



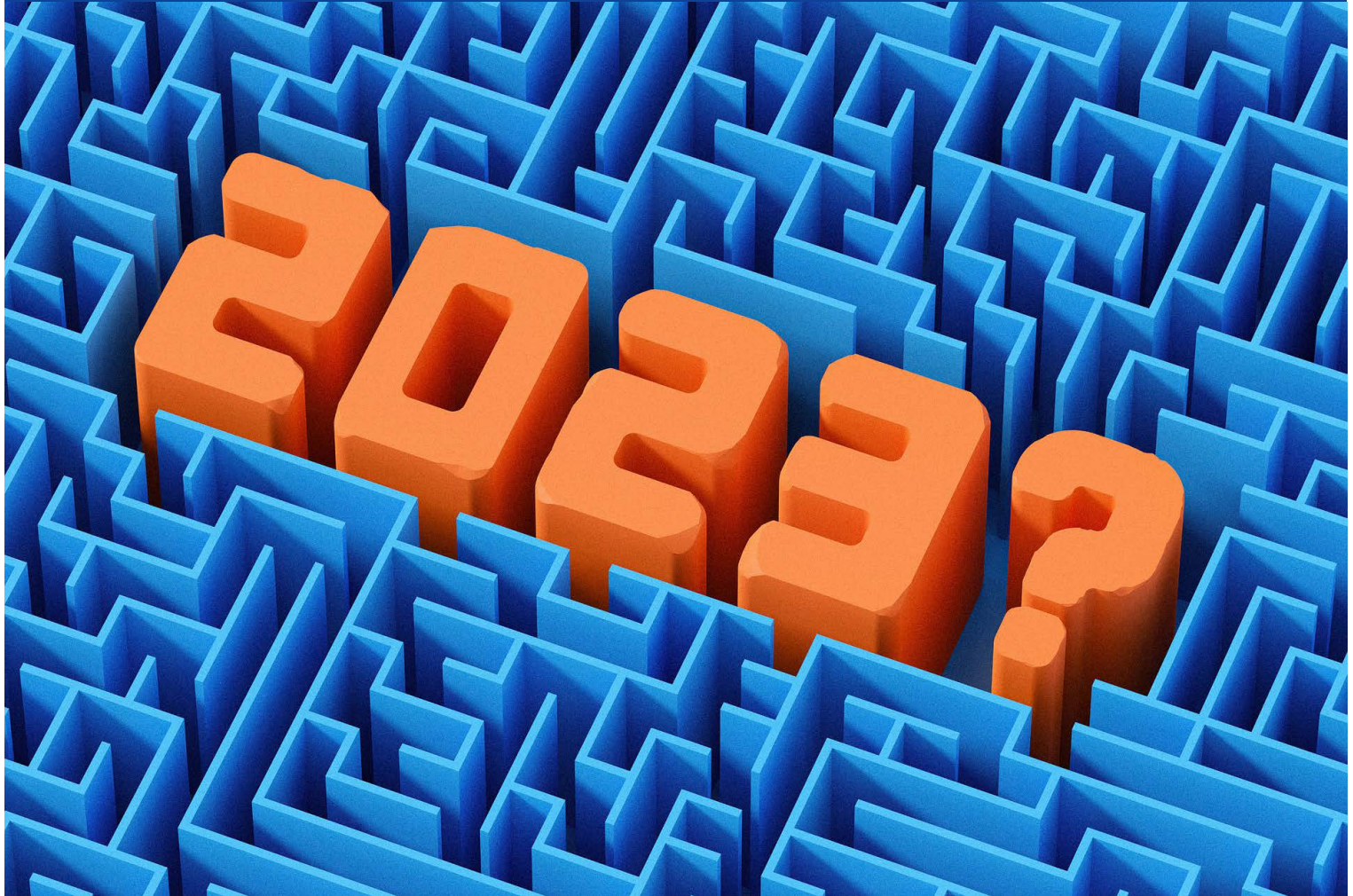
# THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

(SETUP BY AN ACT OF PARLIAMENT)

