

# PRISM

**Tax Newsletter**

1st Quarter 2022

**Australia: Stapled Superannuation Funds**

**Brazil: Disputes on the Taxation on ICMS-VAT-Taxrate (DIFAL) in Brazil**

**Pakistan: Finance Supplementary Act 2022**

**Saudi Arabia: Electronic Invoicing**

*In this issue:*

## Australia

---

### Stapled Superannuation Funds

Most employers from 1 November 2021, may have an extra step to take to comply with choice of Superannuation fund rules if:

- they have new employees start, and
- the employees do not choose a super fund

The employer may now have to request their new employees 'stapled super fund' details from the Australian Taxation office. A stapled super fund is an existing super account which is linked, or 'stapled', to an individual employee so that it follows them as they change jobs. The change aims to stop new super accounts from being opened every time an employee starts a new job.

### 合订退休金账户

从 2021年11月1日起, 大多数雇主如符合以下情况, 可能需要采取额外措施来确保符合退休金账户规定:

- 公司有新员工入职, 并且
- 员工没有选择退休金账户

雇主须向澳大利亚税务局索取新员工的“合订退休金账户”详细信息。合订退休金账户是指现有的退休金账户会与员工绑定或“装订”在一起, 即使有工作的变动账户仍会一直跟随个人走。这一变化旨在防止员工每次展开新工作便开设新的退休金账户。

[Click to read more](#)

## Brazil

---

### Disputes on the Taxation on ICMS-VAT-Tax rate (DIFAL) in Brazil

Year 2022 in Brazil began with a challenging tax dispute on the Supplementary Act Project No. 32/2021, which has been conceived to put an end to years of legal controversy over the collection of the tax rate differential (DIFAL in ICMS-VAT-Tax) in interstate operations that destine goods to final consumers who are not taxpayers, giving rise to a hasty controversy.

### 巴西流转税-增值税-税率 (DIFAL) 的税收争议

2022年初巴西发生了对第32/2021号补充法案的税收争议。法案旨在结束巴西多年对于不同州份在运送货物至非纳税人的最终消费者所征收的流转税-增值税-税率差异 (DIFAL) 所产生的法律争议。有关法案即时引起了热烈争议。

[Click to read more](#)

## Cyprus

---

### Double Tax Treaty between Cyprus and Jordan

On 17th December 2021 Cyprus and Jordan signed their first Double Taxation Avoidance Agreement (DTAA), which will be in force as soon as necessary ratification procedures are completed in both countries.

### 塞浦路斯和约旦签订避免双重征税协定

在2021年12月17日, 塞浦路斯和约旦签署了两国首份避免双重征税协定, 协定将在两国完成必要确认程序后开始生效。

[Click to read more](#)

## Greece

---

### Concern but also optimism for the new year

The new year started with inflation remaining high and a new record for January being estimated. This forced the Greek government to take measures to stem the rise in prices and the financial blow to households and businesses.

### 新一年企业保持审慎乐观

在新一年开始之际, 希腊通货膨胀率持续高企, 并预计在1月份创下新纪录。希腊政府因此采取措施遏制物价上涨以及舒缓家庭和企业面临的经济打击。

[Click to read more](#)

# Italy

---

## The main tax credits and personal income tax changes in Italy

Law no. 234 of the 30th December 2021 (the 2022 Budget Law) postponed the main tax credits for businesses, including those for R&D, technological innovation, design, and those for the purchase of capital goods in industry 4.0. This article summarizes the main changes of the tax credits mentioned above and the changes to Personal Income Tax (PIT) rates and deductions.

### 意大利主要税收抵免及个人所得税之变化

2021年12月30日发布之第234号法令(2022年预算法)推迟了对企业的主要税收抵免期限,包括研发、技术创新、设计以及工业4.0中用于购买资本货物的税收抵免期限。本文总结了上述税收抵免的主要变化以及个人所得税(PIT)税率和抵扣的变化。

[Click to read more](#)

# Malaysia

---

## Taxation on foreign-sourced income

It is proposed in Budget 2022 that income tax be levied on Malaysian tax residents in respect of income derived from outside Malaysia and received in Malaysia. However, due to diverse feedback and discussion, the Government has agreed to exempt Malaysian tax residents from the imposition of tax on specified foreign-sourced income.

### 向源自国外的收入征税

2022年马来西亚财政预算案提出,将就马来西亚税务居民源自海外的收入征收所得税。然而,在经过多方的反馈和讨论后,政府已同意免除对马来西亚税收居民特定国外来源的收入征税。

[Click to read more](#)

# Nepal

---

## Transfer Pricing Provisions in Nepal

Seeing the business transaction with cross border transactions among associate enterprise by foreign company in Nepal, the tax authority has very limited tax provisions, and practice to identify the issue of transfer pricing cases in the country.

