

Tax Updates

April 2025

Dear Valued Readers,

Warm greetings from CLA! With every change that shapes our path, it is the agility of our minds that leads us forward. Let us guide you through this process with the Tax Updates for the month of April, bringing out significant tax news around GCC and internationally.

GCC widely saw updation to its VAT laws. The UAE has updated various guides and issued Cabinet Decisions in relation to Corporate Tax. Qatar organized a workshop to raise awareness of tax procedures. Saudi Arabia has approved amendments to VAT implementing regulations which were previously proposed.

Internationally, India continues to enact the measures imposed in the Budget. Singapore has issued and updated various guides. Hong Kong is focused on making tax procedures digital through various online services and launching portals to navigate it. The US has brought updates to its practice units on various topics and there are regular updation and clarification on Tariffs.

In the present world scenario of extreme globalization, nothing can be looked at in isolation. At CLA Emirates, we provide insights all-round, touching every breakthrough and development that the world meets with.

Let's keep striving forward together, making the most of the opportunities that the dynamic business world offers.

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United Arab Emirates

Cabinet Decisions No. 34 and No. 35 of 2025 Issued for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses

- On March 27, 2025, the UAE Ministry of Finance (MoF) issued Cabinet Decision No. 34 of 2025 On Qualifying Investment Funds and Qualifying Limited Partnerships for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses. This decision sets out clear eligibility criteria, investor implications, and tax exemption rules, repealing Cabinet Decision No. 81 of 2023. The decision applies to Tax Periods starting on or after January 1, 2025.
- On March 27, 2025, the UAE MoF issued Cabinet Decision No. 35 of 2025 on Determination of a Non-Resident Person's Nexus in the State for the Purposes of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses. This provides clarity on the nexus conditions under which non-resident persons may be subject to UAE Corporate Tax, repealing Cabinet Decision No. 56 of 2023. The decision applies to Tax Periods starting on or after January 1, 2025.

Corporate Tax Guide Interest Deduction Limitation Rules Published

On April 7, 2025, the UAE Federal Tax Authority (FTA) published a Corporate Tax Guide on Interest Deduction Limitation Rules - CTGIDL1 providing general guidance on the deductibility of interest expenditure while calculating the Taxable Income of a Taxable Person. It explains about –

- General principles of deductibility of expenditure
- Specific Interest Deduction Limitation Rule
- General Interest Deduction Limitation Rule
- Exceptions to General Interest Deduction Limitation Rule

Ministerial Decision No. 84 of 2025 on Audited Financial Statements

On March 25, 2025, the UAE MoF issued Ministerial Decision No. 84 of 2025 which states the following persons shall prepare and maintain audited financial statements –

- A Taxable Person that is not a Tax Group, deriving Revenue exceeding AED 50,000,000 during the relevant Tax Period.
- A Qualifying Free Zone Person.

