



Emirates

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Tax Updates

May 2025



Dear Valued Readers,

Warm greetings from CLA Emirates. In this joyous occasion of Eid Al Adha, I want to extend my heartfelt wishes to you and your families. May this festive season bring happiness, peace and prosperity for all. Through the tax updates we aim to bring about this connection and widespread knowledge.

The UAE has published Corporate Tax guides on various aspects of the law, extending the scope of Corporate Tax treatments. Bahrain has published a guide on Domestic Minimum Top-up Tax which is being implemented in the country. Oman has initiated its E-invoicing system. Saudi Arabia has implemented white land tax law and has implemented regulations for Real Estate Transaction Tax.

Across the world, OECD has published the taxing wages report, showing different levels of tax relief levied by different governments. India has extended the due dates for filing Income Tax Returns. Singapore has updated as well as issued new guides on withholding taxes, corporate tax filing and areas of audit for GST compliance. Hong Kong has issued various Inland Revenue bills in relation to tax concessions, minimum tax for MNEs. The US is moving towards the passing of the One, Big, Beautiful bill. The UK has established a new type of stock market called PISCES and has opened public consultations on proposed changes to Transfer Pricing, Permanent Establishments and tax dispute resolutions.

As taxation becomes more globally interconnected, it brings both challenges and opportunities that require a forward-thinking approach—one that acknowledges how local policy shifts can have worldwide impact. Let's move forward together with agility and stay aligned with the fast-evolving landscape.

Wishing you all a wonderful Eid and continued success in the months ahead.

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United Arab Emirates

Taxation of Investors in a Real Estate Investment Trust that is Exempt from Corporate Tax as a Qualifying Investment Fund

On May 1, 2025, the UAE FTA issued Corporate Tax Public Clarification CTP005 on the Taxation of investors in a Real Estate Investment Trust that is exempt from Corporate Tax as a Qualifying Investment Fund. It states that a Real Estate Investment Trust (REIT) can make an application to the FTA to be exempt from Corporate Tax as a Qualifying Investment Fund, provided the REIT makes a distribution within 9 months from the end of its Financial Year and the investor did not receive the dividend distribution due to disposal of its entire Ownership Interest in the REIT.

UAE Implements Late Corporate Tax Registration Penalty Waiver

On May 2, 2025, the UAE Federal Tax Authority (FTA) launched an initiative to waive the administrative penalty for late submission of corporate tax registration applications within the specified deadline. The waiver is subject to the condition that the taxable person must submit the tax return within 7 months from the end of the first tax period. For those entities which already paid the penalty, the amount would be refunded upon satisfying the condition.

Source: Federal Tax Authority - Waiver Of Penalties

UAE and Greece Renews Tax Treaty

On May 2, 2025, the officials from Greece announced the renewal of the Double Taxation Convention between Greece and the UAE through an exchange of verbal communications. Both leaders reaffirmed the strong strategic partnership established in 2020 and emphasized their commitment to deepen economic and investment cooperation.

Cabinet Decision No. (55) of 2025 on Exempting Certain Persons from Corporate Tax

On May 19, 2025, the UAE Ministry of Finance (MoF) announced the issuance of Cabinet Decision No. (55) of 2025 on Exempting Certain Persons from Corporate Tax for the purposes of Federal Decree-Law No. (47) of 2022 on the Taxation of Corporations and Businesses. The decision is an extension to the scope of the corporate tax exemption to include foreign entities that are wholly owned by certain exempted entities —such as government entities, government-controlled entities, qualifying investment funds, and public pension or social security funds.