### 尼泊尔转让定价规定

针对外国企业在尼泊尔与其联营企业之间的跨境交易业务往来,尼泊尔税务机关的有关税收规定以及识别转让定价问题的方法非常有限。

[Click to read more](#)

# Pakistan

---

## Finance Supplementary Act 2022

- The definition of digital means is introduced in the Income Tax Ordinance, 2001.
- Advance tax on foreign TV plays and advertisements introduced to discourage foreign content.
- Advance Income Tax on cellular services enhanced.
- The criteria of Tier-1 retailers is enhanced to increase the number of retailers for online monitoring of sales.
- Elimination of National Identity Card Number and National Tax Number information in case of digital payments.

### 2022年财政补充法案

- 2001年《所得税条例》中包含了电子支付途径的定义。
- 对在本地播放的外国电视剧和广告征收预付税,以减少外国题材。
- 提高流动通讯服务预缴所得税。
- 提高一级零售商的标准,以增加在线监控销售的零售商数量。
- 在使用电子支付情况下免除提供国民身份证号码和国税号信息。

[Click to read more](#)

# Saudi Arabia

---

## Electronic Invoicing

On December 4th, 2020 the Zakat, Tax, and Custom Authority (ZATCA) issued its regulation for the application of Electronic Invoicing in Saudi Arabia. E-Invoicing is a procedure that aims to convert the issuing of paper invoices and notes into an electronic process that allows the exchange and processing of invoices, credit notes & debit notes in a structured electronic format between buyer and seller through an integrated electronic solution. E-invoicing is expected to increase the efficiency of transactions, reduce shadow economy, and combat commercial cover-up. E-Invoicing is implemented in two phases. PHASE 1 is in effect as of December 4th, 2021 and PHASE 2 is effective as of January 1st, 2023.

### 电子发票

於2020年12月4日，扎·卡特、税务和海关总局 (ZATCA) 发布了关于沙特阿拉伯电子发票应用之规定。电子发票是指通过电子方式把开具纸质发票和票据电子化，允许买卖双方通过结构化电子格式开具和处理发票、贷记票据和借记票据。电子发票有望提高交易效率、减少影子经济以及打击商业掩盖行为。电子发票分两个阶段实施。第1阶段及第2阶段分别自2021年12月4日及2023年1月1日起生效。

[Click to read more](#)

# UK

---

## Electric and low emission vehicles

Technology in today's vehicles is constantly improving and changing. Car manufacturers have transitioned from cars being powered by finite fuels to electric or hybrid mode. The UK has implemented a ban on the sale of new petrol and diesel vehicles by 2030. Tax benefits, capital allowances and government grants are provided to encourage companies to use electric vehicle.

### 电动低排放汽车

现今汽车技术不断改良和革新。汽车制造商开始从燃料驱动车转向研发电动汽车。英国已实施一项禁令旨在2030年之前禁止销售新的汽油和柴油汽车。英国现透过税收优惠、资本免税额、政府补贴来鼓励企业使用电动汽车。

[Click to read more](#)

# Australia



## Stapled Superannuation Funds

### Stapled Superannuation Funds for Employers (SSFE)

A stapled super fund is an existing super account linked, or 'stapled', to an individual employee so it follows them as they change jobs. This aims to reduce account fees, avoiding new super accounts being opened every time an employee starts a new job. If you do not meet your choice of super fund obligations, additional penalties may apply.

### Stapled Superannuation Funds for Employees (SSFE)

If you are an employee, you are typically entitled to compulsory superannuation (super) contributions from your employer. These super guarantee contributions must be a minimum amount based on the current super guarantee rate being 10% of your ordinary earnings, up to the 'maximum contribution base' currently \$27,500.

Generally, you are entitled to super guarantee contributions from an employer if you are both:

- 18 years old or over
- paid \$450 or more (before tax) in a month

It does not matter whether you are full-time, part-time or casual, or if you are a temporary resident of Australia.

If you are under 18 years old, you must meet the above conditions and work more than 30 hours per week to be entitled to super contributions.

Your employer is not required to make super contributions if you are:

- paid to do work of a private or domestic nature for 30 hours or less each week
- a non-Australian resident and you are paid to do work outside Australia
- an Australian resident paid by a non-resident employer for work done outside Australia
- a senior foreign executive on a certain class of visa
- temporarily working in Australia for an overseas employer and are covered by the super provisions of a bilateral social security agreement 🇺🇸🇦🇺

### Reference

Australian Taxation Office (ATO) Website – 1 November 2021

# Brazil



## Disputes on the Taxation on ICMS-VAT-Tax rate (DIFAL) in Brazil

Year 2022 in Brazil began with a challenging tax dispute. The Supplementary Act Project No. 32/2021, has been conceived to put an end to years of legal controversy over the collection of the tax rate differential (DIFAL in ICMS-VAT-Tax) in interstate operations that destine goods to final consumers who are not taxpayers, giving rise to a hasty controversy.

