实体、间接出口商等的最终税制改为最低税制，并规定对直接货物出口商征收1%的额外预缴税。

第147节(预缴税)新增一条规定，指定的预扣代理机构现时必须向货物出口商(直接或间接)征收1%的预缴所得税。由于这一修订，根据第154条通过联邦税务局向直接货物出口商征收预付税的建议已被撤销。

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Saudi Arabia

Refund the tax to designated persons

Without prejudice to the agreement or the system, the Minister of Finance may allow certain categories of persons who do not practice an economic activity or work in a specific economic activity to submit to the Authority a request to be considered as persons eligible for a tax refund. The Board of Directors or its authorized representative may issue a list of the names of persons eligible for a tax refund, and consider each of them qualified person.

向指定人员退税

在不影响协议或制度的情况下，财政部长可允许不从事经济活动或在特定经济活动中工作的某些类别的人向管理局提出申请，将其视为有资格获得退税的人。董事会或其授权代表可发出一份合资格退税的人员名单，并认可合资格人员。

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Singapore

Implementation of InvoiceNow

The Inland Revenue Authority of Singapore (IRAS) announced the requirement for GST-registered businesses to use InvoiceNow solutions which enable the streamlined digital transmission of invoice data to IRAS. This would reduce manual processing and align with national digitalization efforts by integrating tax into business systems. The implementations are split into a few phases which includes soft launch on 1 May 2025 for early adopters with subsequent phases for new and voluntary GST registrants by November 2025 and April 2026, respectively. IRAS continues to gather industry partners' feedback before announcing further details.

实施InvoiceNow

新加坡税务局(IRAS)宣布，要求注册商品及服务税的企业使用InvoiceNow，以简化向IRAS传输发票数据的数字流程。这有助减少人工处理，并通过将税收入商业系统来配合国家数字化工作。实施工作分为几个阶段，2025年5月1日为早期采用者试行；随后分别在2025年11月和2026年4月为新注册者和自愿注册者试行。IRAS将继续收集行业的反馈意见，然后再公布进一步的细节。

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Turkey

The first greenhouse gas regulation came into force in Turkey

According to the law enacted on July 9, it was stipulated that a fee will be charged for the greenhouse gas emissions released from all commercial ships carrying cargo and passengers entering and exiting Turkish ports.

The collected fee will be calculated taking into account European emissions trading system data.

土耳其首个温室气体法规生效

根据7月9日颁布的法律规定，将对进出土耳其港口的所有载货和载客商船排放的温室气体征收费用。收取的费用将根据欧洲排放交易系统的数据进行计算。

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UAE

Exploring the recent changes in UAE's Corporate Tax regime

The recent introduction of Corporate Tax (CT) has significantly altered UAE's tax landscape, with authorities releasing crucial CT Guides that offer clarity and guidance for businesses. A standout update was the comprehensive CT guide specifically addressing free zone entities, resolving key concerns such as the taxation of branches, high seas sales, and transactions involving related parties. Additionally, the release of Corporate Tax registration deadline based on the issuance date of trade licenses has streamlined the registration process. Failure to comply with this timeline incurs a substantial AED 10,000 fine, emphasizing the importance of adherence to regulatory requirements in the Country.

有关阿联酋公司税制的最新变化

最近推出的公司税大大改变阿联酋的税收格局，当局发布公司税指南，为企业提供清晰指导。其中最重要的更新是专门针对免税区实体的全面公司税指南，解决分支机构征税、公海销售和涉及关联方的交易等关键问题。此外，根据贸易许可证的颁发日期登记公司税截止日期的流程进一步简化。若企业不遵守此时间表，将被处以 10,000 迪拉姆的巨额罚款，以强调遵守国家监管要求的重要性。

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UK

Changes to the Furnished Holiday Lettings tax regime

The Furnished Holiday Lettings (FHL) regime is about to be abolished from 6 April 2025. The regime affects properties in the UK as well as the European Economic Area (EEA) which meet specific letting criteria. The owners have been able take advantage of income tax benefits and capital gains tax (CGT) relief that are typically available to traders.

