

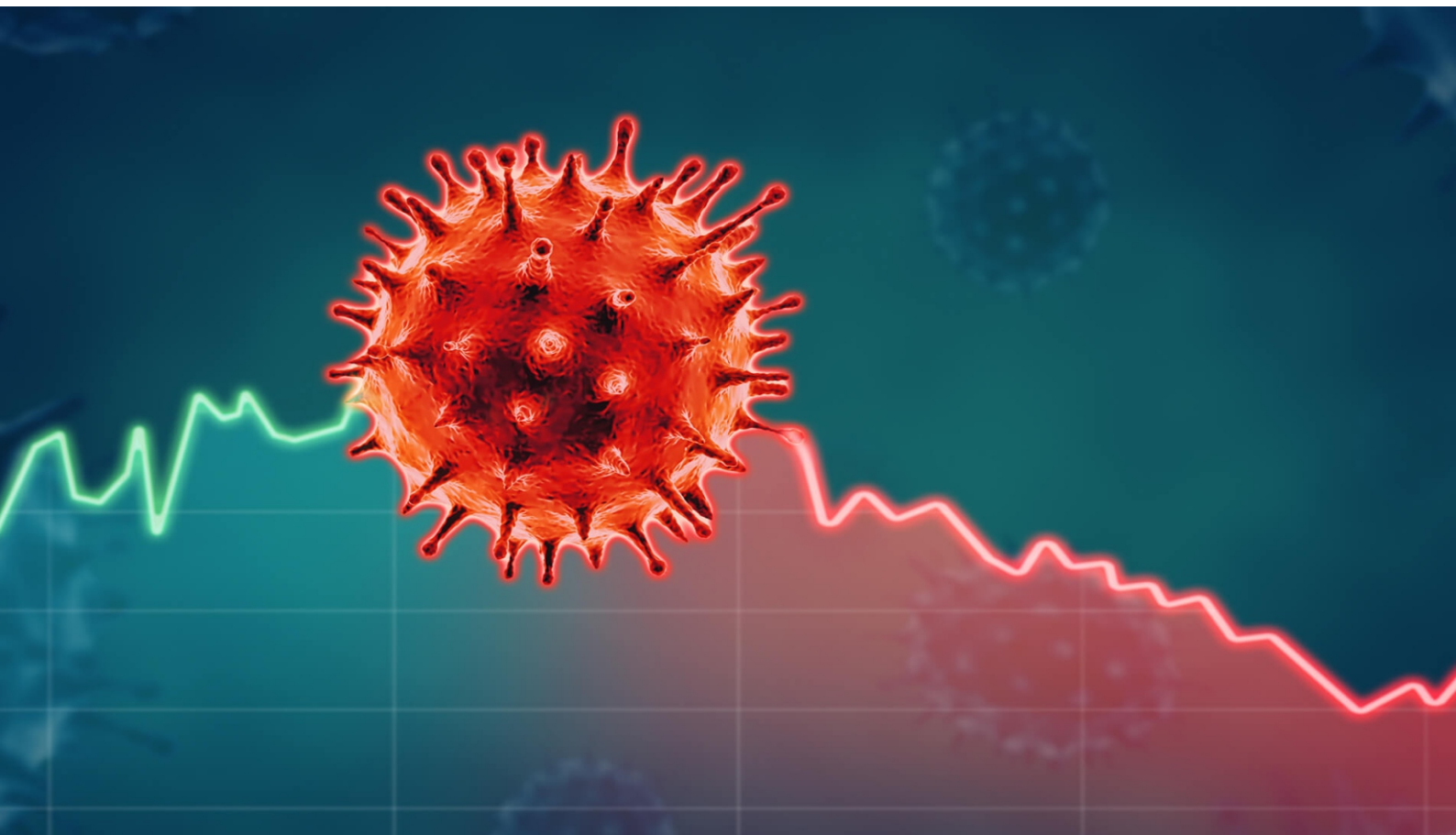
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Package Scheme of Incentives to combat COVID-19

GCC Countries

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AURIFER



Package Scheme of Incentives to combat COVID-19

The sharp incline in COVID-19 cases has seen many countries reaching to the point of lockdowns and curfews. While the health and safety of the people are of utmost importance for the governments, balancing the economic disruption during such a crisis is also one of the key concerns. With the primary resources being diverted to contain the pandemic, governments are also conscious that the liquidity for businesses is maintained to ensure the continuity of business. A range of tax policy and tax administration measures could be considered by governments to grant relief to the businesses.