## KOZHIKODE BRANCH OF SIRC E-NEWSLETTER

English Monthly | For private circulation only

Volume-IV | Issue-1 | January 2023 | Pages : 13



### INDEX

#### ARTICLE

**MIDDLE EAST TAXATION** ..... 2

**ACTIVITIES - JANUARY, 2023** ..... 11

#### EDITORIAL BOARD

Editor : CA. SANTHOSH PAI G

Sub Editor : CA. SURYA NARAYANAN

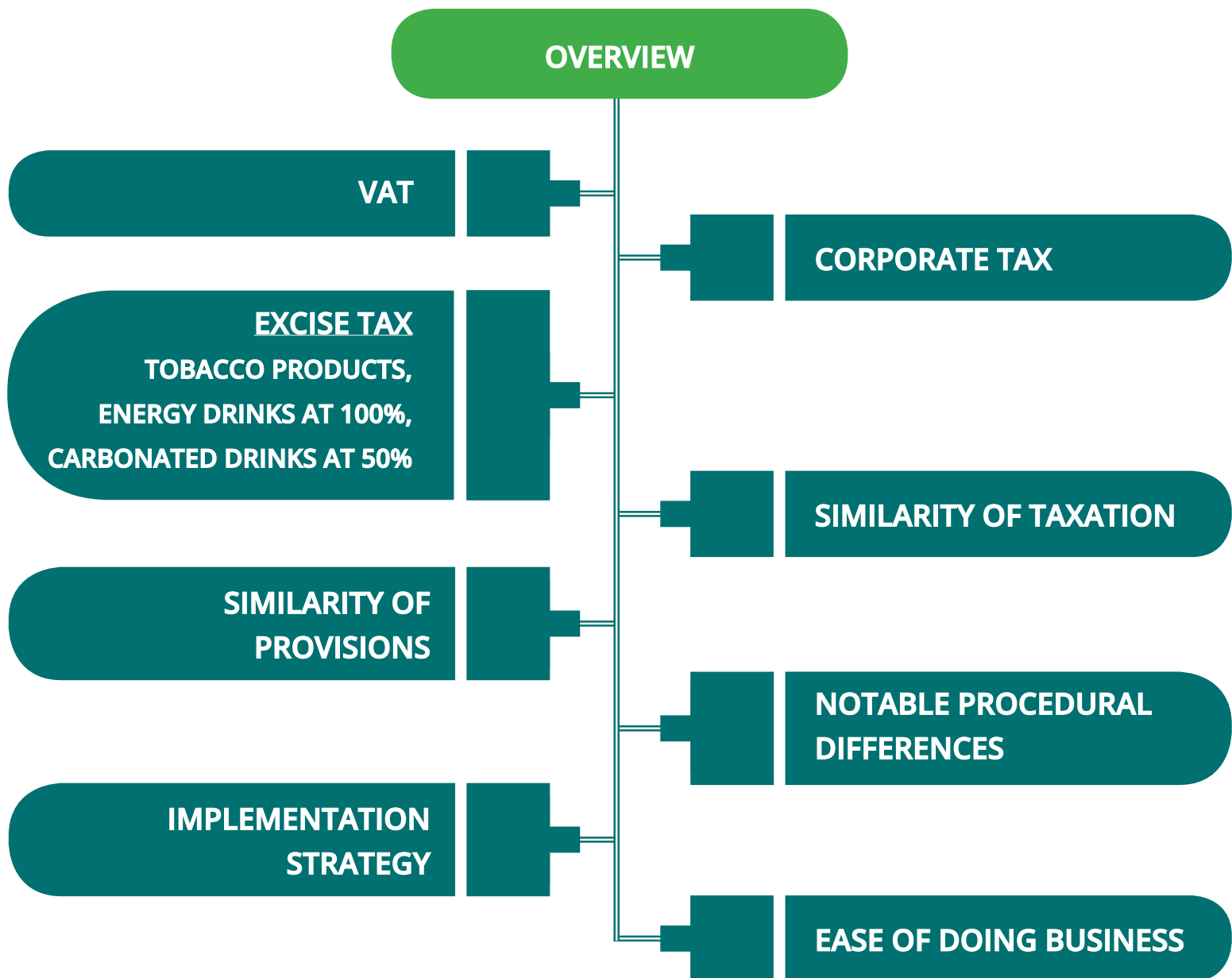
#### Disclaimer:

The Kozhikode branch of SIRC of ICAI is not in any way responsible for the result of any action taken on the basis of the articles and advertisement, if any, published in the e-Newsletter. The views and opinions expressed or implied in the branch e-Newsletter are those of the authors and do not necessarily reflect those of Kozhikode Branch of SIRC of ICAI.