It is important to consider the sale of FHLs prior to 5 April 2025 to preserve the CGT relief available. Moreover, losses from FHLs are ringfenced meaning they can only be set against profits from other FHLs and not against UK property income.

英國标准假日出租房(FHL)的稅務制度的變更

英國标准假日出租房 (FHL) 制度将会在2025年4月6日起废除。该制度对英国以及欧洲经济区符合特定出租标准的房地产造成影响，制度下业主可以享受所得税优惠和资本利得税减免 (CGT)，而这通常是贸易商人才享有的优惠。

对于业主来说，他们需要重点考虑的是在2025年4月5日之前出售标准假日出租房的权限，以保留可用的资本利得税减免。此外，标准假日出租房的亏损是有限制的，意味着它们只能与其他标准假日出租房的利润相抵消，而不能与英国房地产收入相抵消。

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Azerbaijan



Infrastructure Investments Driving Economic Growth in Azerbaijan

Azerbaijan has made substantial progress in strengthening its infrastructure, reaffirming its commitment to sustainable economic growth and regional integration. The strategic investments in infrastructure not only improve domestic connectivity but also establish Azerbaijan as a crucial participant in regional trade and logistics networks.

Enhancement of Transportation Networks

A core focus of Azerbaijan's infrastructure strategy has been enhancing its transportation networks. Significant investments have been directed towards modernizing and expanding roads, railways, and ports. This initiative aims to enhance domestic logistics efficiency, reduce transportation costs, and facilitate smoother trade flows within the country and across borders.

Key Projects and Strategic Initiatives

During the third quarter, Azerbaijan continued to advance pivotal infrastructure projects that will reshape its transportation landscape. Noteworthy examples include the construction and expansion of highways connecting major cities, such as the Baku-Tbilisi-Kars railway, which significantly enhances regional connectivity and promotes economic integration with neighboring countries.

Furthermore, the development of the Baku International Sea Trade Port is poised to strengthen Azerbaijan's maritime capabilities, enabling it to manage larger volumes of cargo and attract increased shipping activity. This strategic investment supports Azerbaijan's aspiration to become a regional logistics hub and reinforces its position in global trade networks.

Energy Infrastructure and Sustainability

In addition to transportation, Azerbaijan has prioritized investments in energy infrastructure to ensure sustainable development. Completion of projects like the Southern Gas Corridor, facilitating the transport of Caspian natural gas to Europe, underscores Azerbaijan's role as a dependable energy supplier and enhances its geopolitical significance.

Moreover, investments in renewable energy, including wind and solar power projects, are gaining momentum. These initiatives aim to diversify Azerbaijan's energy portfolio, reduce greenhouse gas emissions, and contribute to global environmental sustainability efforts.

Digital Transformation and Connectivity

In tandem with physical infrastructure enhancements, Azerbaijan is actively promoting digital transformation

initiatives. Investments in telecommunications infrastructure and broadband network expansion are enhancing digital connectivity across urban and rural areas. This digital connectivity is crucial for supporting e-commerce growth, fostering innovation in technology startups, and driving overall economic development.

Conclusion

As Azerbaijan continues to advance its infrastructure agenda in the third quarter of this year, it lays a robust foundation for sustainable economic growth and enhanced regional connectivity. The strategic investments in transportation, energy, and digital infrastructure play a pivotal role in diversifying the economy, reducing dependence on traditional sectors, and positioning Azerbaijan as a key global player. Looking forward, these infrastructure developments are poised to unlock new opportunities, attract investment, and foster prosperity for the nation and its citizens. 🇦🇿

Reference/ Citation

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2. Trend News Agency. (2023). Enhancing transportation networks in Azerbaijan. Retrieved from <http://www.trend.az>
3. Ministry of Energy of the Republic of Azerbaijan. (2023). Strategic investments in energy infrastructure. Retrieved from <http://www.energy.gov.az>
4. The State Statistical Committee of the Republic of Azerbaijan. (2023). Digital transformation initiatives in Azerbaijan. Retrieved from <http://www.stat.gov.az>
5. Azerbaijan Railways. (2023). Azerbaijan's role in regional trade and logistics networks. Retrieved from <http://www.railways.az>

Germany



Germany Lures Skilled Migrants with Tax Breaks

Germany Courts Skilled Migrants with Tax Breaks

Germany, facing a looming skilled labor shortage, is considering significant tax breaks for highly qualified migrants to bolster its workforce. The plan, as outlined in a recent newspaper articles and other news outlets, aims to attract international talent and stimulate economic growth.

