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Abetting UAE-India Alliance

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NEWSLETTER

OCTOBER 2024



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KEY HIGHLIGHTS

ADIA ESTABLISHES SUBSIDIARY IN INDIA'S GIFT CITY

ADIA

The Abu Dhabi Investment Authority (ADIA) has established a subsidiary at the Gujarat International Finance Tech-City (GIFT City), India's international financial services centre. The subsidiary has been granted regulatory approval by the International Financial Services Centre Authority (IFSCA) and is now operational.

Hamed bin Zayed Al Nahyan, Managing Director of ADIA, said: "India is one of the world's fastest growing economies and has been a key focus for ADIA's investment activities for a number of years. We have built an extensive portfolio that spans asset classes, and we remain confident in India's long term growth prospects.

"Establishing ADIA's subsidiary at GIFT City underlines our belief in the opportunities presented by India's continued growth. GIFT City is creating a dynamic, world-class financial services ecosystem, operating under a strong regulator and a robust legal framework." [READ MORE](#)

***ABOUT ADIA:** Established in 1976, the Abu Dhabi Investment Authority ("ADIA") is a globally-diversified investment institution that prudently invests funds on behalf of the Government of Abu Dhabi through a strategy focused on long-term value creation.*

INDIAN INSTITUTE OF FOREIGN TRADE TO OPEN ITS FIRST OVERSEAS CAMPUS IN DUBAI



The iconic India Pavilion at the Expo City in Dubai will host the first overseas campus of Indian Institute of Foreign Trade (IIFT). An MoU to this effect was signed on 03 October 2024 by Professor Rakesh Mohan Joshi, Vice Chancellor of IIFT and Her Excellency Reem Al Hashimy, UAE Minister of State for International Cooperation and CEO of Expo City Dubai Authority.

IIFT is likely to move into its premises by early 2025 with short and medium-term training programmes, research and eventually with launch of its flagship programme, MBA (International Business). IIFT, regarded as an academic centre of excellence in international business research, training and education, will establish its first campus outside of India at the former Expo 2020 India Pavilion. [READ MORE](#)

ETIHAD ANNOUNCES NEW ABU DHABI TO JAIPUR FLIGHTS



Etihad Airways is boosting its weekly flights between Abu Dhabi and Jaipur to ten a week from December 15, 2024. The announcement, coming less than four months after the airline began serving the Rajasthan city, underlines the popularity of the route.

Guests flying from Jaipur to the United States can take advantage of the US Customs and Border Protection (CBP) facility at Abu Dhabi, streamlining the immigration process and ensuring a hassle-free journey.

The increase in the Jaipur frequency further highlights Etihad's deepening commitment to the Indian market where the airline has increased its capacity by more than a third over the past 12 months, and recently celebrated the 20th anniversary of its first service to the subcontinent. [READ MORE](#)

12TH MEETING OF THE INDIA-UAE HIGH LEVEL JOINT TASK FORCE ON INVESTMENTS



The 12th Meeting of the India-UAE High Level Joint Task Force on Investments (HLJTFI) took place in Mumbai. It was co-Chaired by Shri Piyush Goyal, Minister of Commerce & Industry, Government of India and His Highness Sheikh Hamed bin Zayed Al Nahyan, Managing Director of Abu Dhabi Investment Authority (ADIA).

The HLJTFI was established in 2013 to promote trade, investment and economic ties between India and the UAE. Since its formation, it has provided an effective mechanism to discuss opportunities and prospects for further investments in India and the UAE, while acting as a forum to resolve issues faced by investors of the two countries.

During the 12th HLJTFI meeting, the Co-Chairs acknowledged the continued growth and strengthening of the bilateral relationship between India and the UAE, including on trade and investment related matters. The India-UAE Bilateral Investment Treaty, signed during Prime Minister Modi's visit to the UAE in February 2024, has been ratified by both sides and entered into force with effect from 31 August 2024.

The Co-Chairs also acknowledged the rapid rise in bilateral trade under the Comprehensive Economic Partnership Agreement (CEPA), which came into force in May 2022. The Joint Task Force reviewed the working of the India-UAE CEPA, which was one of the fastest-ever negotiated Free Trade Agreements. [READ MORE](#)

BILATERAL INVESTMENT TREATY BETWEEN INDIA AND THE UNITED ARAB EMIRATES, GIVING CONTINUITY OF INVESTMENT PROTECTION TO INVESTORS OF BOTH THE COUNTRIES, COMES INTO EFFECT



The Bilateral Investment Treaty (BIT) signed on 13 February 2024 at Abu Dhabi, UAE between the Government of the Republic of India and the Government of the United Arab Emirates (UAE), entered into force with effect from 31 August 2024. The enforcement of this new BIT with UAE gives continuity of investment protection to investors of both the countries, as the earlier Bilateral Investment Promotion and Protection Agreement (BIPPA) between India and UAE signed in December 2013 expired on 12 September 2024.