The OECD in this regard published a paper on 'Emergency tax policy responses to the COVID-19 pandemic' on 20 March 2020 which describes certain measures which can be introduced by the policymakers as they respond to the current crisis in their own national context. A few notable policy initiatives suggested in this paper are:

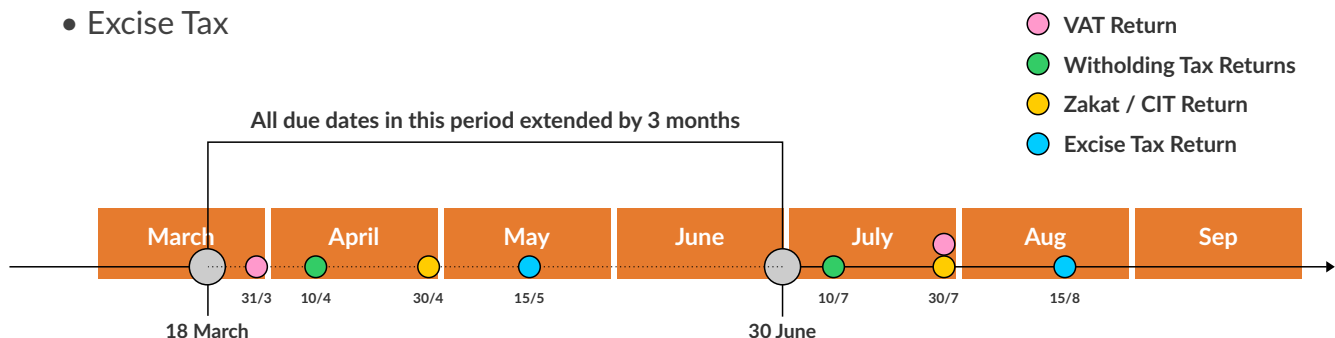
- ▶ Providing tax concessions for workers in health and other emergency-related sectors
- ▶ Simplifying procedures for claiming relief from VAT on bad debts
- ▶ Increasing the generosity of loss carry-forward provisions
- ▶ Speeding up refunds of excess input VAT

This document covers the tax policy and administrative measures introduced by the GCC countries to combat COVID-19 crisis.

Measures introduced by the Kingdom of Saudi Arabia (KSA)

KSA has introduced several tax administrative measures considering the recent spread of the novel Coronavirus. The key highlights are:

- ▶ The local tax authority, the General Authority for Zakat and Tax (GAZT) has extended all tax-related due dates for three months for the period commencing from 18 March 2020 to 30 June 2020 ('initiative period'). (See Table 1 below)
- ▶ The extension of due dates relates to the filing of the tax return that covers the following taxes -
 - Zakat and Corporate Income Tax
 - Withholding tax
 - Value Added Tax
 - Excise Tax



- ▶ The below table illustrates the effect of extension of due dates during the initiative period.

Table 1: Extension of tax due dates during the initiative period

| Relevant Tax | Tax period | Due date | Extended due date |
|-------------------------------------|------------------------------------|---------------|-------------------|
| Zakat / Corporate Income Tax | Fiscal year ended 31 December 2019 | 30 April 2020 | 31 July 2020 |
| Withholding Tax | March 2020 | 10 April 2020 | 10 July 2020 |
| Withholding Tax | April 2020 | 10 May 2020 | 10 August 2020 |
| Withholding Tax | May 2020 | 10 June 2020 | 10 September 2020 |
| Value Added Tax | 1 January 2020 to 31 March 2020 | 30 April 2020 | 31 July 2020 |
| Value Added Tax | February 2020 | 31 March 2020 | 30 June 2020 |
| Value Added Tax | March 2020 | 30 April 2020 | 31 July 2020 |
| Value Added Tax | April 2020 | 31 May 2020 | 31 August 2020 |
| Value Added Tax | May 2020 | 30 June 2020 | 30 September 2020 |
| Excise Tax | 1 March 2020 to 30 April 2020 | 15 May 2020 | 15 August 2020 |