Key Provisions of the Proposed Plan

- **Reduced Income Tax Rates:** High-income earners relocating to Germany could benefit from lower income tax rates, making the country more financially attractive.
- **Tax Breaks for Specific Groups:** Certain groups, such as researchers, engineers, and IT specialists, might receive tailored tax incentives to encourage their migration.
- **Streamlined Immigration Process:** To complement the tax breaks, the government is looking to simplify the immigration process for skilled workers.

Rationale Behind the Policy

The German government is motivated by several factors:

- **Aging Population:** With an aging population, Germany needs a steady influx of young, skilled workers to maintain economic competitiveness.
- **Global Competition for Talent:** Many countries are offering attractive incentives to lure top talent. Germany must remain competitive in this global race.
- **Economic Growth:** Attracting skilled migrants can stimulate innovation and foster economic growth.

Potential Impacts and Criticisms

While the proposed tax breaks have been met with optimism, there are potential challenges and criticisms:

- **Budgetary Implications:** Offering significant tax breaks could strain public finances, particularly if the program is widely used.
- **Fairness Concerns:** Some may argue that providing tax breaks to newcomers is unfair to domestic taxpayers.
- **Effectiveness:** The long-term effectiveness of the plan depends on factors such as the overall economic climate, the availability of jobs, and the attractiveness of Germany as a destination.

Conclusion

Germany's proposed tax breaks for highly skilled migrants represent a significant shift in its immigration policy. The goal is clear: to attract top talent and secure the country's economic future. However, the success of this initiative will hinge on careful implementation and a broader strategy to address the challenges of an aging population and a globalized labor market. 🇩🇪

Reference/ Citation

<https://www.bundesregierung.de/resource/blob/992814/2297962/ab6633b012bf78494426012fd616e828/2024-07-08-wachstumsinitiative-data.pdf?download=1> (page 10 and 20)

https://www.focus.de/finanzen/steuern/um-auslaender-anzulocken-weniger-steuern-fuer-migranten-das-muessen-sie-zu-den-plaenen-der-bundesregierung-wissen_id_260119269.html

<https://www.wiwo.de/politik/deutschland/steuerrabatte-fuer-auslaender-steuervorteile-fuer-zuwanderer-klar-machen-nachbarstaaten-auch/29887720.html>

Malaysia



e-Invoice

Below is the mandatory e-Invoice implementation timeline:

Implementation Date	1 August 2024	1 January 2025	1 July 2025
Targeted Taxpayer	Taxpayers with an annual turnover or revenue of more than RM100 million	Taxpayers with an annual turnover or revenue of more than RM25 million and up to RM100 million	All other taxpayers

For the purposes of e-Invoice, the following persons are currently exempted from issuing e-Invoice (including issuance of self-billed e-Invoice):

- (a) Ruler and Ruling Chief
- (b) Former Ruler and Ruling Chief
- (c) Consort of a Ruler of a State having the title of Raja Perempuan, Sultanah, Tengku Ampuan, Raja Permaisuri, Tengku Permaisuri or Permaisuri
- (d) Consort of a Former Ruler of a State previously having the title of Raja Perempuan, Sultanah, Tengku Ampuan, Raja Permaisuri, Tengku Permaisuri or Permaisuri
- (e) Government
- (f) State government and state authority
- (g) Government authority
- (h) Local authority
- (i) Statutory authority and statutory body
- (j) Facilities provided by the above government, authority or body (e.g., hospital, clinic, multipurpose hall, etc.)
- (k) Consular offices and diplomatic officers, consular officers and consular employees
- (l) Individual who is not conducting business
- (m) Taxpayers with an annual turnover or revenue of less than RM150,000

Types of e-Invoice to be issued are as follows:

1. Invoice

A commercial document that itemizes and records a transaction between a Supplier and Buyer, including issuance of self-billed e-Invoice to document an expense.