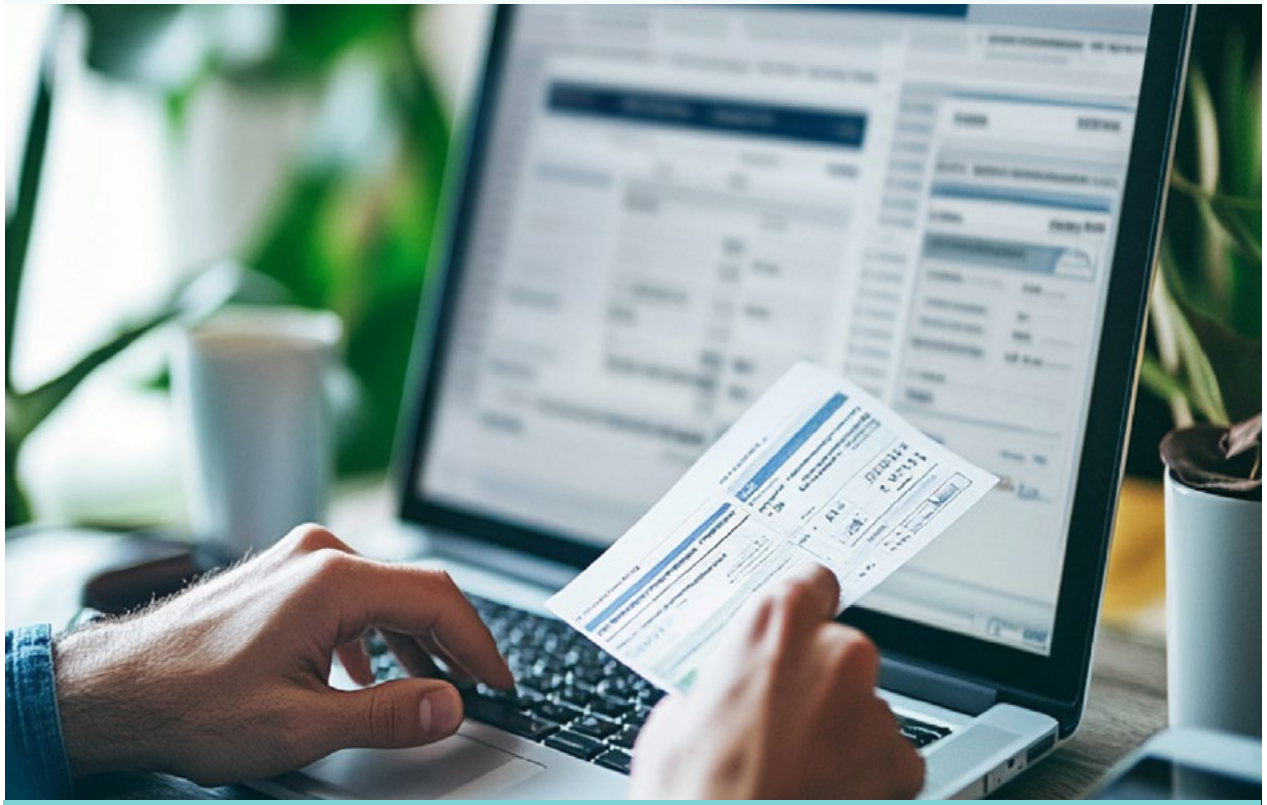
This decision repeals Ministerial Decision No. 82 of 2023 and applies to Tax Periods starting on or after January 1, 2025.

Ministerial Decision No. 88 of 2025 on Imposition of Top-Up Tax on Multinational Enterprises

On March 28, 2025, the UAE MoF released Ministerial Decision No. 88 of 2025 on the Commentary and Agreed Administrative Guidance for the Purposes of Cabinet Decision No. 142 of 2024 on the Imposition of Top-Up Tax on Multinational Enterprises. The decision states that an agreed upon list of commentary and administrative guidance shall be followed, in accordance with OECD. This decision applies from January 1, 2025.

Public Clarification VATP041 on SWIFT Messages

On April 14, 2025, the FTA issued a new clarification VATP041 on SWIFT Charges, making it easier for UAE banks to handle VAT on SWIFT charges for international transactions. This clarification replaces the earlier one, VATP036. The FTA no longer requires banks to create tax invoices for themselves. Instead, banks can claim back (recover) the VAT they paid on SWIFT-related costs, as long as they keep the SWIFT messages as proof.



► State of Qatar

Workshop on Tax Return Preparation

On April 22, 2025, the General Tax Authority (GTA) of Qatar conducted a tax workshop in cooperation with the Ministry of Commerce and Industry. The workshop aimed to raise awareness of tax procedures addressing various key topics such as the concepts of tax returns, their types, and payment terms, in addition to providing details and guidance on how to achieve tax compliance.



► Kingdom of Saudi Arabia



VAT Implementing Regulations Amended

On April 18, 2025, the Saudi Zakat, Tax, and Customs Authority (ZATCA) published Board Resolution No. 01-06-24 (Resolution), approving the previously proposed amendments to the VAT Implementing Regulations. The amendment covers topics such as VAT Groups, cessation of economic activity, eligible persons for VAT refund provisions and much more.

Others

▶ OECD

R&D Tax Incentive Surpass Any Other Form of Government Support in OECD Countries

On April 22, 2025, the OECD released statistics on tax incentives to support R&D in OECD countries. The release shows that almost 55% of total support for business R&D is provided through tax incentives, of which SMEs receive a more favourable tax treatment for R&D expenditure.