The tax rate difference has been levied since 2015, but in 2021 STF (Brazilian Federal Supreme Court) decided that an Additional Act had to be enacted to regulate it, a decision that came into force in 2022.

The Supplementary Act 190, established to regulate DIFAL, was sanctioned only on January 4th, 2022, and expressly stated in the text that it would become effective in 90 days.

The problem is that since the Supplementary Act 190 was only sanctioned in 2022. The tax litigation is precisely on that point: it should be necessary to respect the principle of Tax Anteriority, provided for in the Brazilian Constitution. Therefore, the referred Additional Act could only take effect in the fiscal year following the date it was enacted, that is, in 2023. The Constitution of the Federative Republic of Brazil, in its art. 150, III, "b", establishes that: It is forbidden to levy taxes in the same financial year in which the law that established or increased them was enacted.

In other words, the 90-day deadline set forth in the text would only be correct if the sanction had occurred in 2021. As it happened only in January/2022, considering the constitutional determination above mentioned, the law would become effective only in 2023 – however this definition remains as a grey zone, without consensus. Indeed some states have already informed, formally, that they will use as reference date April/2022. This potentially will origin several legal discussions/suits.

### What is DIFAL?

This discussion started in 2015, when DIFAL began to be levied after the approval of Constitutional Amendment (EC) 87/15. The text regulated the division of ICMS (State VAT on Circulation of Goods and Services) between state of origin and state of destination.

Before this amendment, when a consumer from a specific state purchased goods over the Internet from another state, the ICMS tax was entirely levied by the state of origin of the selling establishment. The purchase would take place in one state, but the ICMS tax would be levied by another.



With the new rule established by the Constitutional Amendment (EC) 87/15, an apportionment was created among the states for all interstate operations, the so-called DIFAL, or tax rate difference.

The matter was defined by CONFAZ (Brazilian Federal Inter-State Finance Policy Council) Agreement 93/15, and since then the Brazilian states have divided the ICMS.

### Consequences

Big retailers should benefit from this tax discussion. States, on the other hand, would face financial problems, since the estimated losses are in the range of R\$ 10 billion (ca. USD 2 billion) in a year, in case the reference date becomes only 2023. 🇧🇷

## Cyprus



### Double Tax Treaty between Cyprus and Jordan

On 17th December 2021 Cyprus and Jordan signed their first Double Taxation Avoidance Agreement (DTAA), which will be in force as soon as necessary ratification procedures are completed in both countries.

The DTTA is based on the Organization for Economic Co-operation and Development (OECD) Model Tax Convention, covers all the minimum standards of the Base Erosion Profit Shifting (BEPS) project and its main provisions are briefly described below:

#### Dividends

A 5% withholding tax (WHT) rate applies where the beneficial owner (BO) is a company other than a partnership which holds directly at least 10% of the capital at the company paying the dividends

For any other case, the WHT shall not exceed a 10% rate on gross dividends.

#### Interest

A 5% WHT rate applies if the recipient is the BO of the income, unless when the BO of the interest is the government, a political subdivision, a local authority or the National Bank of the other Contracting State, a NIL WHT applies.

#### Royalties

A 7% WHT rate applies on the gross amounts of royalties or fees for technical services if the recipient is the BO of the income.

#### Capital Gains

Capital gains (CG) are taxable only in the country in which the seller is resident, except for gains relating to immovable property and gains from the disposal of

movable property of a permanent establishment for which the source jurisdiction maintains taxation rights.

However, CG arising to a resident of a country from the sale of shares in real estate holder companies deriving more than 50% of their value directly from immovable property may also be taxed in the source country. This provision applies only to gains which are attributable to the immovable property and does not apply to the sale of shares listed on an approved stock exchange.

### Entitlement to benefits and principal purpose test

Article 29 of DTTA states that a benefit under the DTTA shall not be granted by the tax authorities, in respect of an item of income or capital, if it is reasonable to conclude that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit. 🇧🇷

## Greece



### Concern but also optimism for the new year

The new year started with inflation remaining high and a new record for January being estimated. This forced the Greek government to take measures to stem the rise in prices and the financial blow to households and businesses.

A number of measures have been announced such as an increase in the minimum wage, a subsidy on electricity bills, a reduction in real estate tax and an increase in repayment installments. The financial staff is working on another series of measures in order to shield the economy.

In the field of economy there is optimism despite the difficulties mentioned above as 2021 closed with growth projected to exceed 8%. Also in 2022 the forecast gives growth close to 5%. The growth index boosts the economy and improves the country's image in international markets by reducing lending rates. Unemployment, although it remains at a high rate of about 12.5%, continues to fall slowly but steadily in recent months. This is a sign that investments are being made and new jobs are being created.