2. Credit Note

A credit note is issued by Suppliers to correct errors, apply discounts, or account for returns in a previously issued e-Invoice with the purpose of reducing the value of the original e-Invoice. This is used in situations where the reduction of the original e-Invoice does not involve return of monies to the Buyer.

3. Debit Note

A debit note is issued to indicate additional charges on a previously issued e-Invoice; and

4. Refund Note

A refund note e-Invoice is a document issued by a Supplier to confirm the refund of the Buyer's payment. This is used in situations where there is a return of monies to the Buyer.

E-Invoice (including self-billed e-Invoice) is not required for the following:

- (a) Employment income
- (b) Pension
- (c) Alimony
- (d) Distribution of dividend in specific circumstances
- (e) Zakat
- (f) Contract value for the buying or selling of securities or derivatives traded on a stock exchange or derivatives exchange in Malaysia or elsewhere
- (g) Disposal of shares of a company incorporated in or outside Malaysia and not listed on the stock exchange, except where the disposer is a company, limited liability partnership, trust body or co-operative society

Inland Revenue Board of Malaysia (IRBM) has developed two (2) distinct e-Invoice transmission mechanisms:

(a) A portal (MyInvois Portal) hosted by IRBM; and


Enables individual generation through a comprehensive form or the option for batch generation through spreadsheet upload for processing multiple transaction

(b) Application Programming Interface (API).

Enables businesses to conveniently transmit high-volume of transactions. Methods to transmit e-Invoice via API include direct integration of taxpayers' Enterprise Resource Planning (ERP) system with MyInvois System,

through Peppol technology providers and through non-Peppol technology providers

Taxpayers can select the most suitable mechanism to transmit e-Invoice to IRBM, based on their specific needs and business requirements.

e-Invoice requirements have taken into account the required particulars of the key tax legislation, including the Income Tax Act 1967, Labuan Business Activity Tax Act 1990, Petroleum (Income Tax) Act 1967, Sales Tax Act 2018 and Service Tax Act 2018. e-Invoice information submitted by taxpayers to the MyInvois System will be shared with the Royal Malaysian Customs Department (RMCD). 

Reference/ Citation

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

Nigeria



A Transformative Step: Executive Order to Exempt Tariffs, Excise Duties and VAT from Essential Medical Products

The Executive Order aims to exempt tax from essential medical products in Nigeria seeking to enhance affordability, promote local production, and address critical healthcare needs within the country. This strategic move aligns with the Presidential Value Chain Initiative (PVAC_NG) inaugurated by President Tinubu in October 2023 as a cornerstone of the Renewed Hope Agenda, fostering economic growth and ensuring accessible healthcare for all.

Which products are beneficiaries of the New Order?

The following items benefit from the executive order

1. Active Pharmaceutical Ingredients (APIs): These are fundamental components used in drug formulation e.g. Advil: Ibuprofen, Benadryl: Diphenhydramine, Claritin: Loratadine, Mucinex: Guaifenesin, Neosporin: Bacitracin, Pepcid AC: Famotidine, Prilosec: Omeprazole, Tylenol: Acetaminophen etc.
2. Excipients: Essential additives that enhance drug stability, absorption, and overall efficacy.
3. Other Raw Materials:
 - a. Medical Textiles: Materials for wound dressings, surgical gowns, and other medical fabric products.
 - b. Needles and Syringes: Vital for administering medications and vaccines.