▶ India

1% Tax Collection at Source (TCS) on Luxury Goods

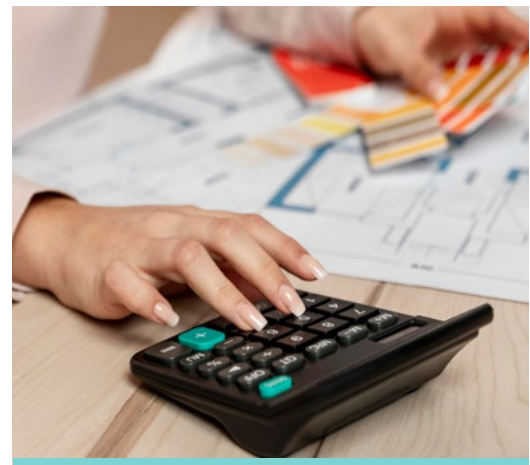
On April 22, 2025, India's Central Board of Direct Taxes (CBDT) published Notification No. 35/2025 and Notification No. 36/2025 on the list of luxury goods subject to 1% TCS whose value exceeds INR 1 million. The goods as listed are –

- Wristwatch
- Art pieces such as antiques, paintings, sculptures
- Collectibles such as coins, stamps
- Yacht, rowing boat, canoe, helicopter
- Pair of sunglasses
- Bag such as handbags, purses
- Sportswear and equipment such as golf kit, ski-wear
- Home theatre system
- Horse for horse racing in race clubs and for polo

India Enacts Finance Act 2025

On March 29, 2025, India's CBDT issued Finance Act 2025, implementing the measures for the 2025-2026 budget. Few of the included tax measures are –

- New individual income tax brackets and rates
- Individual income tax exemption on income up to INR 1,200,000
- Introduction of a scheme for determining the arm's length price of international transactions



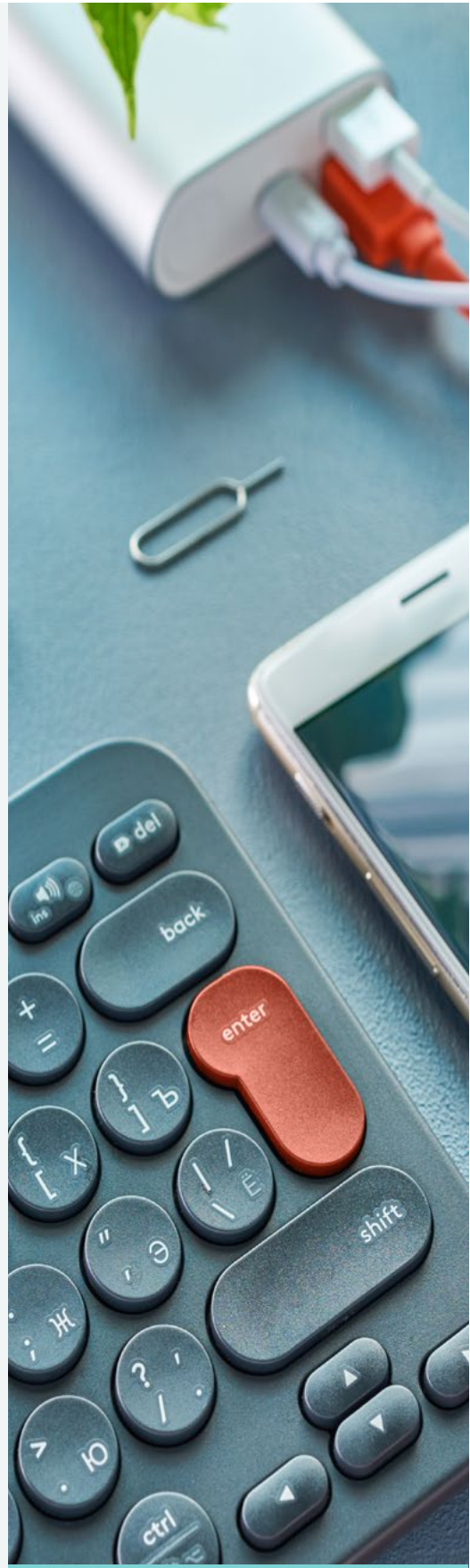
► Singapore

E-Tax Guides Updated on Record Keeping for GST-Registered and Non-GST Registered Businesses