An important weapon for the recovery and stabilization of economic growth is the grants given by the European Union to all Member States through the program NextGenerationEU. The program was aimed at repairing the damage caused by the pandemic crisis, restarting the economy and boosting private investment, preparing for and addressing Europe's strategic challenges. The program was designed in 2021 but has a timetable until 2026. In addition to the

pandemic crisis caused by the pandemic, the purpose of the European Union through NextGenerationEU is the green and digital transition. Each country should draw up a national plan with a breakdown of green investment spending and a digital transition. These projects will be evaluated by the European Commission. This is aimed at attracting new investment to the Member States of Europe.

On the front of the pandemic now, unfortunately, the health indicators remain high, but a de-escalation is predicted from the end of February. Experts predict that at the end of the first trimester the cases can be reduced to a minimum as long as the vaccination and the observance of the sanitary measures continue. For this purpose, Greece has already purchased new antiviral drugs and new vaccines which have been approved by the European Medicines Agency.

It is important to take all those measures to confirm the above predictions so that in the second quarter at the beginning of the tourist season there are the right conditions. Greece's economy is based on tourism and a second successful tourist season will help maintain high levels of growth. 🇬🇷

# Italy



## The main tax credits and personal income tax changes in Italy

Law no. 234 of the 30th December 2021 (the 2022 Budget Law) postponed the main tax credits for businesses, including those for R&D, technological innovation, design, and those for the purchase of capital goods in industry 4.0. This article summarizes the main changes of the tax credits mentioned and the changes to Personal Income Tax (PIT) rates and deductions.

### 1. Tax credit for R&D, technological innovation, and other innovation activities (art.1, par. 45)

The tax credit for R&D activities has been extended from 2023 till 2031, for the tax period up to 31st December 2022, the tax credit for R&D activities is still recognized at the rate of 20% and within the annual ceiling of EUR 4 Million, but from the following tax period and up to the tax period up to 31st December 2031, the amount of the incentive decreases to 10% of the eligible expenses, and the annual ceiling of the credit increases to EUR 5 Million.

The tax credits for technological innovation, design, and aesthetic conception activities have been extended to 2025, while progressively reducing the rates. For the tax period in course as of 31st December 2023, is

recognized at the rate of 10% and within the annual maximum limit of EUR 2 Million. As from the tax period in course until 31st December 2024 and until the tax period in course until 31st December 2025, the tax credit rate is reduced to 5% while the annual maximum limit of EUR 2 Million remains unchanged.

The tax credit for investments in 4.0 digital innovation projects or for projects aimed at achieving green transition objectives, for the tax period in progress as of 31st December 2022, 15% is confirmed within the annual maximum limit of EUR 2 Million, and then it is reduced to 10% for the tax period following the one in course on 31st December 2023, within the annual maximum limit of EUR 4 Million, and to 5% for the tax period following the ones in course from 31st December 2024 to 31st December 2025, within the annual maximum limit of EUR 4 Million.

### 2. Tax credit for investments in new capital assets 4.0 (art.1, par. 44)

For investments in new tangible assets included in Annex A of Law 232/2016, the article 1 (44) has extended the tax credit to the three-year period 2023-2025, the tax credit is recognized in the following measures:

- 20% of the cost for investments up to EUR 2,5 Million
- 10% of the cost for investments between EUR 2,5 Million and EUR 10 Million;
- 5% of the cost for investments between EUR 10 Million and EUR 20 Million.

About intangible assets included in Annex B of Law 232/2016, including expenses for services incurred in connection with the use of cloud computing solutions, the following percentages will apply, according to the year:

- from 16 November 2020 to 31st December 2023, the tax credit is granted at 20% of the cost, up to a maximum annual limit of eligible costs of EUR 1 Million;
- from 1st January 2024 to 31st December 2024, the tax credit is granted at 15% of the cost, up to an annual maximum of EUR 1 Million;
- from 1st January 2025 to 31st December 2025, the tax credit is granted at 10% of the cost, up to an annual maximum of EUR 1 Million.

In all cases, there is a 6-month window (until 30 June of the following year) if the conditions for the reservation are met by 31/12 of each year.

### 3. Changes to PIT rates and deductions

The Budget Law introduces PIT changes aimed to reduce the overall tax burden by:

- Amending the mechanism and magnitude of several PIT deductions
- Rewriting the tax brackets and applicable rates, as follows:

#### BEFORE 01/01 2022

INCOME	RATE
<€15.000	23%
€15.000 - €28.000	27%
€28.000 - €55.000	38%
€55.000 - €75.000	41%
>€75.000	43%

#### AFTER 01/01 2022

INCOME	RATE
<€15.000	23%
€15.000 - €28.000	25%
€28.000 - €50.000	35%
>€50.000	43%

#### Reference

Il sole 24 ore

## Malaysia



### Taxation on foreign-sourced income

Malaysia has been adopting a territorial scope of taxation, where income accruing in or derived from Malaysia would be subject to income tax. Resident companies in the business of banking, insurance or sea or air transport are taxed on worldwide income. Foreign-sourced income received in Malaysia is exempt.

