

## Bahrain

### **National Bureau for Revenue (NBR) updates the Imports and Exports VAT Guide**

NBR has recently updated the Imports and Exports VAT guide and released version 1.2. In the updated version, it has been clarified that if the amendment of a customs declaration results in an overpayment of VAT by a VAT registered importer, this excess may be recovered from the NBR as input tax in the VAT return.

NBR has also clarified that persons who are not registered for VAT may make a claim the overpaid amount directly from the NBR.

Click [here](#) to access the updated guide.

### **Nine individuals arrested for tax evasion**

It has been reported that nine people have been arrested in Bahrain after being found guilty of various offenses including import of selective goods without paying appropriate taxes, import and sale of banned herbal materials and operating without a license.

Click [here](#) to read more.

### **Attorney General establishes Tax Evasion Crimes Unit**

On 25 January 2021, the Attorney General has issued an edict establishing a specialized unit called the Tax Evasion Crimes Unit.

The new unit is affiliated with the Financial Crimes and Money Laundering Prosecution, and it will investigate the offenses outlined under the Bahrain VAT Law.

Click [here](#) to read more.

## Kingdom of Saudi Arabia (KSA)

### **General Authority of Zakat and Tax (GAZT) continues inspection of businesses to identify non-compliance with tax obligations**

On 8 February 2021, GAZT reported that it has continued its inspections of businesses to identify non-compliance with tax obligations. In the previous week, more than 3,388 inspection visits were conducted, resulting in the discovery of 505 violations.

GAZT highlighted that a significant number of violations were discovered due to reports received from consumers through official reporting channels.

Click [here](#) to read more (in Arabic).

## **GAZT issues its 2021 Zakat calendar**

On 4 February 2021, GAZT has issued its Zakat calendar for the year 2021.

Click [here](#) to access the calendar (in Arabic).

## **United Arab Emirates (UAE)**

### **Dominican Republic authorizes negotiations for investment protection agreement (IPA) with UAE**

On 8 February 2021, the government of the Dominican Republic authorized the negotiations for signing an investment protection agreement (IPA) with UAE.

### **Federal Tax Authority (FTA) issues a public clarification regarding VAT registration of sole establishments**

On 9 February 2021, the FTA clarified that a natural person owning multiple of sole establishments/sole proprietorships will be eligible to obtain one single tax registration for all of his/her sole establishments rather than multiple registrations (one registration for each establishment separately).

The FTA has also clarified that the above does not apply to a One-Person Company LLC or other similar legal entities, which are seen as distinct and separate legal persons from their owners

Click [here](#) to read more.

## **Qatar**

### **Dominican Republic authorizes negotiations for IPA with Qatar**

On 8 February 2021, the government of the Dominican Republic authorized the negotiations for signing an IPA with Qatar.

## **DID YOU KNOW?**

The deadline for filing the annual Economic Substance (ES) return for Bahrain based entities for the 2020 financial year is 31 March 2021.

Background to the ES rules: The Ministry of Industry, Commerce and Tourism (MoICT) and the Central Bank of Bahrain (CBB) issued a Directive OG/499/2018 (CBB Directive) on 22 November 2018 and a Ministerial Decision no. 106 (MO 106) on 27 December 2018 (collectively 'Economic Substance Rules' or 'ESR') imposing substance requirements for Bahraini entities undertaking geographically mobile activities in, from or through Bahrain. The ES rules apply to entities (corporations, branches and partnerships) that are carrying on one or more of the following relevant activities:

- Distribution and service centre
- Headquarters
- Holding company
- Leasing
- Shipping
- Intellectual property (IP)
- Banks
- Financing companies
- Insurance
- Investment firms (CBB categories 1 & 2)
- Fund administrators

Some of the above activities are regulated by the CBB and therefore need to report to the CBB.

Entities undertaking one or more of the relevant activities must meet the ES tests – prove that have genuine commercial operations and management in Bahrain – and lodge the ES Return within 3 months from the financial year end to the relevant competent authority.

*The above is for general information only and is not intended to address the circumstances of any particular scenario. Please seek professional advice in relation to your particular circumstances.*

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

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### ***Setting up a new business? Expanding or restructuring an existing one?***

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