



Bahrain & GCC Tax News

24 May 2023

Bahrain

Corporate Income Tax (CIT) implementation is imminent

The Gulf Daily News on 24 May 2023 has reported that the Minister of Finance and National Economy, HE Shaikh Salman bin Khalifa Al Khalifa, has during the weekly parliamentary session stated to Bahrain MPs:

“It is a global direction to impose corporate taxes and Bahrain is committed to complying with the move..... We firmly believe that companies should contribute to the sustainability of the economy and financial development of the country..... The issue is a matter of when, not if, as we continue to work with the OECD [Organisation for Economic Co-operation and Development] on getting things right as we ensure that it wouldn't have an economic impact that affects employment, economic growth and investments.”

Click [here](#) to read our FAQs released in August 2021 on the BEPS Inclusive Framework Agreement.

Click [here](#) to read our Tax Insights on some potential impact areas for Bahrain businesses.

Parliament discusses implementation of import VAT deferral

As per local news reports, the Bahraini Council of Representatives have discussed a proposal for implementing the import VAT deferral for goods imported through customs. It has been proposed that the scheme should be implemented as soon as the National Bureau for Revenue (NBR) is able to integrate with the customs electronic systems.

NBR announces tax violations reported from field inspections

The NBR has recently announced that they have conducted 281 inspection visits across Bahrain during March and April 2023 and as a result violations were reported. This has led to imposition of administrative fines under the VAT and excise tax legislations.

Kingdom of Saudi Arabia (KSA)

Zakat, Tax & Customs Authority (ZATCA) releases circular on taxation of permanent establishments (PE)

ZATCA has recently released a Circular (Publication Number 2303001) on taxation of PEs in the context of Double Taxation Agreements.

Click [here](#) to view the Circular.

ZATCA introduces profit margin scheme for qualified used cars

ZATCA has recently introduced a scheme which allows sellers of qualified used cars to calculate VAT on the profit margin earned on the sale of such cars, subject to meeting certain conditions.

Click [here](#) to access the detailed VAT guideline on the profit margin scheme for qualified used cars. (In Arabic)

ZATCA conducts workshop with World Customs Organization (WCO)

ZATCA has recently organized a national workshop on customs valuation in cooperation with the WCO aimed at improving the knowledge of ZATCA's employees on this subject.

United Arab Emirates (UAE)

Ministry of Finance (MoF) issues decisions regarding UAE CIT

The UAE MoF has recently published the following decisions for the implementation of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses:

- [Ministerial Decision No. 114 of 2023](#) on accounting standards and methods.
- [Ministerial Decision No. 115 of 2023](#) on private pension funds and private social security funds.
- [Ministerial Decision No. 116 of 2023](#) on participation exemption.
- [Cabinet Decision No. 49 of 2023](#) specifying business activities subject to CIT when conducted by natural persons.

Federal Tax Authority (FTA) introduces tax agents' classification feature

The FTA has recently announced that they have introduced a new feature on their website to assist taxpayers in selecting the most suitable tax agent for their industry.

Click [here](#) for more information.

Swiss Federal Council approves protocol to tax treaty with UAE

On 17 May 2023, the Swiss Federal Council adopted a dispatch on the amending protocol, signed on 5 November 2022, to the Switzerland – UAE Income Tax Treaty (2011).

UAE and Chile hold second round of negotiations for Comprehensive Economic Partnership Agreement (CEPA)

According to a recent press release, the second round of negotiations for a CEPA between the UAE and Chile was held in Dubai between 10 to 12 May 2023.

Oman

Oman and Egypt sign income tax treaty and Memorandum of Understanding (MoU)

On 22 May 2023, Oman and Egypt signed an income tax treaty and an MoU for cooperation in areas related to financial policies and development.

Qatar

General Tax Authority (GTA) launches taxation course at Qatar University

GTA, in cooperation with Qatar Financial Center (QFC), recently hosted an event to promote the launch of the new Minor in Taxation course to be offered at Qatar University.

GTA publishes amendments to Executive Regulations (ER)

On 16 May 2023, the GTA published amendments to the ER to Law No. 24 of 2018.

For a detailed discussion on how the above updates may impact your business, [contact us](#).

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