- On March 31, 2025, the Inland Revenue Authority of Singapore (IRAS) updated its e-Tax guide on record keeping for GST-registered businesses (Eleventh Edition). The guide aids GST-registered businesses to prepare and keep records for income tax and GST purpose.
- On March 31, 2025, the IRAS updated its e-Tax guide on record keeping for non-GST registered businesses (Fifth Edition). Non-GST registered businesses are required to adhere to the mandatory record keeping requirements to comply with the Singapore tax laws.

e-learning Videos on Global Anti-Base Erosion (GloBE) Rules and Domestic Top-up Tax (DTT) Released

On April 8, 2025, the IRAS released e-Learning videos online to help corporate taxpayers learn about Singapore's Multinational Enterprise Top-up Tax (MTT) and DTT, and assist in-scope multinational enterprise (MNE) groups to comply with MTT and DTT.






Hong Kong

Profits Tax, Property Tax, and Employer's Returns for 2024-25


On April 1, 2025, the Inland Revenue Department (IRD) of Hong Kong announced the issuance of the profits tax, property tax, and employer's returns for 2024-25. A further 2.66 million tax returns for individuals will be issued on May 2, 2025.

Launch of New Portals

On April 22, 2025, the Hong Kong IRD announced the launch of 3 interconnected portals under eTAX services, namely Individual Tax Portal (ITP), Business Tax Portal (BTP) and Tax Representative Portal (TRP). This is an initiative to keep pace with the development in international tax administration and information technology, by actively promoting tax digitalization.



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Electronic Filing of Profits Tax Return

On April 4, 2025, the Hong Kong IRD announced the launch of new and enhanced electronic profits tax return filing services. Corporations and businesses can file their Profits Tax returns for the years of assessment 2022/23 to 2024/25, and attach the required supplementary forms, financial statements and tax computations electronically through eTAX. A further extension of 1 month will be granted by the Department on application if the Profits Tax returns are filed electronically.

Response to Comments and Suggestions on Global Minimum Tax Bill

On April 9, 2025, Hong Kong's Legislative Council published a letter on the government's responses to comments and suggestions raised in 8 submissions concerning the Minimum Tax for Multinational Enterprise Groups Bill 2024. The bill provides for the introduction of a 15% global minimum tax in line with Pillar 2 from 2025.

United States

Taxpayers Who Missed the Return Filing Deadline to Submit Their Tax Return As Soon As Possible

On April 16, 2025, the US Internal Revenue Service (IRS) issued a release encourages taxpayers who missed the filing deadline to submit their tax return as soon as possible. Those who missed the deadline to file but owe taxes should file timely to avoid additional penalties and interest.

US Tariffs

- The Office of the United States Trade Representative (USTR) issued an explanation of the approach to calculating the reciprocal tariffs. Reciprocal tariffs are calculated as the tariff rate necessary to balance bilateral trade deficits between the U.S. and each of its trading partners. The rates range from 0% to 99%, with unweighted and import-weighted averages of 20% and 41%.
- On April 11, 2025, the US Administration issued Clarification of Exceptions Under Executive Order 14257, on reciprocal tariffs. The clarification states that the reciprocal tariff exception for "semiconductors" includes computers and computer parts, smartphones, flat panel displays and monitors, and certain other products. This took effect retrospectively from April 5, 2025.

Release of APA Report

On March 27, 2025, the US IRS published a report concerning Advance Pricing Agreements (APA). The report explains the experience, structure, and activities of the Advance Pricing and Mutual Agreement Program during the year 2024. A decrease in the completion time for an APA for new and renewal APAs is also witnessed.



