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JOINT ITALIAN ARAB CHAMBER
الغرفة العربية الإيطالية المشتركة



The JIACC Tax Commission



The **Tax Commission** will be JIACC's branch dedicated to issues concerning **taxation**. JIACC's Tax Commission will be dealing, among others, with: **Income** and **Capital** taxation; **VAT** and other **indirect taxes**; **Double Tax Treaties** (and tax-related issues of Investment treaties); **Custom duties**; 'new' **International standards** elaborated at the OECD level (BEPS, CRS, CbCR) etc.

Members

Roberto Scalia (Chairman)

Roberto has 15 years of experience in advising businesses and individuals on European and international tax law and is a prolific author of articles on the Middle East, the European Union and international taxation. In particular, he is co-author of a two-parts essay fixing the benchmarks of GCC VAT in a cross-border context («GCC VAT – International Goods» and «GCC VAT – International Services» both in International VAT Monitor, Issues 2 and 3 of 2018, IBFD Journals) and one paper addressing, for the first time ever, the GCC in a tax law perspective («A Tax Law Perspective of the 'Cooperation Council for the Arab States of the Gulf' (GCC)» in Intertax, Issue 2 of 2017, Wolters Kluwer Journals).

Pietro Paolo Rampino

Pietro Paolo Rampino is currently Vice Chairman and Treasurer at the Joint Italian Arab Chamber, as well as the founder and CEO of the Italian Incubator of Excellency based in Jafza, Dubai. Pietro has held top-tier positions throughout the years as Technical Court Advisor and Official Receiver for the Court of Milan, Chairman of the Board of Auditors as well as Internal Auditors of several medium and large Italian enterprises.

Mohamed El Fezzazi

Mohamed manages all the DP Deutsch Post – DHL tax activities and drives tax audits within North African countries. In more than 20 years, Mohamed has been appointed in the roles of Administrative, Finance and Audit Manager of leading Firms and Multinational Enterprises operating in North Africa and the Middle East such as Huawei where he held the position of Head of Finance – CFO (Morocco-UAE). Mohamed is a member of the Board and Executive Member of the International Association of Financial Executives Institutes (IAFEI), Founder and President of the Moroccan Association of Finance and Management (AMMFG) and Member of the Association of International Accountants (AIA) and of the International Fiscal Association (IFA).

Shiraz Khan

Shiraz Khan leads Al-Tamimi's regional Tax Practice across nine countries including Bahrain, Egypt, Iraq, Jordan, Kuwait, Oman, Qatar, Saudi Arabia and UAE. Shiraz is a UK qualified lawyer with over 15 years of International and GCC Tax experience. Shiraz regularly speaks at conferences and seminars on international tax issues and has been involved in advising governments on the drafting of tax laws.

Vito Orlando

Vito is the Head of the Fiscal Department at Salini Impregilo, responsible for assistance and consultancy in tax matters to the headquarters and its subsidiaries/affiliates both in Italy and abroad. He joined the Group Impregilo in 1987 and as of 1990 seconded in Cameroon, Ivory Coast and Mali. In 1997 he joined the Salini Impregilo Headquarter Fiscal Department and, since then, he gained solid expertise in various areas of taxation, tax compliance, tax litigation management, etc. Due to his unique exposure to the specific industry tax-related aspects, He is called to participate at International conferences as a speaker.

Riccardo Ubaldini

Riccardo is a Partner in the Tax Department of Bonelli Erede, leading Italian Law Firm, based also in Africa (Ethiopia, Egypt and South Africa) and in the GCC (DIFC, Dubai, UAE). His expertise includes: National and international tax law, with particular focus on extraordinary financial transactions, real-estate transactions; individuals' tax matters; ruling applications; Tax aspects of complex transnational group reorganisations; Opinions on national and international tax matters regarding VAT and other indirect taxes; implementation of agreements against double taxation and EU directives; and Assistance to multinationals during the pre-trial phase of international tax disputes.

Objectives

Consultancy:

Supporting the Multinational Enterprises ('MNEs') in their dealings "in and through" the 23 countries member of the Joint Italian Arab Chamber of Commerce. The Tax Commission shall offer 'first aid', delivering legal opinions and assisting MNEs also in the second phase of investments.

Networking:

Another objective is fostering 'networking' among all tax experts of the 23 countries. Namely, CFOs and Heads of Taxes of MNEs, Tax Lawyers, Academics and experts from Tax Authorities. Tax Experts from Arabic States are encouraged to join as JIACC Tax Commission Local Correspondent as the Tax Commission aims at enhancing and fostering the dialogue among all the experts.



