



29 December 2021

## Bahrain

### **VAT rate increase to 10% effective 1 January 2022 with one year transition period**

Following the approval from the Shura Council, on 23 December 2021, HM the King of Bahrain approved Law no (33) for the year 2021 amending Decree-Law no (48) for the year 2018 Regarding Value Added Tax (VAT Law) to increase the standard VAT rate from 5% to 10% effective 1 January 2022. Law no (33) amends certain provisions of the VAT Law and provides for a transition period of one year ending on 31 December 2022. Suppliers will have to charge 5% VAT on standard rated supplies made during this transition period where certain conditions are met.

The Bahrain National Bureau for Revenue (NBR) has released a VAT Rate Change Transitional Provisions Guide and VAT FAQs on the transitional rules. It appears that the transitional rules are mandatory where the conditions are met and not optional similar to when the Kingdom of Saudi Arabia increased the VAT rate in 2020. The Bahrain National Bureau for Revenue (NBR) has released a VAT Rate Change Transitional Provisions Guide and VAT FAQs on the transitional rules (collectively referred to as Transitional Guidance). The transitional rules and FAQs have been summarised by us in our latest [Tax Alert](#).

Click [here](#) to access Law no (33) for the year 2021

Click [here](#) to access the transitional provisions

Click [here](#) to access the FAQs on NBR website

With less than 2 working days left to the VAT rate increase to 10% effective 1 January 2022, business must take steps to ensure they are prepared well before the effective date. For assistance with implementing the VAT rate increase in your business, please [contact us](#).

### **Bahrain Country by Country (CbC) notification and reporting update**

As per the Ministerial Order (MO) No (28) of 2021 dated 3 February 2021, CbC notification and reporting applies to all businesses that have a legal entity or branch in Bahrain and are members of a Multinational Enterprise (MNE) group with annual consolidated revenue of at least BHD342m (USD906m). The MO defines relevant terms such as Multinational Enterprise (MNE) Group, Excluded MNE Group, Constituent Entity (CE), Ultimate Parent Entity (UPE), and Reporting Entity (RE). The new CbC reporting requirements apply to financial years beginning on or after 1 January 2021. As per the MO, for MNE groups with a financial year end of 31 December 2021, the first Bahrain CbC notification deadline is 31 December 2021.

The Bahrain National Bureau for Revenue (NBR) are yet to release any information on the specific requirements for CbC notifications but it is likely to be online through their [International Tax Information Exchange System \(ITIES\) portal](#). The NBR page on CbC reporting still states 'coming soon' – see screen shot below. When you log into the NBR ITIES portal a new [CbC reporting guide](#) is available - however the guide is unclear on whether:

- notifications will still be required for Bahrain CEs of MNE groups headquartered outside Bahrain.
- the deadline for notifications for Bahrain headquartered MNE groups has been extended (under the MO notifications are due 31 December 2021 for FY ending 31 December 2021)

Under the MO the first Bahrain CbC report filing deadline is 31 December 2022 for MNE groups with a financial year end of 31 December 2021.

You can find out more by reading our [FAQs](#) and reviewing this [flowchart](#) on Bahrain CbC filing requirements.

## Kingdom of Saudi Arabia (KSA)

### **General Secretariat of Zakat, Tax and Customs Committees (GSTC) conducts virtual workshops**

In cooperation with Asharqia and Qassim Chambers, GSTC conducted virtual workshops on the work of the General Secretariat of the Zakat, Tax and Customs Committees.

### **GSTC releases guidelines on its electronic services**

GSTC released a guidelines on its electronic services which are intended to facilitate procedures through its group of interactive services.

Click [here](#) to read the guidelines in Arabic

### **Zakat, Tax and Customs Authority (ZATCA) signs a cooperation agreement with the General Directorate of Civil Defense**

ZATCA recently signed a cooperation agreement with the General Directorate of Civil Defense aimed at enhancing cooperation and coordination between through exchange of expertise and experience for achieving common security related goals.

### **ZATCA conducts a virtual workshop on Zakat**

On 28 December 2021, ZATCA conducted a virtual workshop on Zakat which covered the frequently asked questions on Zakat.

## United Arab Emirates (UAE)

### **Federal Tax Authority (FTA) reminds taxpayers to avail penalty relief**

The FTA recently reminded taxpayer to avail the benefit of reduction of penalties. As per Cabinet Decision No. 49 of 2021, taxpayers can avail a reduction up to 30% of the administration penalties that have been already imposed under the original rules.

Click [here](#) to access Cabinet Decision No. 49 of 2021

### **Dubai Customs launches an e-commerce platform**

Dubai Customs recently launched a cross-border e-commerce platform, where the platform shall reduce the administrative burden on B2C e-commerce consignment.

Click [here](#) to access the Customs Notice No. (15/2021)

### **Dubai Customs publishes a notice on personal imports via e-commerce**

Dubai Customs published Notice No. (14.2021) which provides a deferral of Notice No. 9/2021 concerning the exemption threshold of AED 300/- on personal imports via e-commerce.

Click [here](#) to access the Customs Notice No. (14/2021)

### **The FTA shares a number of infographics**

The FTA shared a number of infographics on its social media platforms included the following:

- Procedures followed for the registration service of a manufacturer
- The conditions for the Excise Tax Administrative Exceptions Request Service
- The required documents for VAT refund of goods and services for EXPO 2020

### **The FTA urges all its employees and customers to have a Green Pass on Alhosn application**

The FTA has urged all its employees and customers to have a Green Pass on Alhosn application to be able to visit the FTA's offices or support centers starting from 3 January 2022.

### The Oman Tax Authority (OTA) issues a fee list for issuing tax warehouse licenses

The OTA issued Ministerial Decision No. 339/2021 which includes a list of fees for the issuance of tax warehouse licenses for establishing a tax warehouse or renewal of licenses for a tax warehouse.

Click [here](#) to access Decision No. 339/2021

*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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