# MIDDLE EAST TAXATION

- CA. A.Mony, FCA DISA





## UAE VAT ACT

- Date of introduction - **01/01/2018**
- Rate of tax at **5%**
- **MRT (Minimum Registration Threshold)**
- Turnover **above AED.3,75,000.**
- Expenses or income **above AED.1,87,000** can do voluntary registration.

## ACCEPTED LEGAL MAXIMS

**Al-umuru bi-maqasidiha**

Acts are judged by the intention behind them

**Ad-dararu yuzal**

Harm must be eliminated

**Al-yaqinu la yazulu  
bish-shakk**

Certainty is not overruled by doubt

**Al-'addatu  
muhakkamatun**

Custom is the basis of judgement

**Al-mashaqqatu  
tujlab at-taysir**

Hardship begets facility



## CANONS OF TAXATION IN INDIA

- DOUBLE JEOPARDY
- MENS-REA
- BONAFIDE BELIEF
- ABUSE OF PROVISIONS OF LAW
- REASONABLE OPPORTUNITY OF HEARING
- PRINCIPLES OF NATURAL JUSTICE

## OPTIONAL REGISTRATION

### TAX PERIOD

- ▶ Quarterly for Turnover below AED 150 million
- ▶ Monthly for Turnover above or equal to AED 150 million

### TAX RETURNS

- ▶ Simplified return procedure
- ▶ Time limit
- ▶ Penalty for delay in filing a return
- ▶ Return scrutiny procedure

### TAX ASSESSMENT

- ▶ Automatic route
- ▶ System driven
- ▶ No hassles
- ▶ Tax Audit



## EXEMPTED ITEMS



## ZERO RATED ITEMS

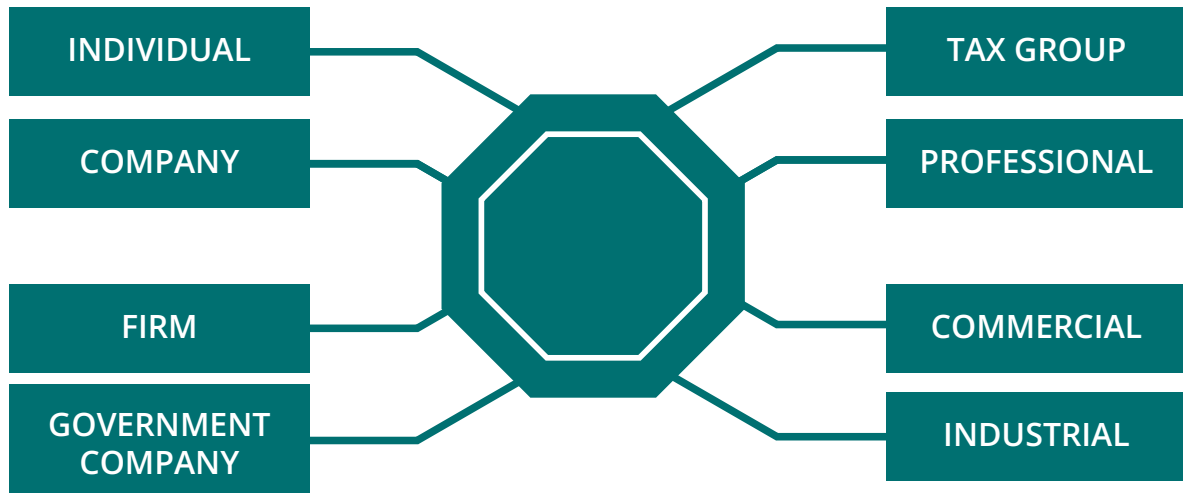


## EXCEPTIONAL ITEMS INCLUDED

Water	Energy	Petrol	Diesel
Other than Crude (Crude coming under exempted list)	Commercial Lease	Kerosine	Transfer of Business other than as a going concern or other than to a taxable person



## TAX REGISTRATION



## DEEMED SUPPLY

- Personal use above AED 2,000 per annum per person
- Non-tax supply or supply without taking input credit
- Free samples above 500 AED per year per person
- Stock at the time of deregistration

## CAPITAL ASSET

- Single item of expenditure in business above AED 500,000
- Estimated life above 10 years of building
- Estimated life 5 years for capital assets other than building
- Stock shall not be treated as a capital asset
- Input adjusted over 10 years for building and over 5 years for other assets
- To be used exclusively for business
- Input proportionately restricted when ceases to generate income.