- c. Long-lasting Insecticidal Nets (LLINs): Crucial in malaria prevention.
- d. Rapid Diagnostic Kits: Essential for timely disease detection and management

Implementation and Market-Shaping Mechanisms

1. Framework Contracts: These contracts encourage local manufacturers by providing stability and predictability in procurement.
2. Volume Guarantees: By guaranteeing a certain volume of orders, the order incentivizes local production.
3. Collaboration between Ministries: The order mandates collaboration between the Ministries of Health, Finance, and Industry, Trade and Investment. They will work together to develop a harmonized implementation framework. This framework aims to expedite regulatory approvals and reduce bottlenecks in the healthcare sector.
4. Swift Implementation: Relevant agencies, including the Nigeria Customs Service, National Agency for Food and Drug Administration and Control (NAFDAC), Standard Organisation of Nigeria (SON), and Federal Inland Revenue Service (FIRS), is to ensure swift implementation. Special waivers and exemptions will be effective for two years while importers benefit from reduced costs during this period.
5. Impact: The order aims to encourage medical industrialization, reduce costs of medical products through import substitution, create and retain economic value, and enable job creation in the healthcare value chain.

In conclusion, this Executive Order represents a pivotal step towards a healthier, more resilient Nigeria. It converges seamlessly with the Presidential Value Chain Initiative (PVAC_NG), reinforcing our collective commitment to accessible healthcare for every citizen. Beyond health outcomes, the economic ripple effects are substantial, positioning Nigeria for sustainable growth and prosperity. 🇳🇬

Reference/ Citation

<https://pvac.gov.ng/>

<https://guardian.ng/tinubu-signs-executive-order-to-eliminate-tariffs-on-pharmaceutical-inputs/>

<https://radionigeria.gov.ng/2024/06/29/tinubu-signs-executive-order-eliminating-tax-on-imported-pharmaceutical-inputs/>

<https://globalfinancialdigest.com/president-tinubu-signs-executive-order-to-eliminate-tariffs-and-taxes-on-pharmaceutical-imports/>

Pakistan



Taxation of Exports in Finance Bill 2024

Exports Treated Under Minimum Tax Regime

Introduction

“The Finance Bill now proposes to change the tax regime for export of goods to minimum tax. Consequently, the requirement for exercising option to be taxed under normal tax regime proposed to be omitted.”

Proposed Changes to Taxation on Export Income

- The government proposes to apply the minimum tax regime to income from exports of goods, with amendments to sections 168 and 169 to exclude tax deducted on export proceeds from final taxation.

Background:

- Since the early 1990s, export income has been subject to a final tax regime, where withholding tax collected on remittances is considered the final tax discharge, regardless of underlying income or loss.
- This regime applies to Export Processing Zones (EPZs) and indirect exporters as well.

Recent Developments:

- In 2019, the scope of amounts taxable under final tax regimes was brought under the normal/ minimum tax regime, but exporters remained under the final tax regime.

Proposed Changes:

- Tax collected at 1% from exporters will be treated as minimum tax, requiring them to compute normal taxable income/loss and pay incremental tax if necessary.
- Exporters will now be liable for super tax, unlike the previous final tax regime.
- An additional 1% advance tax will be collected from direct exporters, which won't be treated as minimum tax, but can be adjusted against incremental tax liability. 🇳🇬

Reference/ Citation

<https://www.brecorder.com/news/40309353>



Refund the tax to designated persons

Without prejudice to the agreement or the system, the Minister of Finance may allow certain categories of persons who do not practice an economic activity or work in a specific economic activity to submit to the Authority a request to be considered as persons eligible for a tax refund. The Board of Directors or its authorized representative may issue a list of the names of persons eligible for a tax refund, and consider each of them qualified person.

This includes :

- 1- Licensed real estate developers.
- 2- Charitable associations and civil society institutions that provide their services for the public benefit and do not engage in economic activity to generate income.
- 3- Ministries, agencies and government agencies
- 4- Diplomatic missions and embassies

The recovery steps go through two main stages:

- 1- Submit applications to register as a person eligible for recovery
- 2- Submitting refund requests

Payback period:

- A refund request may be submitted at intervals (quarterly or calendar year) according to the registration request
- It is not permissible to submit more than one request for each refund

Refund period

- All refund requests must be submitted within a period not exceeding six months of the relevant year
- The total tax amount for each refund request must not be less than 1,000 Saudi riyals for each period
- There must be tax invoices for the taxes to be refunded

Special provisions regarding the mechanism for qualifying real estate developers to recover tax:

A Royal Order No.: A/84 was issued on 02-14-1442 AH approving the refund of the value-added tax on vacancies to licensed real estate developers after the entry into force of the provisions contained in this order, in accordance with the refund controls and relevant rules approved by the Minister of Finance.