Section 3 of the Income Tax Act, 1967 provides:

“Subject to and in accordance with this Act, a tax to be known as income tax shall be charged for each year of assessment upon the income of any person accruing in or derived from Malaysia or received in Malaysia from outside Malaysia.”

Paragraph 28 of Schedule 6 exempts income arising from sources outside Malaysia and received in Malaysia by any person who is not resident in Malaysia. Effective year of assessment 2004, Paragraph 28 is amended to exempt income of any person, other than a resident company carrying on the business of banking, insurance or sea or air transport, for the basis year for a year of assessment derived from sources outside Malaysia and received in Malaysia.

In line with the commitment to comply with international tax standards, it is proposed in Budget 2022 that income tax be levied on Malaysian tax residents in respect of income derived from outside Malaysia and received in Malaysia.

In force from 1 January 2022, Paragraph 28 is substituted to exempt income arising from sources outside Malaysia and received in Malaysia by any person who is not resident in Malaysia i.e. the position prior to year of assessment 2004.

During the transitional period from 1 January 2022 to 30 June 2022, foreign-sourced income received in Malaysia will be taxed at 3% on a gross basis. From 1 July 2022 onwards, the foreign-sourced income received in Malaysia would be taxed at the prevailing income tax rate.

In response to diverse feedback and discussion, the Government has agreed to exempt Malaysian tax residents from the imposition of tax on the following foreign-sourced income:

- Dividend income received by companies and limited liability partnerships; and
- All types of foreign-sourced income received by individuals (except for those carrying on a partnership business in Malaysia).

The above exemption is effective from 1 January 2022 to 31 December 2026, subject to conditions outlined in the Guideline to be issued.

#### Reference

Official Portal of Inland Revenue Board of Malaysia  
[www.hasil.gov.my](http://www.hasil.gov.my)

## Nepal



### Transfer Pricing Provisions in Nepal

Globalization and economic growth have driven the level of inter-company transactions to new heights. In 2004, Nepal became the member of World Trade Organization which has brought major changes and significances in business in the country. Although the concept of Transfer Pricing has been introduced in Income Tax Act, 2058 (2002), the drastic changes with inflow of Foreign Direct Investment and entry of foreign company in Nepal started only after 2004.

There are couple of provisions in Income Tax Act of Nepal related to Transfer Pricing, however, there is no practice to cover the arm's length principle that neutralizes the adverse effect of transfer pricing. Transfer pricing concept is very necessary to have fair taxation practice in Nepal. Currently there is a practice of taking reference of Organization for Economic Co-operation and Development (OECD) in matters related to transfer pricing and the arm's length principle.



Transfer pricing refers to the setting of prices for transactions between **associated enterprises** involving the transfer of property or services. **Associated enterprises** are the component parts of a multinational group such as companies. These transactions are also referred to as **controlled transactions**, as distinct from **uncontrolled transactions** between companies that are not associated and can be assumed to operate independently (on an arm's length basis) in setting terms for such transactions.

**Section 33 of Income tax act, 2058** contains provision related to **Transfer pricing and other arrangements between associates**. As per the act, in any arrangement between associated persons: Inland Revenue Department (IRD) may, by notification in writing, distribute, apportion or allocate the amounts to be included or deducted in the income between the persons as to reflect their taxable income or tax liability when the arrangements are operated by them according to general market practices (at arm's length)

IRD may, in the process of the notification:

- a. Re characterize the source and type of any income, loss and amount of payment or
- b. Allocate costs, including the head office expenses, incurred by one person in conducting a business that benefits an associate or associates in conducting their businesses based on the comparative turnover of the businesses.


Associated persons means two or more persons or group of such persons where one may reasonably be expected to act in accordance with the intentions of the other associated persons.

As per the Rule 15 of Income Tax Rules, 2002, where one or more persons make an application in writing for the clarification in respect of distribution, apportionment or allocation of the amounts to be included or deducted according to general market practices (at arm's length) where transfer pricing between associates is necessary, IRD may issue a written notification as follows:

- a. The term of the written notice shall not exceed five years at a time and
- b. The written notice may be renewed every, five years

The written notice is a compulsion to both tax payer and tax authority. However, it may be made inoperative if the IRD agrees with the written notice for the same by tax payer.