- ▶ Suspension of fines resulting from the delay in submitting declarations and related payments of all types during the initiative period.
- ▶ Suspension of the fines for non-cooperation of the taxpayer and for examination during the initiative period.
- ▶ Suspension of the requirement to submit bank guarantees to the GAZT.
- ▶ Suspension of fines for late payment of instalments during the initiative period.
- ▶ Temporary deferment of VAT payable to the Customs Authority at the first point of entry through the VAT return of the period which relates to the imports. The temporary deferral of VAT is only permissible for import of goods made by a tax registrant for its economic activities.
- ▶ Temporary deferral of Excise tax payable to the Customs Authority on import of excisable goods on the condition of payment of Excise tax and submission of a temporary declaration on the due dates mentioned in table 1 below.
- ▶ Removal of all restrictions imposed for issuance of Corporate income tax and Zakat certificates for the fiscal year 2019.
- ▶ GAZT to expedite the payment of refunds due to taxpayers.
- ▶ Deferring the collection of customs duties on imports for a period of thirty days against the submission of a bank guarantee for the next three months.

Measures introduced by the United Arab Emirates (UAE)

The UAE Federal Government have launched certain economic measures for the country. However, tax incentive measures are also introduced by individual Emirates such as the Emirates of Dubai and Abu Dhabi.

The UAE's local tax authority, the Federal Tax Authority did not take any specific measures related to the current crisis.

Below are the key highlights of the economic and tax measures introduced by Dubai:

- ▶ AED 1.5 bn stimulus package in the form of targeted fee reductions for 3 months.
- ▶ Dubai customs implemented the following measures that apply during the period starting from 15 March 2020 to 30 June 2020:
 - Refund of 20% of the Customs duty paid on goods (liable to 5% duty) imported that are sold locally.
 - Cash or Bank guarantee (AED 50,000) required to undertake customs broker activity will be revoked. Existing guarantees deposited by the brokers and the clearing companies will be refunded.
 - Exemption from the berthing service fees, direct and indirect loading fees imposed on traditional wooden commercial vessels registered in the country at Dubai Creek and Hamriyah Port.