The UAE is the seventh largest with a share of 3% in the total Foreign Direct Investment (FDI) received in India, with cumulative investment of approximately USD19 Billion from April 2000- June 2024.

Some of the key features of the [India-UAE BIT 2024](#) are: -

1. Closed asset-based definition of Investment with coverage of Portfolio Investment.
2. Treatment of Investment with obligation for no denial of justice, no fundamental breach of due process, no targeted discrimination and not manifestly abusive or arbitrary treatment.
3. Scope carves out for measures such as those related to taxation, local government, government procurement, subsidies or grants and Compulsory license.
4. Investor-State Dispute Settlement (ISDS) through arbitration with mandatory exhaustion of Local remedies for 3 years.
5. General and Security Exceptions.
6. Right to Regulate for State.

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UAE INTRODUCES VISA-ON-ARRIVAL FOR INDIAN TRAVELLERS; FIND DETAILS HERE



Travel to the UAE is all set to become easier. In a move to strengthen ties between India and the United Arab Emirates (UAE), all Indian travellers holding passports will now be eligible for visa-on-arrival at all UAE ports of entry.

As per the new policy, this initiative extends to Indian passport holders as well as individuals with permanent residency, green cards, or valid visas issued by the United States, the United Kingdom, or any European Union nation.

Under this policy, travellers will have two options for obtaining a visa. They can choose a 14-day visa on arrival, which can be extended for an additional 14 days, or they can opt for a 60-day non-extendable visa. However, they will need to pay the applicable

fees as per UAE regulations. To qualify for the visa-on-arrival facility, passports must be valid for at least six months from the date of entry, as announced by the Indian mission in the UAE on October 17. [READ MORE](#)

TAX IMPLICATIONS FOR BRANCH OPERATIONS: NAVIGATING CROSS-BORDER REGULATIONS

ARTICLE CONTRIBUTED BY –
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Under the OECD Model Tax Convention, a branch is typically considered a "Permanent Establishment" (PE) of a foreign enterprise. This classification means that the branch's profits attributable to activities conducted within the host country are subject to taxation in that jurisdiction. The concept of a PE is crucial in determining the tax liability of a branch, as it establishes the right of the host country to tax the business profits arising from the PE's activities.

In the UAE, the corporate tax implications for branches depend on whether the branch belongs to a resident or non-resident company.

- 1. Branch of a Resident Company:** According to the UAE Corporate Tax Law (Federal Decree-Law No. 47 of 2022), branches of a resident juridical person (e.g., a company established in the UAE) are subject to UAE corporate tax. The income derived by the branch is included in the taxable income of the parent company and taxed at the corporate tax rates, which are 0% on taxable income up to AED 375,000 and 9% on taxable income above this threshold.
- 2. Branch of a Non-Resident Company:** A branch of a non-resident juridical person is considered a "Permanent Establishment" (PE) in the UAE if it carries out ongoing business activities in the country. In such cases, the branch will be subject to corporate tax on the income attributable to its UAE operations. The PE concept ensures that non-resident companies with a fixed place of business or significant presence in the UAE are taxed on income derived from the UAE.

What are the key Principles to be considered:

- **Arm's Length Principle:** Transactions between the branch and its foreign head office or other related entities must be conducted at arm's length, meaning the prices and terms should be consistent with those that would have been agreed upon by unrelated parties.
- **Taxable Income:** The taxable income of a branch includes income derived from business activities conducted in the host country. This income is calculated by considering the branch's gross income and allowable deductions for expenses incurred in earning that income.
- **Double Taxation Relief:** The OECD guidelines provide mechanisms to prevent double taxation, typically through the use of tax credits or exemptions. Countries with tax treaties based on the OECD Model Tax Convention generally adhere to these principles, allowing the home country of the foreign enterprise to grant relief from double taxation.

- **Reporting and Compliance:** Branches must adhere to local tax laws and reporting requirements in the host country. This includes filing tax returns, maintaining proper accounting records, and, where applicable, complying with transfer pricing regulations.



Branches of Foreign Companies in the UAE now need to analyse the following:

- **Taxability as per UAE corporate tax perspective:** Branch of a foreign company is considered as a PE as per UAE tax law and, therefore, is generally subject to UAE corporate tax on its UAE-sourced income.
- **Taxable Income:** The taxable income of the branch is determined based on its UAE-source income, including profits attributable to the UAE branch. The global income of the foreign company is not subject to UAE corporate tax; only the income earned within the UAE through the branch is taxable.
- Whether it is a **Foreign Permanent Establishment or Domestic Permanent Establishment** (branch of a Free zone Person in mainland) it should be treated as if it were a separate and independent Person from its parent entity. For example:
 - The income or profits attributable to the Free Zone parent, Foreign Permanent Establishment or Domestic Permanent Establishment should be consistent with the arm's length principle (i.e. based on the respective functions, assets and risks of the Free Zone parent and the Foreign Permanent Establishment or Domestic Permanent Establishment, as if the Free Zone parent were a separate Person transacting at arm's length). The Free Zone parent must earn and record an appropriate level of operating profits or losses determined in accordance with internationally accepted profit attribution methods such as the separate entity approach.
 - If the outputs from the Free Zone parent are used in the Business of its Foreign Permanent Establishment or Domestic Permanent Establishment, the Free Zone parent would be treated as if it has derived Revenue from a Non-Free Zone Person.
 - In applying the Beneficial Recipient rule (see Section 4.3.1), a Foreign Permanent Establishment or Domestic Permanent Establishment would not be treated as if it were a Free Zone Person.