The provision in the Income Tax Act, 2058 (2002) does not go further in suggesting how the arm's length principle may be met in specific cases. This is complex and has not been appropriately dealt with separate regulations or practice notes. Although, there is no filing requirement or requirement to prepare a detail

Transfer Pricing Study Report in Nepal, it is advisable that the company maintain adequate document to justify the arm's length nature of the transactions with associated person taking in the reference of OECD principle. Seeing the business transaction with cross border transactions among associate enterprise by foreign company in Nepal, the tax authority has very limited tax provisions, and practice to identify the issue of transfer pricing cases in the country. 

# Pakistan



## Finance Supplementary Act 2022

The Government of Pakistan has made amendments in the Income Tax Ordinance, 2001 and Sales Tax Act, 1990 through Finance (Supplementary) Act, 2022. Some of the important changes are summarized below:

### 1. Introduction of "Digital Means"

According to section 21 of the Income Tax Ordinance, 2001 every company requires to make payment for a transaction under a single account head exceeding Rs 250,000 through 'digital means' from their notified business bank account, subject to certain exclusions. Otherwise, the expense would become inadmissible.

Through this supplementary Act, the government has introduced the definition of digital means by introducing sub-clause (17B) in section 2 which states that:

"digital means" means digital payments and financial services

including but not limited to—

- a. online portals or platforms for digital payments/ receipts;
- b. online interbank fund transfer services;
- c. online bill or invoice presentment and payment services;
- d. over the counter digital payment services or facilities;
- e. card payments using Point of Sale terminals, OR codes, mobile devices, ATMs, Kiosk or any other digital; payments enabled devices; or
- f. any other digital or online payment modes.;

The applicability of section 21 shall be effective from a date notified by the Federal Board of Revenue.

### 2. Advance Tax On Tv Plays And Advertisements

To promote the local media industry, the government has introduced a new Section 236CA for the collection of

advance tax on foreign TV drama serials, plays dubbed in Urdu or any other language, or any commercial for advertisements featuring foreign actors for screening and viewing on any landing rights channel at the following rates:

S. No.	Description	Rate of Tax
1	Foreign-produced TV drama serial or play	Rs 1,000,000 per episode
2	Foreign-produced TV play (single episode)	Rs 3,000,000
3	Advertisement starring foreign actor	Rs 500,000 per second

### 3. Enhancement of Advance Tax on Cellular Services

Advance tax on the subscription of internet, mobile telephone, and pre-paid internet or telephone card has been raised to 15% from 10%.

### 4. Enhanced criteria for Tier-1 retailers

Tier 1 retailers are those retailers who are required to connect their point of sales information with the Federal Board of Revenue for real time data collection. Through this supplementary act, the criteria of the Tier-1 retailers has been extended and the retailers whose withholding tax has been deductible under section 236G or 236H under the Income Tax Ordinance, 2001 by the manufacturer, distributor, dealer, wholesaler, or commercial importer of the specified goods.

### 5. Elimination of Computerized National Identification (NIC) or National Tax Number (NTN) in case of digital payments

Every registered person is required to issue a "Tax Invoice" at the time of supply, however, in the case of retailers, the tax invoice is not applicable on the sale value not exceeding Rs. 100,000. Through this supplementary act, the requirement of obtaining NIC or NTN has been eliminated in case of payment through debit or credit card or digital mode if the sale value is more than Rs. 100,000. 🇲🇪

## Saudi Arabia

### Electronic Invoicing

As part of several initiatives for the digitalization of the economy, The Zakat, Tax and Customs Authority (ZATCA) introduced the e-invoicing (Fatoorah) system in Saudi Arabia in line with Value Added Tax Implementing Regulations, to be implemented in two phases, the implementation of Phase I began on December 4, 2021, while the implementation of Phase II will start on January 1, 2023.

E-Invoicing is a procedure that aims to convert the issuing of paper invoices, as well as credit and debit notes into an electronic process that allows the exchange and processing of invoices, credit, and debit notes in a structured electronic format between the buyer and seller. E-invoices are subject to all the provisions of VAT legislation regarding tax invoices, and any non-compliance will result in penalties. Also, E-invoices and electronic notes are subject to the provisions related to proof of electronic transactions and electronic signatures in the Electronic Transactions Law of Saudi Arabia. There are two types of tax invoices; Tax invoices which are invoices issued by businesses to other businesses (B2B); they contain all the elements of tax invoices, especially the VAT registration number of the buyer and seller, and Simplified tax invoices which are often issued by businesses to consumers (B2C) containing the main elements of a simplified tax invoice. The e-invoices must be issued in the Arabic language. However, other languages are permitted, along with the Arabic language.