## DOCUMENTS UNDER VAT

- Tax Invoice
- Tax Credit Notes
- Tax Debit Notes
- Gift Voucher, Coupons, Tokens, Promocodes

## INTRICACIES

- Composite supply
- Mixed Supply
- B to B Barter not taxable
- Tax Group Registration
- Tax inclusive prices
- Discounts
- Section/Rules vs Article/Executive Regulation
- Tourist VAT

## FREE TRADE ZONE

- Designated areas of trade
- Offshore business located in free zones
- No customs duty
- Zero rated output tax
- Input refundable
- Designated zones (almost equal to SEZ in India)



## MISCELLANEOUS

- o Tax agent
- o TRN (Tax Registration Number)
- o Tax Auditor
- o Increpencies of assessment
- o Inter emirates input tax adjustments
- o Tax invoice for taxable value below AED. 200

## EXEMPTED ACTIVITIES

**Disposal** ▶ Discard unserviceable article

**Destruction** ▶ Permanent loss of article

**Transport loss** ▶ Uncompensated loss of article

**Storage loss** ▶ Uncompensated loss of article

**Stock transfer** ▶ Movement of goods

**Trial/demo stocks** ▶ Test usage without transfer of ownership

**Land rights** ▶ Not Goods





## VAT FINES AND PENALTIES

REASONS	PENALTY IN AED
Registration failure	20,000
Delay in the filing vat return	1,000
Delay in the filing vat return within 24 months from the previous delay	2,000
Failure in maintaining the books of records	10,000 for the first time and later 50,000
Failure to indicate vat inclusive prices for goods	15,000
Incorrect tax return filing	3,000 for the first time and later 5000
Failure to issue a tax invoice or a tax credit note	5,000 for each
Failure to de-register	10,000 after 20 working days

## CORPORATE TAX

- Tax on corporates
- Effective date from 1 June 2023
- Corporates include:
  - Professional Individual
  - Business entities
  - Companies
  - Firms
  - Association of persons



## RATE OF TAX

- 9% uniformly across the board
- Basic exemption of profit AED 3.75 Lakhs per year
- Tax to be paid on Profit above AED 3.75 lakhs per year
- Restrictions on Owner's/Partner's/Director's salary
- Freelance professionals are considered as taxable entities.

## OTHER DETAILS

### ▶ Tax Period

- Initially for companies commencing from 1 June 2023
- For other companies earliest financial year ending after 1 June 2023

### ▶ Offshore business in freezones exempted from Corporate Tax

### ▶ Business engaged in extraction of Natural resources – Exempt

### ▶ Dividends and capital Gains – Exempt

### ▶ Transfer pricing – Applicable

### ▶ Individual Salary – Exempt

### ▶ Interest and Other income – Exempt

### ▶ Administration by FTA

### ▶ Deductions allowed for earning income

- All expenses directly connected to business
- Depreciation as per books of accounts and accepted accounting standards

### ▶ Self Assessment Principle followed

### ▶ Consolidated tax return to be introduced

### ▶ Executive regulation yet to be announced

# ACTIVITIES - JANUARY, 2023



**Seminar on Middle East Taxation. Speaker - CA. Mony A., Calicut - 10.01.2023**



**Investor Awareness Programme , Topic - "Personal Investment Planning. Speaker - Mrs. Uthara Ramakrishnan, Prop: Artha Financial Services - 11.01.2023**



**Felicitation of New members who have passed CA Final Examination in November, 2022**



**One Day CPE Workshop on Accounting Standards**

*Speaker - CA. Vinod Balachandran, Ernakulam, Topic - "Audited Accounts Formats and Notes to Accounts"*  
*Speaker - CA. Nitin N., Ernakulam, Topic - "AS 1, 3, 9, 18, 20 & 22" - 24.01.2023*



**Republic day Celebrations - 26.01.2023**



Startup Samvad programme of committee on MSME & Startup of the ICAI

Speakers - 1. Mr. Gireesh i, Manager (Deputy director), DIC, Kozhikode

2. Dr. Preethi Manniledam, Chief executive officer, Technology business incubator, NIT, Kozhikode

3. Mr. Nihal, Coordinator, Kerala startup mission - 31.01.2023

### Contributions to e-newsletter

Contributions in the form of articles, poems, jokes, travelogues etc. are invited from members for consideration in the monthly e-Newsletter. Interested members may email their contribution to [icaikoznewsletter@gmail.com](mailto:icaikoznewsletter@gmail.com) along with name, membership number and mobile number.

