

Bahrain & GCC Tax News



11 May 2023

Bahrain

Corporate Income Tax (CIT) on large Multinational Enterprises (MNE)

With the Global Minimum Tax (GMT) rules set to take effect from the beginning of 2024, the question for many Bahrain businesses is what Bahrain will do.

Countries that only have a limited CIT or a CIT below the GMT of 15% will need to make some key decisions:

- Implement the Income Inclusion Rule (IIR) and CIT on all businesses; or
- Implement the IIR and CIT on select businesses.

If Bahrain does nothing, profits generated by companies in Bahrain could be subject to tax in other jurisdictions. In essence, Bahrain will lose out on taxing rights and revenue. For example:

- The Ultimate Parent Entity (UPE) located in Bahrain may still end up paying top-up tax in another jurisdiction on the profits generated locally;
- A UPE in a country that has implemented the IIR with subsidiaries in Bahrain would include and pay the top-up tax in respect to the low taxed Bahrain subsidiaries – Bahrain would then have conceded the tax revenue that may have been generated from profits of the Bahrain subsidiaries to another jurisdiction.

Therefore, given the recent [comment](#) made by the Minister for Sustainable Development at the 2023 World Economic Forum, Bahrain businesses could expect the introduction of CIT, at least in the first instance, on MNEs with annual consolidated revenues exceeding BHD 342 million from financial years commencing 1 January 2024.

This means that a Bahrain-headquartered MNE or a Bahrain subsidiary/branch of a foreign MNE could start paying CIT in Bahrain from FY 2025 onwards (for FY 2024 filing).

The second phase could include a broader CIT on other businesses as well. Whilst no formal announcement has been made yet, we recommend businesses conduct at least a preliminary analysis of the impact the introduction of a CIT will have on them.

You can also read our [FAQs](#) released in August 2021 on the BEPS Inclusive Framework Agreement for a refresher on the GMT.

Kingdom of Saudi Arabia (KSA)

ZATCA issues simplified guideline to deregister Taxpayer Identification Number (TIN)

ZATCA has recently issued a simplified guideline for deregistering TIN.

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

United Arab Emirates (UAE)

Ministry of Finance (MoF) issues ministerial decision on rules for eligible businesses to remain eligible for Corporate Income Tax (CIT) exemption

The MoF has issued Ministerial Decision No. 105 of 2023 for determination of conditions under which a person may continue or cease to be deemed an exempt person.

Click [here](#) to view the Ministerial Decision No. 105 of 2023.

Federal Tax Authority (FTA) updates designated zones registration user manual

The FTA has recently updated the Designated Zones Registration User Manual to assist warehouse keepers navigate the EmaraTax portal.

Click [here](#) to view the updated Designated Zones Registration User Manual.

Qatar

General Tax Authority (GTA) announces meeting with Germany tax authority

On 4 May 2023, the Assistant President for Tax Affairs of the GTA met with members of the German Parliament. They discussed tax issues and ways to enhance the cooperation between the 2 nations.

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

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