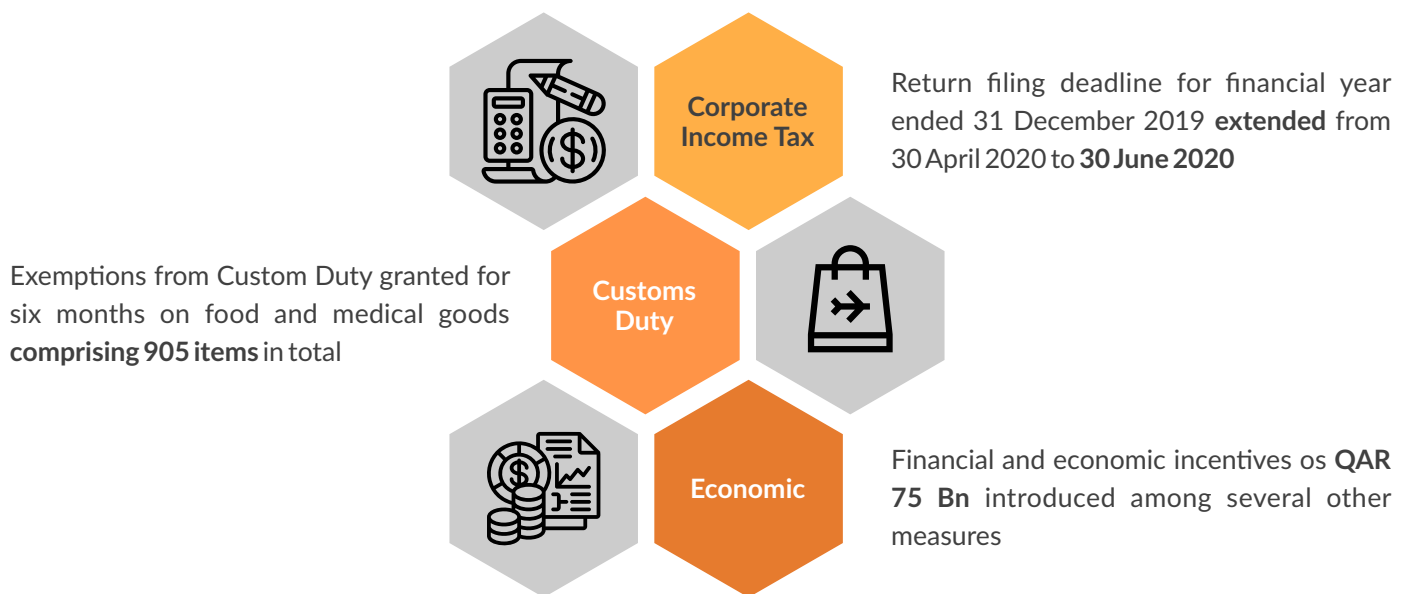
Below are the key highlights of the economic and tax measures introduced by Abu Dhabi:

- ▶ 16-point stimulus plan with fee exemptions, fine waivers, SME support launched by Abu Dhabi on 16 March 2020
- ▶ AED 5bn granted to subsidise water and electricity.
- ▶ AED 3bn granted for SME credit guarantee programmes.
- ▶ Establish AED 1bn market maker fund to enhance liquidity and sustain a balance between supply and demand for stocks.
- ▶ Suspension of bid bonds.
- ▶ Industrial land leasing fees reduced by 25% for new contracts.
- ▶ Industrial and commercial penalties waived.

- ▶ Cancellation of individual or commercial real estate registration fees.
- ▶ Approved government invoices will be paid within 15 working days.
- ▶ Tourism and Municipality Fees for the tourism and entertainment sectors suspended for this year.
- ▶ Waiver of performance guarantees for projects up to AED 50 Million for startups.

Measures introduced by Qatar

- ▶ The Supreme Committee for Crisis Management has announced certain economic and financial measures for businesses operating in Qatar as depicted below:



Measures introduced by the Kingdom of Bahrain (Bahrain)

On 17 March 2020, the Government of Bahrain announced a BHD 4.3 bn economic stimulus package to counter the COVID-19 crisis. The BHD 4.3 bn stimulus package is equivalent to 29.6% of Bahrain's annual GDP.

This eight-point package provides the following measures:

- ▶ Drafting a law to enact the paying of the salaries of all private-sector employees for three months from April 2020 from the unemployment fund, following constitutional procedures and in line with the Social Insurance Law.
- ▶ Paying individuals' and businesses' Electricity and Water Authority utility bills for three months from April 2020 (up to costs incurred in 2019 during the same period).

- ▶ Exemption granted to all individuals and businesses from municipal fees for three months from April 2020.
- ▶ Exemption granted to all businesses from industrial land rental fees for three months from April 2020.
- ▶ Exemption from tourism levies for three months from April 2020 for all tourism-related industry.
- ▶ Doubling the Liquidity Support Fund to BHD 200 million.
- ▶ Increasing the Central Bank of Bahrain's loan facilities to BHD 3.7 bn to allow debt instalments to be deferred and extra credit to be extended.
- ▶ The redirection of all Tamkeen programmes to support adversely affected companies, as well as the restructuring of all debts issued by Tamkeen.

The local tax authorities, the NBR, did not announce any specific tax measures related to the current crisis.

The country-specific measures listed above are not exhaustive and there are certain other economic and financial measures that are introduced by these countries.