

Bahrain

130 countries approve historic agreement for international tax rules reform | Will Bahrain introduce a corporate tax?

On 1 July 2021, in a historic agreement, 130 countries approved a statement providing a framework for reform of international tax rules. These countries (including **Bahrain**) are members of the OECD/G20 Inclusive Framework on BEPS, comprising 139 countries. Click [here](#) to read our Tax Alert.

Suspension of online submission of Economic Substance Returns (ESR)

As per the ITIES portal, the National Bureau for Revenue (NBR) has suspended the ESR submission service until further notice and extended the deadline for FY 2020 ESR submission until 31 August 2021.

NBR reminds taxpayers to submit their June/Q2 2021 VAT returns

NBR has reminded taxpayers to submit their monthly (June 2021) or quarterly (Q2 2021) VAT returns, as applicable, and settle their VAT dues latest by 1 August 2021. Click [here](#) to access the announcement.

Bahrain's economic growth rebounds in first quarter

As per the Q1-2021 Bahrain Economic Quarterly Report published by the Ministry of Finance and National Economy, Bahrain's economic growth rebounded in the Q1 2021 as oil prices recovered and activity in the country increased by 1.5% on quarterly and by 0.3% on an annual basis. Click [here](#) to read more.

Kingdom of Saudi Arabia (KSA)

Zakat, Tax and Customs Authority (ZATCA) issues the Customs National Country of Origin Rules for GCC Goods

Following repeated rejections of duty exemption for goods of GCC origin imported into KSA, the Governor of ZATCA has issued local rules governing the determination of the origin of goods imported into KSA. Apart from the common Regional Value Content (RVC) method, the rules of origin also take into account other criteria such as minimum GCC shareholding and nationalization thresholds of the exporting company. Click [here](#) to access the rules and click [here](#) to access the Tax Flash prepared by the KPMG member firm in KSA.

ZATCA successfully prevents attempt of smuggling illegal drugs

On 30 June 2021, ZATCA reported that it has managed to prevent an attempt of smuggling of illegal drugs concealed in a shipment of oranges at Jeddah Islamic Port. Click [here](#) to read more (in Arabic).

Similarly, on 2 July 2021, ZATCA reported that it had also managed to prevent an attempt of smuggling illegal drugs at King Khalid Airport. Click [here](#) to read more (in Arabic).

United Arab Emirates (UAE)

Federal Tax Authority (FTA) publishes VAT guideline for automotive sector

FTA has recently published a VAT guidance for the automotive sector. The guide discusses the VAT implications of certain activities common within the automotive sector, particularly in respect of the sale of cars, the import and export of cars and warranty supplies. Click [here](#) to access it.

UAE issues Mutual Agreement Procedure (MAP)

UAE Ministry of Finance (MoF) has issued MAP guidance for tax treaties on its official website. The guidance is aligned with the Base Erosion and Profit Shifting (BEPS) Action 14 minimum standard. Click [here](#) to access the MAP guidance.

Austria and UAE signs protocol to tax treaty

On 1 July 2021, Austria and UAE signed an amending protocol in Abu Dhabi to update the Austria – UAE income tax treaty of 2003.

Oman

Oman Tax Authority (OTA) issues checklist for VAT return

Further to the recently published VAT return format template, OTA has issued a checklist for taxpayers. As per the OTA, the checklist is a helpful tool for VAT compliance and return filing. Click [here](#) to access the checklist.

OTA emphasizes importance of submitting VAT returns

In a recent announcement, OTA emphasized on the importance of submitting VAT returns on time to avoid penalties. In addition, OTA also highlighted the available materials regarding the VAT return filing. Click [here](#) to access the announcement.

KPMG Tax Insights

With the increasing number of VAT assessment review requests and appeals being submitted by taxpayers in Bahrain, KPMG Bahrain VAT team has prepared a handy and comprehensive flow chart on the Bahrain VAT assessment review and appeals process to help businesses in Bahrain. Click [here](#) to access it.

Invitation to KPMG tax live conversation – 1,000 days of Bahrain VAT

With the Government of Bahrain having introduced VAT from 1 January 2019, we are rapidly arriving at a major milestone to mark 1,000 days of VAT in the Kingdom of Bahrain. This is a critical juncture in the journey, and the laws, policies and processes on VAT has significantly evolved over the period to a level of maturity within the marketplace. With the aim to decode the journey, and help you navigate through the complexity in terms of how it has impacted businesses, and may develop in the future to impact the marketplace; KPMG in Bahrain is conducting a complimentary live webinar on **Wednesday, 14th of July 2021.**

We are very pleased to invite you to a live conversation where our Tax specialists will be covering:

- Latest tax developments in Bahrain
- Common VAT issues
- Oman VAT & its impact on Bahraini entities
- Live Q&A and discussions

[Register now](#)

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?

KPMG can assist with selecting the most suitable legal entity and support you with all required regulatory approvals and licenses. We provide commercially focused regulatory and business advice for organizations to maintain compliance with the Bahrain Commercial Companies Law, Central Bank of Bahrain rulebook, other local regulations and leading industry practices.

Click [here](#) to learn more about KPMG Corporate Services

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