VAT Public Clarifications on Barter Transactions, Application of the Reverse Charge Mechanism on Precious Metals and Stones and

- On April 28, 2025, the UAE FTA issued VAT Public Clarification - VATP042, Value of Supply - Barter Transactions. The clarification states that the value of supply within a barter transaction is the market value of the non-monetary consideration received by a supplier excluding the tax amount, while receipt of both monetary and non-monetary consideration includes the monetary part plus the market value of the non-monetary part, excluding the tax amount.
- On April 30, 2025, the UAE FTA issued VAT Public Clarification - VATP043, Application of the Reverse Charge Mechanism on Precious Metals and Precious Stones between Registrants in the State for the purposes of Value Added Tax, replacing Public Clarification VATP032 on Gold and Diamonds – Amendment to Tax Treatment of Making Service. The clarification lists out the goods within the scope of the domestic reverse charge, to include precious metals, precious stones and jewelry made.
- On May 27, 2025, the UAE FTA issued VAT Public Clarification – VATP044 on Concerned Services – Accounting for Output Tax, issuing Tax Invoices, and Input Tax recovery Issue. This clarifies the requirement to account for the Output Tax and issue Tax Invoices in respect of Concerned Services and the documentary requirements for recovering Input Tax in respect of these Services.

Taxation of Family Foundations Guide Released

On May 28, 2025, the UAE FTA issued Corporate Tax Guide - CTGFF1 on Taxation of Family Foundations. The guide provides explanations on –

- The requirements to qualify as a fiscally transparent Family Foundation
- Corporate Tax treatment of Family Foundations
- How the Corporate Tax Law applies to Family Foundations and their beneficiaries
- Registration, compliance and other Corporate Tax obligations related to Family Foundations and their beneficiaries.



Kingdom of Bahrain

Administrative Guidance for Domestic Minimum Top-up Tax (DMTT) Issued

On May 2025, Bahrain's National Bureau for Revenue (NBR) released the DMTT Administrative Guide, providing guidance on registration and deregistration, appointment of a Filing Constituent Entity, making certain elections, paying Tax and recordkeeping obligations.



Sultanate of Oman

Royal Decree 38 of 2025 on Special Economic Zones and Free Zones in Oman

On April 7, 2025, Oman published Royal Decree 38/2025 establishing the Law of Special Economic Zones and Free Zone, repealing the earlier Free Zones Law issued under Royal Decree 56 of 2002. It aims to enhance economic development, attract foreign investment, and streamline regulatory processes within these zones.

Oman Initiates E-Invoicing System

On May 12, 2025, the Oman Tax Authority (OTA) and Oman Telecommunications Company – Omantel have come together for digital tax transformation by signing the E-Invoicing Agreement. This initiative aims to modernize the tax framework, enhance its efficiency, and keep pace with global trends toward comprehensive digitization. The e-invoicing is set to be implemented from Quarter 3 of 2026.





Kuwait

Ratification of Tax Treaty between Kuwait and San Marino

On April 29, 2025, San Marino published Council Decree No. 65 of 29 April 2025 - Ratification of the Agreement between the Government of the Republic of San Marino and the Government of the State of Kuwait for the elimination of double taxation in the field of taxes on income and capital and to prevent tax evasion and avoidance. It will enter into force once the ratification instruments are exchanged and will apply from January 1 of the year following its entry into force.



Kingdom of Saudi Arabia

Real Estate Transaction Tax Implementing Regulations Issued

On April 9, 2025, the Saudi Council approved the executive regulations for implementing regulations for Real Estate Transaction Tax (RETT). It provides further details and clarifications on the scope of RETT and the conditions for exemptions outlined in the RETT Law.

Saudi Arabia Amends White Land Tax Law

On April 29, 2025, the Saudi Cabinet brought amendment to the White Land Tax Law, which provides for the taxation of undeveloped land. The annual levy on undeveloped land is raised from 2.5% to 10% of its value. Also, the scope of land subject to such tax has been expanded to include vacant properties if they remain vacant for an extended period of time without justification.

Others



OECD

OECD Publishes Taxing Wages Report 2025

On April 30, 2025, the OECD published the Taxing Wages 2025 report, showing an increase in post-tax income of single workers in most OECD countries. It focuses on the decomposition of personal income taxes and the role of tax reliefs, levied by different levels of government.

Tax Incentives Principles Final Version Released

On May 19, 2025, the Platform for Collaboration on Tax (PCT) in a joint effort with the IMF, the OECD, the UN, and the World Bank Group, published the final version of the Tax incentives Principles. These principles are intended to support governments in developing the rationale for tax incentives and in strengthening their design, implementation, and evaluation.



