

# Bahrain & GCC Tax News



21 September 2023

## Bahrain

### National Bureau for Revenue (NBR) releases new VAT deregistration manual

The NBR has recently released the first version of the VAT deregistration manual for taxpayers in Bahrain.

Click [here](#) to view the deregistration manual.

### NBR conducts 204 inspection visits in August 2023

The NBR has announced that they have successfully conducted 204 inspection visits in the local markets of various governorates during August 2023. These visits have led to detection of several violations and imposition of administrative fines under the VAT and Excise Tax legislations.

### Introduction of Carbon Border Adjustment Mechanism (CBAM) regulation for specified goods

The European Union (EU) has introduced the CBAM regulation which applies to specified imports of goods (identified by their CN code) into the EU within the following 6 emissions-intensive sectors: electricity, iron and steel, cement, aluminum and fertilizers and hydrogen. The CBAM comes into effect on 1 October 2023 with a transitional period that runs until 31 December 2025, during which the obligations of the EU importer shall be limited to reporting obligations. The first quarterly report is due by 31 January 2024.

Bahrain businesses that are exporting CBAM covered goods to the EU should assess the impact that the CBAM regulations will have on their operations.

For a discussion about how CBAM impacts your business, please [contact us](#).

### Bahrain Corporate Income Tax (CIT) – How to calculate ‘taxable income’?

On 23 May 2023, the Bahrain Minister of Finance and National Economy confirmed the introduction of CIT in Bahrain during the weekly parliamentary session. Bahrain is expected to implement a standard CIT regime similar to other jurisdictions. With the UAE implementing CIT from 1 June 2023, we have entered a new era for tax in the region with Bahrain currently being the only GCC country without a broad-based CIT. Given the Bahrain CIT is likely to apply to all commercial activities with limited exclusions, this will be a paradigm shift for Bahrain businesses.

In our latest publication, we have discussed what CIT is, what Bahrain CIT regime may look like and how ‘taxable income’ is calculated based on general principles and CIT laws of some of the other GCC countries.

Click [here](#) to read our latest Tax Insights on Bahrain CIT and calculation of ‘taxable income’.

## Kingdom Saudi Arabia (KSA)

### **Zakat, Tax and Customs Authority (ZATCA) proposes draft Zakat executive regulations**

ZATCA recently announced through a press release on their official website that they have released executive regulations for collecting Zakat on the Istila platform.

Click [here](#) to view the press release (in Arabic).

### **ZATCA announces Memorandum of Understanding (MoU) with South Korea**

On 18 September 2023, ZATCA signed an MoU with South Korea for the mutual recognition of the Authorized Economic Operator program in the 2 countries.

## United Arab Emirates (UAE)

### **Ministry of Finance (MoF) defers implementation of BEPS Pillar 2 rules**

The UAE MoF has announced during the Regional Forum jointly held with the OECD, that UAE will not implement BEPS Pillar 2 rules in 2024. A public consultation is due to be released for the draft rules during Q1 2024.

### **Federal Tax Authority (FTA) introduces reverse charge mechanism (RCM) on supply of electronic devices**

The FTA has recently published Cabinet Decision No. 91 of 2023 to introduce the application of RCM on supply of electronic devices (mobile phones, smart phones, computer devices, tablets and parts thereof).

Click [here](#) to view Cabinet Decision No. 91 of 2023.

### **FTA conducts webinar for CIT registration**

On 19 September 2023, the FTA conducted a webinar in English for providing guidance to businesses on how to register for UAE CIT through the EmaraTax portal.

### **FTA conducts Maskani virtual workshop**

On 18 September 2023, the FTA conducted the Maskani Virtual Workshop on VAT refund on newly built residences for UAE nationals.

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

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