

Bahrain & GCC Tax News



28 September 2023

Bahrain

National Bureau for Revenue (NBR) conducts a VAT implementation workshop

On 25 September 2023, the NBR conducted a VAT implementation virtual workshop to ensure effective implementation by registered and liable taxpayers.

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) announces reduction in withholding tax for technical services

On 12 September 2023, the Ministry of Finance (MoF) published Ministerial Resolution No.25 in their Official Gazette stating ZATCA's approval for the reduction of the withholding tax rate from 15% to 5% on payments for technical or consulting services or international telephone communications services. The amendment comes into effect on 15 September 2023.

Click [here](#) to read Ministerial Resolution No.25 (in Arabic).

ZATCA conducts several awareness workshops around KSA

ZATCA has recently announced through a press release that it held a series of awareness workshops in Riyadh, Jeddah, Al-Khobar, and Al-Madinah al-Munawwarah from 17-20 September 2023 as part of their participation in KSA's law week activities, organized by the General Authority for Small and Medium Enterprises 'Monsha'at'.

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

KSA and Peru express interest in concluding tax treaty and Investment Protection Agreement (IPA)

According to an update dated 22 September 2023, published by the Peruvian Ministry of Foreign Affairs, KSA and Peru expressed their willingness to conclude a tax treaty and an IPA between them, during a recent meeting between officials from the 2 countries.

United Arab Emirates (UAE)

Federal Tax Authority (FTA) to conduct CIT workshop

The FTA has recently announced that they will conduct an in-person workshop in Arabic on 2 October 2023 in Fujairah.

Click [here](#) to register.

Tax treaty update

Several tax treaties between the UAE and other countries have recently come into force:

- On 19 September 2023, the Swiss National Assembly approved the amending protocol to the UAE - Switzerland Income Tax Treaty (2011). The protocol has been sent to the Council of States for further approval.
- A third round of negotiations to revise the UAE - Russia Income Tax Treaty (2011) is scheduled to take place in October 2023.
- On 1 September 2023, the Comprehensive Economic Partnership Agreement (CEPA) between UAE and Indonesia, initially signed on 1 July 2022, entered into force.
- On 24 January 2023, the UAE - Congo Income Tax Treaty (2021) entered into force. The treaty generally applies from 1 January 2024 for withholding taxes and other taxes.
- On 30 August 2023, the IPA between the UAE and Brazil, signed on 15 March 2019, entered into force.
- A virtual first round of negotiations for an agreement on free trade in services and investments between UAE and Belarus was held from 6 to 8 September 2023
- Negotiations for an FTA between UAE and Serbia commenced following the signing of a strategic document in Dubai on the same day.

Oman Tax Authority (OTA) announces plan to introduce VAT e-invoicing

The OTA recently announced through a formal information tender request its plans to introduce e-invoicing for VAT purposes. Based on these plans, e-invoicing will be voluntary for taxable persons from April to September 2024. The e-invoicing system will become mandatory as of October 2024.

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

Mubeen Khadir

Partner - Head of Tax & Corporate Services

T: +973 3222 6811

E: mubeenkhadir@kpmg.Com