Singapore

Guidance on Payments Subject to Withholding Tax Updated

On April 25, 2025, the Inland Revenue Authority of Singapore (IRAS) published updated guidance on Payments that are Subject to Withholding Tax. It includes guidance on the withholding tax treatment of specific payments, as well as FAQs for different payment types.

Advance Ruling Summary No. 5/2025 on Whether a Company has a Taxable Presence in Singapore if Selling Locally Manufactured Goods

On May 2, 2025, the IRAS released Advance Ruling Summary No. 5/2025 on whether a company has a taxable presence in Singapore by virtue of it selling locally manufactured goods to its Singapore customers and the provision of sales and marketing support services by a related entity in Singapore. The ruling states that a company does not have a taxable presence in Singapore by virtue of it selling goods manufactured locally by Singapore Co to its Singapore customers and the provision of sales and marketing support services by Singapore Branch.

Guidance on Corporate Income Tax Filing Season 2025

On May 8, 2025, the IRAS published new guidance on the Corporate Income Tax Filing Season 2025. The availability of filing began on May 5, 2025 and the deadline is November 30, 2025.

Current Areas of Audits for GST compliance

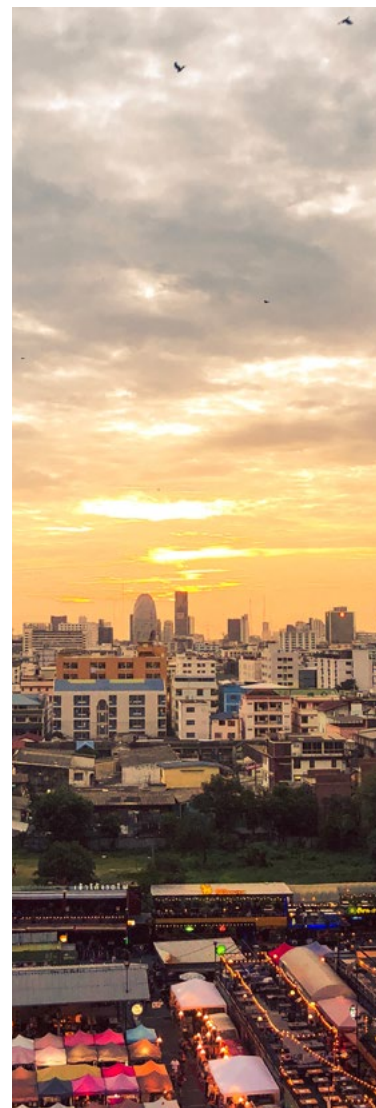
On May 13, 2025, the IRAS issued guidance on areas of Audits for GST compliance identifying key areas of compliance risks among taxpayers. Penalty for submission of incorrect return maybe up to 2 times the amount of tax undercharged and may be liable to a fine and imprisonment term.



India

India Extends Income Tax Return Filing Due Date to September 15

On May 27, 2025, India's Central Board of Direct Taxes (CBDT) issued a press release announcing the extension of the due date for filing of Income Tax Returns (ITR), which were due for filing by July 31, 2025. To facilitate a smooth and convenient filing experience for taxpayers, the due date for filing of ITRs is extended to September 15, 2025.





Hong Kong

Inland Revenue (Amendment) (Tax Concessions) Bill 2025

On April 30, 2025, the Inland Revenue Department (IRD) of Hong Kong welcomed the previously proposed one-off tax concessions through Inland Revenue (Amendment) (Tax Concessions) Bill 2025, which will reduce salaries tax, tax under personal assessment, and profits tax for the year of assessment 2024/25 by 100%, subject to a ceiling of \$1,500 per case.

2024/25 Individual Tax Returns Issued

On May 2, 2025, the Hong Kong IRD issued about 2.66 million tax returns for individuals for the year of assessment 2024/25 and urged taxpayers to file their returns on time. The standard return filing deadline is June 2 for individuals and August 2 for Sole Proprietors. A 1-month extension is provided for returns filed electronically.



On May 2, 2025, the Hong Kong IRD issued about 2.66 million tax returns for individuals for the year of assessment 2024/25 and urged taxpayers to file their returns on time.