Tools

Publications:

The Tax Commission will be delivering **four types of publications**, mainly. **Tax Newsletter**: that will be 1-pager updates on recent issues. **Tax Insight**: in-deep analysis on selected

issues in domestic, regional and international taxation. The Tax Commission will be also editing **Books**, at least once a year. Finally, **Country Chapter** will be drawn with to deliver associates an outline of the 23 JIACC member States' tax systems. The members of the Tax Commission will be updating the associates on their own Publications concerning Arab's States and Italian Tax Law providing an abstract of the Articles and, where possible, free access to the Article.

Events:

The Tax Commission will be involved in **Conferences**, **Seminars** and **Workshops** organised by the JIACC and may organise own events explicitly dedicated to taxation (under the supervision and according with the guidelines of the JIACC).

JIACC's Tax Commission Newsletter



KSA: Amendments to the Income Tax Law concerning 'Natural Gas'

The KSA Royal Decree N. (M/70) of 28 March 2018 – effective from 1 st January 2018 – has been amending the Income Tax Law Royal Decree N. (M/1) of 6 March 2004 (15/1/1425H) (shortly, the 'ITL') concerning taxation of

enterprises dealing in the Natural Resources sector. The new legal framework affects definition, calculation of the taxable base and lowers the tax rate to 20 %.

Pursuant to the Royal Decree (M/70) of 28 March 2018, new rules apply to enterprises engaged in the Natural Gas (shortly, 'NG') sectors.

Namely, chapter 10, dealing with "Natural Gas Investment Tax" has been entirely deleted and the Income Tax Law (hereinafter, the 'ITL') has been amended as follows.

Definitions

Aside from the definition of "Natural Gas" – embedded in Article 1 of the ITL – the Royal Decree M/70 of 28 March 2018 has introduced the definitions of 'Natural Gas Investment' and 'Natural Gas Transportation'.

The definition of 'Natural Gas Investment' shall include the process of scouting and production of associated and non-associated NG, including gas condensates, as well as the process of excavation, purification, treatment and fragmentation of the transportation of associated and non-associated NG, their liquids, gas condensate and other associated elements.

The definition of 'Natural Gas Transportation' shall include the transfer of associated and non-associated NG from purification plants to the treatment plants and retail plants or transferred from any of these plants to consumer facilities, as well as the transfer of gas condensates and liquids, not including local distribution networks and pipelines established by a non- gas producer, after the official selling points.

Taxable income

The amendment redefined the taxable income and natural gas investment income. The taxable income is the total income that includes revenue, profit, income resulting from performing the taxable activities - regardless of their nature and form of payment they were received in - including capital gains and incidental revenues, minus exempted income. (Article 8(1) ITL).

On the other hand, natural gas investment income is the total of selling, trading, or transferring natural gases, liquid gas, gas condensates, in addition to sulphur and other forms. It also includes any other form of incidental or non-operational income that is tied to the main functions regardless of its purpose and source including income derived from the utilization of excess energy in a facility subject to natural gas investment tax. (Article 8(2) ITL).

Tax rate

The tax rate has been lowered from 30% to 20% (new Article 7(b) ITL).

Enterprises engaged in both NG & O&H activities

For the sake of coordinating the tax obligation arising from Oil and Hydrocarbon materials (shortly, 'O&H') activities and NG activities, the 'tax due' shall be the sum of the taxes due on both the tax bases (that, as explained below, shall be calculated separately) (Article 7(e) ITL).

Calculation of the Taxable Base and carry-forward of losses

Rules concerning the assessment of Taxable Base are amended in order for the calculation of taxable base for businesses engaged both in the O&H sector and in the NG sector be amended so as to draw a clear-cut dividing line between the two businesses.

Namely, the taxable base of a person engaged in the O&H sector shall be the net profit (income less allowable deductions) and shall not include the taxable base from investments with respect to NG (Article 6(f) ITL, as amended). Consistently, the taxable base for a person that is engaged in the NG sector shall be the net profit (income less allowable deductions) and such a tax base shall be independent from other activities (new Article 6(g) ITL).

Net operating losses arising out from NG activities cannot be offset against O&H profits and vice-versa (Article 21 ITL).

The source

KSA Official Journal, No (4719), Page (5), Date (26/7/1439H) Available in Arabic.