US Updates Practice Units

- On March 25, 2025, the US IRS published an updated practice unit on Branch-Level Interest Tax Concepts. The update removed outdated references, updated Form 1120-F to 2023 version, and corrected minor errors. This applies to foreign corporations with US trade or business and U.S. liabilities. It imposes a 30% withholding tax on interest payments by US branches to foreign persons to ensure branches are taxed similarly to US corporations.
- On March 25, 2025, the US IRS published an updated practice unit on the Allowance of Deductions and Credits on 1120-F Delinquent Returns, which is the US income tax return of a foreign corporation. A Form 1120-F filer is entitled to reduce its gross income by deductions and credits only if its return is timely filed.
- On March 25, 2025, the US IRS published an updated practice unit on the Allocation and Apportionment of Deductions for Nonresident Alien (NRA) Individuals. NRAs are taxed at graduated US rates on their Effectively Connected Income (ECI) with US Trade or Business (USTB).
- On March 20, 2025, the US IRS published an updated practice unit on IRC 481(a) Adjustments for IRC 263A Accounting Method Changes. The update removed outdated references and superseded the 2020 version.
- The US IRS updates 3 of its practice units as follows –
 - On March 24, 2025, Sourcing of Multi-Year Compensation Arrangements Including Stock Options for FTC Limitation, which deals with the FTC limitation for multi-year compensation arrangements that companies provide to employees transferred outside their home country.
 - On March 26, 2025, US Persons Residing Abroad Claiming Additional Child Tax Credit, which covers various issues in relation to determining whether a U.S. person residing abroad has a valid claim for a refundable Additional Child Tax Credit.
 - On March 28, 2025, Qualified Dividends and Capital Gains Rate Differential Adjustments, to ensure that the FTC reduces a taxpayer's US tax on foreign income but does not reduce the US tax on US income.



On March 25, 2025, the US IRS published an updated practice unit on Branch-Level Interest Tax Concepts.



United Kingdom

Guide on UK Multinational Top-up Tax and Domestic Top-up Tax

On April 1, 2025, the UK HMRC published a policy paper on Multinational Top-up Tax (Pillar Two Territories, Qualifying Domestic Top-up Taxes and Accredited Qualifying Domestic Top-up Taxes) Regulations 2025. It provides a list of Pillar 2 territories, qualifying domestic top-up taxes, and accredited qualifying domestic top-up taxes. This came into effect on April 21, 2025.

UK Government Seeks Consultations on US Tariffs

On April 3, 2025, the UK Government announced that a consultation seeking business views on the UK's response to U.S. tariffs is open to public. The consultation ends on May 1, 2025.



On April 1, 2025, the UK HMRC published a policy paper on Multinational Top-up Tax (Pillar Two Territories, Qualifying Domestic Top-up Taxes and Accredited Qualifying Domestic Top-up Taxes) Regulations 2025.



Our Services

Audit & Assurance

- External Audit
- Internal Audit
- Due Diligence Review
- Investigation
- IFRS Advisory Services
- Business Valuation
- Project Cost Audit
- Forensic Audit & Fraud Investigation
- Anti-Money Laundering (AML) Compliance

Business Advisory & Consulting

- CFO Services
- Trade Finance
- Working Capital Finance
- Project Finance
- Financial Feasibility Study
- Business Feasibility Study
- Market Research & Business Plan
- Mergers & Acquisition

Accounting & MIS Reporting

- Accounting & Financial Reporting
- Accounting Outsourcing
- Updating of Backlog Accounts
- Fixed Asset Management
- Standard Operating Procedures.
- Inventory Verification

TAX

Direct Tax

- UAE Corporate Tax
 - First Time Adoption
 - Tax Compliance
 - Tax Advisory
 - Tax Training
- Transfer Pricing [TP]
 - Country by Country Reporting [CbCR]
 - TP Local File and Master File
 - TP Advisory
- International Tax
 - Review of International Transaction
 - Economic Substance Regulation
 - Tax Residency Certificate
 - Ultimate Beneficial Owner Regulation [UBO]

Indirect Tax

- Value Added Tax [VAT]
 - Advisory
 - Tax Agency Service
 - Pre- Tax Audit
 - VAT Return Filing & Refund
 - Registration/De-registration
 - Representation to FTA
- Excise Tax
- Customs Tax

Company Incorporation

- Company Formation
 - Mainland
 - Free Zone
 - Offshore
- Local | Corporate Sponsorship
- Company Liquidation
- Offshore Registered Agent –JAFZA
- PRO Service

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