Companies (Amendment) (No.2) Bill 2024

On May 14, 2025, Hong Kong's Legislative Council welcomed the introduction of a company re-domiciliation regime in the country. With effect from May 23, 2025, non-Hong Kong-incorporated companies that re-domicile in Hong Kong will be regarded as companies incorporated in Hong Kong, with the same rights as any Hong Kong-incorporated companies.

Obligations of Taxpayers and Employers to Furnish Tax-Related Information

On May 15, 2025, the Hong Kong IRD issued a reminder to the taxpayers and employers of their obligations to furnish tax-related information. It includes information such as the basis period for the year in which he is so chargeable, cessation to carry on a trade, profession or business, any new employee who is likely to be chargeable to Salaries Tax, etc.

Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Bill 2024

On May 19, 2025, the Bills Committee of the Hong Kong Legislative Council issued a report on the Inland Revenue (Amendment) (Minimum Tax for Multinational Enterprise Groups) Bill 2024, on the introduction of a 15% global minimum tax.



United States

US Issues Description of the Tax Provisions in the Nature of a Substitute to the Budget Reconciliation Recommendations

On May 12, 2025, the U.S. House of Representatives Ways and Means Committee released a Description of Tax Provisions in relation to budget reconciliation legislative recommendations. It also includes proposals to extend certain provisions of the 2017 Tax Cuts and Jobs Act (TCJA) and other reforms.

One, Big, Beautiful Bill


On May 22, 2025, the US House Ways and Means Committee has shared the progress of the One, Big, Beautiful Bill (Act), emphasizing on a massive surge in economic growth, wage gains, and higher incomes for American families, farmers, workers, and small businesses. The bill aims to bring reforms to health care, taxation and immigration.




United Kingdom

HMRC Opens Consultation on Transfer Pricing, Permanent Establishments & Diverted Profits Tax, Dispute Resolution and Carbon Border Adjustment Mechanism

- On April 28, 2025, the UK HMRC launched 2 public consultations on proposed changes in Transfer Pricing, Permanent Establishments, And Diverted Profits Tax. The first consultation on Transfer Pricing is aimed at SMEs and MNEs. The second consultation deals with reforms to UK's Transfer Pricing, Permanent Establishment and Diverted Profits Tax rules.
- Consultation on dispute resolution aims to improve HMRC's approach to dispute resolution, by helping taxpayers identify and access the quickest and most appropriate method of dispute resolution for their circumstances. These consultations close on July 7, 2025.
- On April 24, 2025, the UK HMRC launched public consultation on draft primary legislation for the Carbon Border Adjustment Mechanism (CBAM) which would take effect from January 1, 2027. It aims to gather feedback from stakeholders to make sure it delivers the policy correctly and effectively. The consultation closes on July 3, 2025.



On April 28, 2025, the UK HMRC launched 2 public consultations on proposed changes in Transfer Pricing, Permanent Establishments, And Diverted Profits Tax.



Guidance on Cryptoasset Data Reporting – Who, When, How

On May 14, 2025, the UK Government UK HMRC published new guidance on who needs to report cryptoasset data, when and how data is reported. The UK is set to introduce OECD's Cryptoasset Reporting Framework (CARF) from January 1, 2026.

- All UK-based Reporting Cryptoasset Service Providers (RCASPs) will need to report to HMRC.
- RCASPs must report on the details of users who are tax resident in the UK or another country that is signed up to CARF rules.
- The report must be submitted by May 31, 2027, giving details for January 1, 2026 – December 31, 2026.
- It is to be done through a soon-to-be online service platform.
- Failure to do so may lead to a penalty of up to £300 per user.

Private Intermittent Securities and Capital Exchange System Sandbox (PISCES)

On May 15, 2025, the UK HM Treasury announced the approval of legislation to establish a new type of stock market for private companies, the Private Intermittent Securities and Capital Exchange System Sandbox (PISCES). This is an initiative to boost the capital markets, promoting business growth and providing tax advantages to employees holding the share options. It entered into force on June 5, 2025.



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