A Free Zone Person is not considered to have a Domestic Permanent Establishment if the activities conducted through a fixed or permanent place of Business are solely of a preparatory or auxiliary nature. Activities are considered preparatory or auxiliary if they consist of:

- storing, displaying, or delivering of goods or merchandise belonging to the Parent,

- keeping a stock of goods or merchandise belonging to the Parent for the sole purpose of processing by another Person,
- purchasing goods or merchandise or collecting information for the Parent,
- conducting any other activity of a preparatory or auxiliary nature for the Parent, and
- conducting any combination of the above activities, provided that the overall activity is of a preparatory or auxiliary nature. To meet the preparatory and auxiliary activities test, the Parent must use the fixed place of Business solely for preparatory or auxiliary purposes.
- The preparatory and auxiliary activities exception would also not apply if the Parent or a Related Party carries on a Business or Business Activity at the same place or at another place in the UAE outside a Free Zone, and both of the following conditions are met:
 - one or more of the places constitutes a Domestic Permanent Establishment for the QFZP (if it's a free zone entity) or its Related Party, and
 - the overall activity resulting from the combination of the activities carried out by the QFZP and its Related Party at the same place or at the two places is not of a preparatory or auxiliary nature and together would form a cohesive Business operation, had the activities not been fragmented.

Key Considerations

Branches in designated **Free Zones** might benefit from a 0% corporate tax rate on qualifying income if they meet the requirements to be considered a "Qualifying Free Zone Person".



In Summary

- UAE branches of resident companies are taxed like the parent company.
- Branches of non-resident companies may be taxed if they constitute a PE in the UAE.
- Free Zone branches might benefit from tax exemptions under certain conditions.

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UPCOMING EVENTS



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SUPPORTING PARTNER



RAKIS
2024

Ras Al-Khaimah Investment & Trade Summit

**A Global Exhibition & Conference
Propelling **Ras Al Khaimah** as an
Ideal Investment Destination**

10 - 11 December, 2024

RAK Exhibition Center, Ras al-Khaimah, UAE





14 - 27 November 2024
Bharat Mandapam
New Delhi
INDIA



09 - 11 December 2024
Jaipur
Rajasthan
INDIA

automechanika
DUBAI

10 - 12 December 2024
Dubai World Trade Centre
Dubai
UAE

Bharat
Mobility
GLOBAL EXPO 2025

Beyond Boundaries: Co-creating
Future Automotive Value Chain

17 - 22 January 2025
- Bharat Mandapam, New Delhi
- Yashobhoomi, New Delhi
- India Expo Centre & Mart, Greater Noida
INDIA



UAE-India Business Council (UIBC) is the only Official Joint Business Chamber set up by both the Governments for promoting economic synergy between the UAE and India. UIBC was formally launched by His Highness Sheikh Abdullah bin Zayed Al Nahyan, UAE Minister for Foreign Affairs and Late Smt. Sushma Swaraj, Hon'ble Minister of External Affairs of India during 11th Session of the India-UAE Joint Commission Meeting on 03 September 2015 in New Delhi.

UIBC aims to create an inclusive bilateral trade environment between UAE and India by linking businesses from both the countries and supporting long term commercial partnerships for developing strategic relationships between businesses and government officials from both the countries.

UIBC acts towards promoting investment promotion and business collaborations / JVs between UAE and Indian businesses by organizing B2B networking meetings, policy forums and investment focused events, delegations, and other facilities required to succeed. It serves to provide a voice and visibility to the various stakeholders in UAE-India economic space and work towards promoting trade and investment, job creation, innovation, inclusion, and entrepreneurship between the UAE and India.

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OUR MISSION

- ❖ To act as a catalyst engaged in exchange of ideas intended to promote the economic synergy between the UAE and India
- ❖ To serve as the direct link between business and government leaders of both the countries
- ❖ To work towards providing the critical first 'home-away-from-home' with a network of Government, Policy Makers, Business Leaders, and Industry contacts supported by highly skilled secretariat
- ❖ Providing a voice and visibility to the various stakeholders in UAE-India economic space
- ❖ To work towards promoting trade and investment, job creation, innovation, inclusion, and entrepreneurship between the UAE and India



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