

# SATURDAY INTERNATIONAL TAX GYAN !!!

#taxmadeeasy #taxinpic

## Minutes of Discussion



11-June-2022

# Views on Digital Taxation

- International taxation is because of the sovereignty of different countries.
- Earlier companies were present in physical form and were taxed accordingly but now due to digital presence of these companies in different countries a new model of taxation was required.
- OCED & UN introduced DTAA to avoid double taxation
- India has signed DTAA with more than 95 countries.
- Equalisation levy 1, Equalisation levy 2.0, significant economic presence and crypto taxation are some unilateral measures adopted by India to charge tax on income earned by entities present digitally in India.



CA Hari Om Jindal

# FAQs on Digital Taxation

**Q. Views on formula suggested under Article 12B.**

**Ans.** All models based out by OCED are in favour of developed countries, where income is taxed at place where the entity is resident. On the other hand, India and other developing countries are in favour of taxability where users are present as the value of any entity is built by its users. For example, it is the users who are developing value Google and not the country in which it is based. So, the formula suggested is in our favour.

**Q. What is your advice to Young CA practicing in International taxation?**

**Ans.** Never sign or accept any proposal or contact dealing in the same out of any competitive pressure. It is very time consuming, risky and requires high knowledge. So first update your skills and then enter into these.

# Views on UAE Taxation

- It will be effective from 1<sup>st</sup> June 2023.
- CT will be charged @ 9% for taxable income exceeding AED 3,75,000 .
- Free zone entities are exempt from CT with certain conditions.
- There is 0% withholding tax rate. Click to add text
- Specified exempt person
- Interest deduction is restricted to 30%
- Losses are set off up to 75% of profits also no carry forward.



**CA Sheetal Soni**

# FAQs on UAE Taxation

**Q. Will offshore companies be subject to UAE CT?**

**Ans.** The offshore business operating in UAE is free from all annual accounting and tax responsibilities. The no-corporate-tax law benefits offshore operations. The tax on offshore companies will only be leviable in case their income is sourced from UAE.

**Q. Do all the companies need to get their books of accounts audited under UAE CT?**

**Ans.** All the companies in the mainland are required to have their financial accounts audited. However, companies who are situated in free zones do not necessarily get audited as free zone authorities do not require the companies to submit an audit report. But there are some forms which have to deal with a mandatory audit of accounts. This includes free zone companies (FZCO) and free zone establishments (FZE)

# FAQs on UAE Taxation

Q. How will the losses be allowed to be carried forward under UAE CT and what about losses incurred before implementation of UAE CT?

Ans. Losses will be allowed to be carried forward for an infinite period and losses incurred before the implementation of UAE CT will not be allowed to be carried forward.

Q. What is the impact on Diamond company having base in UAE for diamond purchase and import from UAE?

Ans. There are many companies doing such trading and rough trading in UAE. If a company is a free zone entity buying from Africa, Antwerp and selling in the international market or even to a UAE free zone company, there is no UAE CT. However, if it is selling to a mainland entity, then it will be subject to UAE CT.

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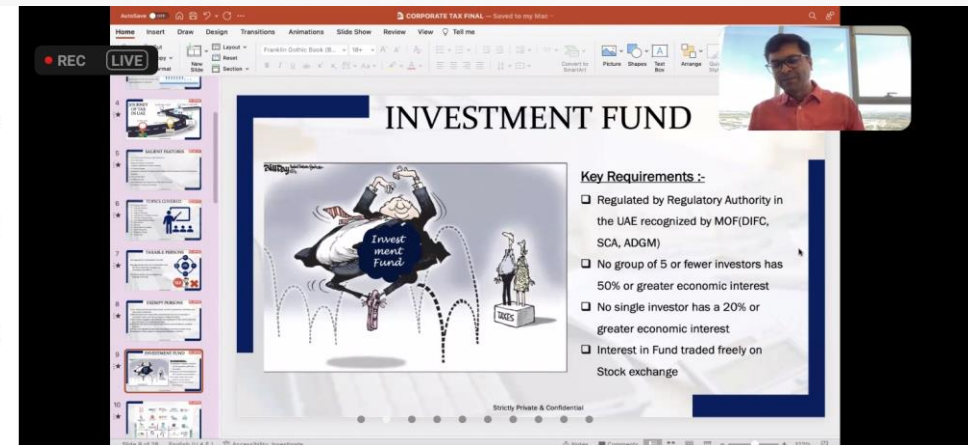
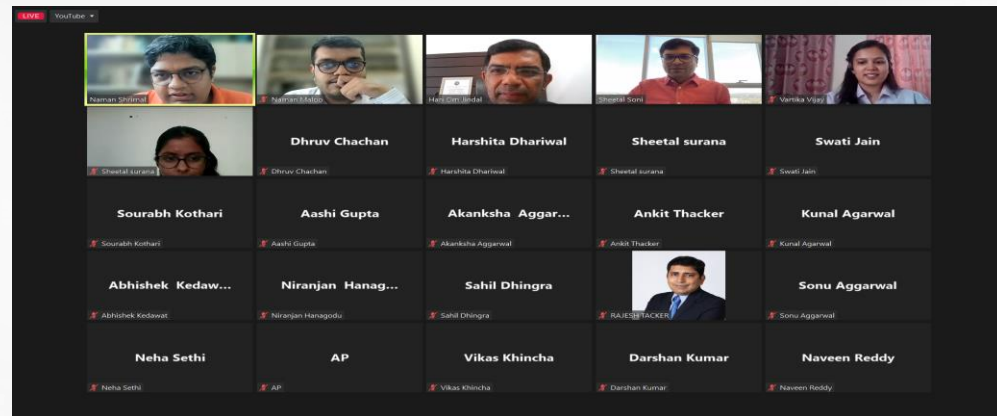
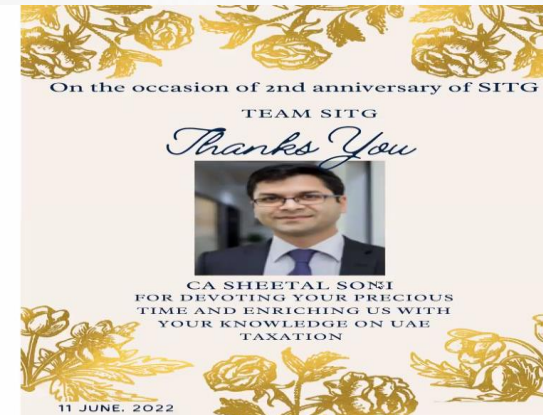
# FEMA ke FUNDAE

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Let's meet every Wednesday.



# Glimpse of today's session





**Link showing journey of SITG:** [SITG 2nd anniversary - Journey of SITG - YouTube](#)


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Thank  
you!

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