E-invoicing is implemented through two main phases. Phase I is called the generation phase, in which taxpayers must generate e-invoices and related e-notes through e-solutions in accordance with Phase I requirements, it should be compiled by all taxpayers and any other parties issuing tax invoices on behalf of suppliers subject to VAT – except nonresident taxpayers. Phase II is called the integration phase, where taxpayers must connect their e-billing systems with the ZATCA's systems to share data and information. This phase will be implemented starting from 1 January 2023. The e-invoice will be issued in the same manner as a paper invoice, but using a compatible e-billing system. The e-invoice will include all the required items according to the invoice type.

The implementation of E-billing will have many benefits including but not limited to enhancing commercial transactions transparency which would help in ensuring better tax compliance, reducing commercial cover-up by increasing requirements related to invoice tracking and data retention, reducing the use of paper being eco-friendly, increasing the accuracy and efficiency of transactions, enhancing fair competition and consumer protection by providing a unified mechanism for documenting and auditing invoices, and detecting and reducing shadow economy. 🇲🇪

### Reference

Zakat, Tax & Customs Authority website

[https://zatca.gov.sa/en/E-Invoicing/Introduction/Guidelines/Documents/E-invoicing\\_Simplified%20GL.pdf](https://zatca.gov.sa/en/E-Invoicing/Introduction/Guidelines/Documents/E-invoicing_Simplified%20GL.pdf)

## Electric and low emission vehicles

Technology in today's vehicles is constantly improving and changing. Car manufacturers have transitioned from all cars being powered by finite fuels to 2021 where 27.5% of the car market was electrified in some way, whether being fully electric or a hybrid. With this move there is a requirement for infrastructure to change as electric vehicles need charging stations to be able to become more feasible for the wider population.

The UK has implemented a ban on the sale of new petrol and diesel vehicles by 2030, meaning that manufacturers will be putting their resources into the research and development of electric and hybrid vehicles ready for this. We can only assume that the market share of electric vehicles will increase as the price of an electric vehicle will fall with engineering breakthroughs, efficiencies within the manufacturing process and economies of scale as the production numbers increase.

There are and have been tax benefits in providing an electric vehicle as a benefit in kind ("BIK") to an employer/director through a company. The BIK percentage is calculated by looking at the CO2 g/km of the vehicle as well as the electric range on the vehicle. For standard petrol cars which have CO2 emissions between 51-54, the BIK rate is 15% for 2021/22. The BIK percentage increases as the CO2 emissions increase, and this goes up to 37% for the 2021/22 tax year for vehicles which produce 160+ g/km of CO2 emissions. The BIK rate for electric vehicles with 0 g/km of CO2 emissions is 2%, accordingly, there can be a large tax saving here as well as saving on road tax as these charges are also currently £0 per annum for fully electric vehicles with 0 g/km emissions. Again, this increases as CO2 g/km emissions increase.

If employees can charge their electric vehicles at work for no cost to the employee, this is a tax free benefit and so is not included on the employees P11D.

## Capital allowances

If a business buys a brand new fully electric vehicle, the business can receive full tax relief for the purchase year by claiming First year allowances on the full list price. Therefore, if a £40,000 car was purchased, there can be Corporation tax savings of 19%, being £7,600 rather than having to use written down allowances. Compared to a vehicle purchased from April 2021 with CO2 emissions between 1-50 g/km, the main rate is used for capital allowances, being 18% of the cars value which can be claimed as an expense.

## Government Grants

There are grants available as well to subsidise some of the costs involved with purchasing an electric vehicle, such as the installation of at home charging points however these are being reduced.

From April 2022, the EVHS (Electric Vehicle Homecharge Scheme) will only be available to flat owners and people living in rental accommodation. However, this grant reduces the cost of installing a home charger by 75%, up to £350.

There are also grants which help reduce the cost of the vehicles and these grants are available for cars, wheelchair accessible vehicles, motorcycles, mopeds, vans, taxis and trucks. To receive a grant, the vehicle as to have been approved and confirmed eligible for a grant. Each category of vehicle has different requirements to be eligible for the grant and the grant is up to 35% of the RRP, limited to a different amount for each category. For cars, the grant amount is limited to £1,500. Manufacturing electric vehicles is an ever-changing industry, and with this the tax implications, benefits and grants will also be changing to stay up to date. 🇪🇺