Conditions and controls that must be met by a licensed real estate developer:

- 1- That those who practice real estate development activity take one of the following regular forms:
 - A sole proprietorship with a commercial registry, a company in accordance with the provisions of the Companies Law, an investment fund, an institution, or a cooperative association.
- 2- The necessary license to practice his activity, issued by the Ministry of Commerce or a competent authority in the Kingdom; the license must be valid when he submits the application. He must also be licensed to practice any of the following:
 - Selling, renting, purchasing and developing real estate, buying, selling and dividing land and real estate on the map, constructing buildings.
- 3- To make exempt supplies in accordance with Article Thirty of the Executive Regulations, and the tax refund is limited to those supplies.
- 4- To obtain the approval of the Ministry of Municipal and Rural Affairs and Housing related regulations to be considered a qualified real estate developer.
- 5- The property subject to the real estate supply eligible for recovery must be owned by the real estate developer.
- 6- Or the real estate developer possesses that property as a buyer under a financial lease contract ending with ownership, or a lease contract ending with ownership. 🇲🇦

Reference/ Citation

<https://zatca.gov.sa/ar/HelpCenter/guidelines/Pages/default.aspx>

Singapore



Implementation of InvoiceNow

The Inland Revenue Authority of Singapore (IRAS) requires GST-registered businesses to transmit invoice data to IRAS using InvoiceNow solutions via the InvoiceNow network. InvoiceNow is the nationwide e-invoicing network based on the international standard "Peppol" which was introduced by the Infocomm Media Development Authority (IMDA) to facilitate easy transmission of invoices in a structured digital format. GST-registered businesses are required to use InvoiceNow solutions to send invoice data to IRAS as part of the nation's efforts to digitalise and integrate tax into accounting and payroll systems.

To ensure smooth transition and preparation of businesses, the GST InvoiceNow Requirement will be implemented progressively as below:

Type of Business	Timeline
Soft launch for existing GST-registered businesses that wish to be early adopters	1 May 2025
Newly incorporated companies that voluntarily apply for GST registration	1 May 2025
All voluntary GST-registrants	1 Apr 2026


For the remaining GST-registered businesses, the IRAS will continue to consult industry partners and review the feedback before announcing further details.

InvoiceNow Solutions would help to streamline processes and eliminate manual work involved in the sending, receipting and recording of invoices into systems. Besides, it would reduce errors and rectification costs as well as improve cashflow management with quicker invoice processing and payment process.

The scope of GST InvoiceNow Requirement includes transactions where invoice data transmission is mandatory on standard-rated supplies (exclude reverse charge supplies), zero-rated supplies and standard-rated purchases on which input tax claims are made or will be made (exclude reverse charge purchases). For point-of-sale supplies data and petty cash purchases data, businesses can choose to aggregate the transactions before transmitting to IRAS.

The invoice data will be required to be transmitted to IRAS at the earlier of the date in which the relevant GST return is filed or the filing due date of the relevant GST return.

Overseas entities (including overseas vendors that are registered under the Overseas Vendor Registration regime) and businesses registered under the Reverse Charge regime will be exempted from the GST InvoiceNow Requirement.

The IRAS encourages businesses to plan ahead for the adoption of InvoiceNow solutions or make changes to the in-house accounting systems to be compatible with GST InvoiceNow Requirement. 