<https://www.uqn.gov.sa/articles/1523562709529553900/>

Author: Roberto Scalia, Chairman JIACC Tax Commission. r.scalia@jiac.it

Author: Sarah Alsultan, SJD candidate at University of Virginia. sa8tw@virginia.edu



Bahrein delisted by the EU list of non cooperative Jurisdictions

On the 5th of December 2017, Bahrein was included by the ECOFIN Council within the list of non-cooperative jurisdictions under Annex I of the ECOFIN Council conclusion on “The EU List of non-Cooperative Jurisdictions for Tax Purposes”.

On the 13th of March 2018, Bahrein has been ‘delisted’ as a non-cooperative jurisdiction (according to the EU list of non-cooperative jurisdictions created in December 2017). Bahrain commitments to complying with EU International Tax standards will be monitored in the forthcoming months.

For this purposes, Annex I, point 2 of the Council decision held that: “Bahrain does not cover all EU Member States for the purpose of automatic exchange of information, has not signed and ratified the OECD Multilateral Convention on Mutual Administrative Assistance as amended, facilitates offshore structures and arrangements aimed at attracting profits without real economic substance, does not apply the BEPS minimum standards and did not commit to addressing these issues by 31 December 2018.”

Accordingly, Bahrein was included within the list of non-cooperative jurisdictions. On 23 January 2018, the ECOFIN Council adopted amendments to the Council conclusions of 5 December 2017, de-listing 8 jurisdictions (from the list of non-cooperative jurisdictions for tax purposes). The UAE was ‘delisted’ (better, moved to Annex II) in that occasion. In furtherance of the EU ‘delisting’ path, Bahrain delivered its commitment letter to the EU Code of Conduct Group. The letter was assessed and it was decided that, based on the specific commitments, Bahrein should be moved from Annex I to Annex II of the Council conclusions. Accordingly, as of 13 March 2018 Bahrein has been included in the list of State committed to complying with EU

International Tax standards (as per Annex I of the Council conclusion of 7 December 2017). The EU Code of Conduct Group will be monitoring Annex II States' compliance with the EU International Tax policy standards upholding a "constructive dialogue" between the EU and such third-countries.

Arab States - members of the JIACC - included in Annex II are, for the moment being, the following:

- Oman and Qatar (committed to implementing Automatic Exchange of Information)
- Oman and Jordan (committed to joining the Transparency and EOI Global Forum and/or having sufficient rating for 2018 and 2019, respectively)
- Oman, Qatar Jordan and Morocco (committed to signing/ratifying the Mutual Administrative and Assistance Convention and/or having sufficient network of agreements with EU States by 2018 or 2019)
- Jordan and Morocco (committed to abolishing harmful tax regimes within 2018)
- Morocco (committed to becoming part of the BEPS Inclusive Framework)

Author: Roberto Scalia, Chairman JIACC Tax Commission. r.scalia@jiac.it



The AfCFTA: a new path in African trade

The biggest Free Trade area since the establishment of the WTO is live. At the 10th extraordinary session of the assembly of the African Union, representatives of 44 African

States signed the African Continental Free Trade Area Agreement (AfCFTA).

The biggest Free Trade area since the establishment of the WTO is now close to be an active reality. At the 10th extraordinary session of the assembly of the African Union, held in Kigali (Ruwanda), representatives of 44 African countries signed the African Continental Free Trade Area Agreement (AfCFTA). The agreement provides for the withdrawal of tariffs on 90% of goods while the removal of tariffs on the remaining goods should be applied at a later stage. The AfCFTA Leader, H.E. Mr. Issoufou Mahamadou (President of the Republic of Niger) is requested to submit a progress report on the AfCFTA at its July 2018 Summit.

JIAC member countries involved in the AfCFTA are:

- Algeria
- Comoros Island
- Egypt;
- Djibouti;

- Libya;
- Mauritania;
- Sudan;
- Tunisia;
- Morocco

It is worth noticing that Algeria, Morocco, Libya and Tunisia have not signed the Free Movement Protocol yet.

Egypt, instead, has been expressing concern over Article 25 of the agreement concerning Reserves.

Author: Roberto Scalia, Chairman JIACC Tax Commission. r.scalia@jiac.it

JIACC's Tax Commission Insights



GCC VAT: An Introduction (Part 1)

An introduction to value added tax in the countries of the Gulf Cooperation Council.

To read the [full document](#)



Joint Italian Arab Chamber
Via Sallustiana 15 – 00187 ROMA
Tel +39 06 69361674 – info@jiac.it

Via G. Mameli 11 – 20129 MILANO
Tel +39 02 70000353 – Fax +39 02 733412
milano@jiac.it