# International Tax Panel



**Malaysia**

**LL KOONG**

Tel: +603 2166 2303

**ITP Chairman**



**China**

**CHEN LAN**

Tel: +86 898 32802332

**ITP Vice-Chairman**



**Italy**

**ALESSANDRA BITETTI**

Tel: +39 02 76004040

**ITP Vice-Chairman**



**United Kingdom**

**PETER McMAHON**

Tel: +44 (0)20 8458 0083

**ITP Vice-Chairman**



**Bangladesh**

**BABUL RABBANI**

Tel: +880 01715260585



**Belarus**

**VOLGA KOVTUN**

Tel: +375 29 857 91 37



**Bosnia and Herzegovina**

**ELVIR GOJAK**

Tel: +387 61 106 210



**Cambodia**

**NEOH BOON TOE**

Tel: +855 17 363 303



**China**

**REDSTAR LIANG**

Tel: +86 10 8588 6680



**China**

**ZHAO SHI FENG**

Tel: +86 10 8588 6680



**Cyprus**

**ADONIS THEOCHARIDES**

Tel: +357 22 670680



**Egypt**

**AMR RABEA**

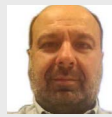
Tel: +202 26910072



**Germany**

**ACHIM SIEGMANN**

Tel: +49 7132 968 58



**Greece**

**GEORGE ATHANASIOU**

Tel: +0030 210 8325958



**India**

**HEMANT JOSHI**

Tel: +91 22 4221 5362



**Indonesia**

**HERU PRASETYO**

Tel: +6221 2305569



**Japan**

**HIROYUKI YAMADA**

Tel: +81 3 3519 3970



**Macau**

**JACKSON CHAN**

Tel: +853 2856 2288



**Madagascar**

**FENOSOA RAMAHALIARIVO**

Tel: + 261 20 222 9753



**Mauritius**

**JAMES HO FONG**

Tel: +230 210 8588



**Nepal**

**BISHNU PRASAD BHANDARI**

Tel: +977 14433221



**New Zealand**

**GEOFF BOWKER**

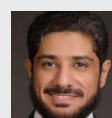
Tel: +649 522 5451



**Pakistan**

**ABDUL RAHIM LAKHANY**

Tel: +92 21 35674741-4



**Saudi Arabia**

**RASHED AWAJI**

Tel: +966 11 2290 444



**Singapore**

**VIVIANNE CHIANG**

Tel: + 65 6603 9813



**Taiwan**

**KEN WU**

Tel: +886 2 8772 6262



**Turkey**

**UGUR AKDOGAN**

Tel: +90 533 457 03 47



**UAE**

**MAHAVIR HINGAR**

Tel: + 971 4 355 9993

Reanda International is a network of independent accounting and consulting firms providing full service scope in audit, tax and advisory, the China's first professional accounting network to collaborate with independent member firms from overseas countries and regions. These member firms provide assurance, tax consulting and specialist business advisory to privately held business and transnational conglomerates.

Reanda International is a member of Forum of Firms under International Federation of Accountants (IFAC). Reanda International is the first and presently the only international accounting network from the Greater China region that achieved this global recognition for top audit quality. The Forum of Firms is an independent association of international networks of firms that perform transnational audits and its objective is to promote consistent and high-quality standards of financial reporting and auditing practices worldwide.

Presently, our 50 global presence have more than 137 offices and a staff force of over 4,550 people across China, Hong Kong, Angola, Australia, Bangladesh, Belarus, Bosnia & Herzegovina, Brazil, Cambodia, Canada, Cape Verde, Cyprus, Egypt, Germany, Greece, Hungary, India, Indonesia, Italy, Japan, Kazakhstan, Korea, Macao, Madagascar, Malaysia, Malta, Mauritius, Mozambique, Nepal, Netherlands, New Zealand, Nigeria, Pakistan, Philippines, Poland, Portugal, Romania, Russia, São Tomé and Príncipe, Saudi Arabia, Singapore, South Africa, Switzerland, Taiwan, Thailand, Turkey, UAE, Ukraine, UK and Vietnam.

#### **Disclaimer**

© 2022 Reanda International Network Limited. All rights reserved.

Reanda International Network Limited is a Hong Kong limited company wholly owned by Reanda International Investment (Beijing) Company Limited, a PRC limited company (together with affiliates herein collectively referred to as "Reanda International"). Network firms of the Reanda International network, including both member firms and correspondent firms, are affiliated with Reanda International, each of which is a separate legal entity and does not act as the agent of Reanda International or any other network firms. Reanda International and each network firm are liable only for their own acts or omissions and are not responsible for the activities or services of any other. Reanda International provides no client services. All rights reserved.

This publication is written with care and contains general information for the broad guidance of its intended readers only. It is NOT intended to offer specific and universal advices or services in accounting, business, legal and tax fields. No one should use the information in this publication as a basis to act or make decision that may affect their finances or business. Advice from qualified professional advisor on a particular situation should be obtained before making any decisions or taking or not taking any actions. Please contact the respective Reanda International network firm for professional advices addressing to your particular situation. Neither Reanda International nor its network firms and their affiliates shall accept any responsibility, obligation or liability for any loss brought about directly or indirectly by actions taken or decisions made based on the information contained in this publication.

**Follow us on **

[www.linkedin.com/company/reanda-international](http://www.linkedin.com/company/reanda-international)

[www.reanda-international.com](http://www.reanda-international.com)