Reference/ Citation

[https://www.iras.gov.sg/taxes/goods-services-tax-\(gst\)/gst-invoicenow-requirement](https://www.iras.gov.sg/taxes/goods-services-tax-(gst)/gst-invoicenow-requirement)

Turkey



The first greenhouse gas regulation came into force in Turkey

Carbon tax is an environmental tax implemented with the aim of preventing global climate change, aiming to evaluate the greenhouse gas emissions released as an economic cost element and to reduce the use of fossil fuels. Each country has a different method of calculating and collecting this tax. These collected taxes are used to support green energy investments, such as, renewable energy projects, efficient energy projects.

The European Union has an important role for leading the member countries in terms of the carbon tax. The measures taken correspond to high amount of tax and the high taxes motivates the entities to invest on sustainable solutions. There are member countries applying the carbon tax more than 25 years and prove the possibility of reducing the greenhouse gas emissions significantly through the measures taken. Additionally, Canada, United Kingdom, Switzerland, Norway, New Zealand, India are other examples who apply the carbon tax.

In Turkey, there wasn't any tax aiming to decrease the usage of fossil fuels so far; recently a step was taken with the new port regulation.

The details of the regulation:


The Parliament has approved the Law on Amendments of The Turkish Civil Aviation Law, Some Laws and The Decision Numbered 655 on the 9th of July.

"The amounts collected from ship owners, calculated within the scope of this article, as a response to the greenhouse gas emissions released by commercial ships arriving at or leaving our ports for the purpose of cargo or passenger handling, are recorded as special income in the table marked (B) of the general budget.

The fees to be charged are determined based on the verified greenhouse gas emissions and the current carbon price of the European Union Emission Trading System, and this fee is paid each year as the total price of the previous year until the end of September of the following year.

The income equivalent amounts estimated as special income in the table marked (B) of the general budget are foreseen as special appropriations to the budget of the Ministry of Transport and Infrastructure in order to support research, development, transformation and new construction activities for green maritime.

The President is authorized to add an appropriation in return for income realizations exceeding the appropriation amount and to transfer the portions of the appropriation recorded amounts that are not spent within the year to the following year's budget.

Procedures and principles regarding the use of special income and appropriations are determined by the President. The type of ships to be included in the scope of application, their voyage region, tonnage, emission fee rates to be charged from the ships, and the procedures and principles regarding the monitoring, reporting and verification of emissions are determined by the regulation to be issued by the President." 

Reference/ Citation

Official gazette 9th July 2024

UAE



Exploring the recent changes in UAE's Corporate Tax regime

The United Arab Emirates (UAE) has recently bolstered its corporate tax framework with the issuance of two pivotal guidelines by the Federal Tax Authority (FTA). These guidelines are designed to provide clarity and enhance strategic decision-making for businesses operating within the UAE, particularly focusing on entities within Free Zones.

Firstly, the guideline concerning Free Zone Persons clarifies that the designation of "Free Zone Person" extends to the entire legal entity and not merely specific branches. This means that companies headquartered outside Free Zones can establish branches within Free Zones and benefit from a 0% corporate tax rate on Qualifying Income generated through these branches.


Secondly, the guidelines emphasize the application of the "arm's length principle" in transactions involving Free Zone Persons and their related parties, including branches both within and outside the UAE. This principle ensures that transactions are conducted at fair market prices, thereby preventing artificial profit shifting for tax purposes. The guidelines advocate for the adoption of internationally recognized profit attribution methods, such as the "separate entity approach," which considers functions performed, assets utilized, and risks assumed by each entity.

A noteworthy aspect highlighted by the guidelines is the eligibility for the 0% tax rate even before revenue generation from Qualifying Activities commences. This provision supports entities during the initial phases of setting up operations within Free Zones, allowing them to benefit from tax incentives as they establish their business presence and commence operations.

Expense allocation between Qualifying Income and non-Qualifying Income is another critical area addressed by the guidelines. Free Zone Persons generating both types of income must allocate expenses using the arm's length principle to accurately determine the taxable portion. This ensures that only income qualifying for the 0% tax rate benefits from the associated tax incentive.

Furthermore, the guidelines elaborate on Qualifying Activities, explicitly stating that facilitating international trade by importing goods from one country and exporting them to another without entering the UAE qualifies as a Qualifying Activity. This provision supports businesses engaged in global commerce, enabling them to benefit from the 0% tax rate on profits derived from such transactions.

In summary, by delineating clear criteria for qualifying for the 0% tax rate, outlining guidelines for fair profit attribution, and specifying rules for expense allocation and high-sea sales, the FTA aims to create an environment conducive to business growth and investment.

In tandem with these developments, the FTA issued Decision No. 3 of 2024, stipulating mandatory corporate tax registration effective from March 1st, 2024. Resident juridical persons incorporated before this date must register by specific deadlines ranging from May 31st, 2024, to December 31st, 2024, based on their original license issuance month. Those incorporated after March 1st, 2024, must register within three months of incorporation or by the end of their financial year if managed from abroad. Non-resident persons with a Permanent Establishment (PE) or nexus in the UAE, both before and after March 1st, 2024, have distinct registration deadlines. Non-compliance with these timelines will result in an administrative penalty of AED 10,000. 

Reference/ Citation

1. Free Zone Persons - Corporate Tax Guide | CTGFZP1
2. The Timeline specified for Registration of Taxable Persons for Corporate Tax for the purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses and its amendments Federal Tax Authority Decision No. 3 of 2024 – Issued 26 February 2024 (Effective 1 March 2024)



Changes to the Furnished Holiday Lettings tax regime

From 6 April 2025, the specific tax treatment for FHLs will be abolished. As a result, properties that were previously classified as FHLs will be taxed in the same manner as other residential rental properties. This marks the end of the distinct tax advantages that have been available to FHL owners.

Loss of Key Tax Benefits

1. Capital Gains Tax (CGT) Reliefs:

- Business Asset Disposal Relief (BADR): Currently, FHL disposals may qualify for BADR if certain conditions are met, reducing the tax rate on gains to 10%. From April 2025, this relief will no longer be available for FHLs, and gains will be taxed at the standard residential property rates of 18% and 24%, depending on the Basic Rate Band availability.
- Rollover Relief: This relief, which allows the deferral of CGT when the proceeds from the disposal of an FHL are reinvested in another FHL, will no longer be available.
- Gift Hold-Over Relief: The ability to defer CGT when gifting an FHL property is already limited by transitional provisions, but from April 2025, this option will be further restricted, with some potential usage through trusts.

2. Interest Deduction:

Interest on loans used to purchase FHLs will no longer be fully deductible from rental income. Instead, tax relief on interest will be restricted to a 20% deduction against the tax liability, which significantly reduces the level of relief available to Higher Rate and Additional Rate Taxpayers.

3. Capital Allowances:

FHL owners will no longer be able to claim capital allowances for new fixtures attached to buildings (such as air conditioning) and new furnishings. However, relief will still be available for replacement furnishings.

4. Pension Contributions:

The income from letting FHLs will no longer be classified as pensionable earnings, potentially reducing the amount of pension contributions eligible for tax relief.

Strategic Considerations for FHL Owners

Given these forthcoming changes, owners of FHL properties should consider seeking professional advice. Key actions may include:

- **Property Sale**: Assess whether to sell FHL properties before 6 April 2025 to take advantage of the current tax benefits.
- **Joint Ownership**: For owners of jointly owned FHLs where income is not split equally, it may be necessary to seek advice to manage future income distribution.

The abolition of FHL-specific tax treatments from April 2025 will have significant implications for property owners. Proactive planning and consultation with tax professionals are essential to navigate these changes effectively. 🇬🇧

Reference/ Citation

<https://researchbriefings.files.parliament.uk/documents/CDP-2024-0088/CDP-2024-0088.pdf>

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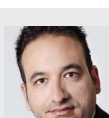
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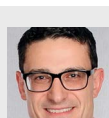
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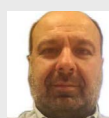
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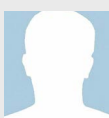
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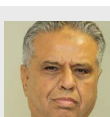
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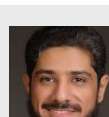
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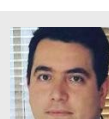
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