

Bahrain & GCC Tax News



09 November 2023

Bahrain

Two local businesses fined over BHD 120,000 for tax evasion

As per local news reports, two business owners in Bahrain have been fined over BHD 120,000 by the Lower Criminal Court for evading excise taxes on e-cigarette cartridges and were ordered to pay the unpaid taxes.

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, 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](#).

KPMG Tax Seminar on the changing tax landscape in Bahrain and the region

On 23 October, KPMG Bahrain's tax team hosted a seminar focusing on the changing tax landscape in Bahrain and the region. Our expert speakers led engaging discussions covering BEPS Pillar 2, e-invoicing, Corporate Income Tax ('CIT'), and transfer pricing. With more than 200 business leaders and finance professionals attending the session, the seminar provided an in-depth discussion on key aspects of the upcoming developments in tax in Bahrain and the region.

Click [here](#) to access the materials presented at the seminar.

Whilst the date of implementation of CIT or e-invoicing in Bahrain has not yet been announced, our seminars are intended to provide Bahrain businesses with insights on leading practice. Businesses that act proactively will be better prepared to deal with the challenges of the rapidly evolving tax landscape.

Kingdom of Saudi Arabia (KSA)

Zakat, Tax and Customs Authority (ZATCA) reminds taxpayers of cancellation of fines and exemption of penalties initiative deadline

ZATCA recently reminded taxpayers through a press release that only two months remain for the cancellation of fines and exemption of penalties initiative, which ends on 31 December 2023.

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

ZATCA reminds taxpayers subject to the Withholding Tax ('WHT') to file their returns by 12 November 2023

Businesses subject to the WHT in KSA are required to submit their tax returns for the month of October 2023 to the ZATCA by 12 November 2023 to avoid a 1% fine for unpaid taxes every 30 days after the due date.

KSA's Council of Ministers authorizes signing of tax treaty with Qatar

On 31 October 2023, KSA's Council of Ministers authorized the signing of an income tax treaty with Qatar.

KSA's Council of Ministers authorizes signing of Investment Protection Agreement (IPA) with Qatar and Mauritania

On 31 October 2023, the Council of Ministers of KSA authorized the signing of two different IPAs with Qatar and Mauritania.

KSA and Hong Kong continue negotiations for IPA

According to a press release dated 31 October 2023, published by the government of Hong Kong, negotiations for an IPA between KSA and Hong Kong are ongoing.

United Arab Emirates (UAE)

Federal Tax Authority (FTA) publishes new CIT guideline

The FTA has recently published the Accounting Standards and Interaction with CIT guide.

Click [here](#) to view the CIT Accounting Standards and Interaction guide (CTGACS1).

Ministry of Finance (MoF) issues Cabinet Decision on qualifying income for free zone persons

The MoF has recently issued Cabinet Decision No. 100 of 2023 on determining qualifying income for qualifying free zone persons for the purposes of Federal Decree-Law No. 47 of 2022.

Click [here](#) to view the MoF's Cabinet Decision No. 100 of 2023.

MoF issues Ministerial Decision on qualifying and excluded CIT activities

The MoF has recently issued Ministerial Decision No. 265 of 2023 on qualifying and excluded activities for the purposes of Federal Decree-Law No. 47 of 2022.

Click [here](#) to view the MoF's Ministerial Decision No. 265 of 2023.

FTA releases decision for additional conditions for Tax Agent registration

The FTA has recently issued Decision No. 14 of 2023 on the additional conditions for a juridical person to be eligible for registration as a Tax Agent.

Click [here](#) to view the FTA's Decision No.14 of 2023.

FTA hosts new CIT awareness workshop for Sharjah businesses

On 7 November, the FTA held a CIT registration webinar for taxpayers in Sharjah.

Protocol to tax treaty between UAE and Ukraine enters into force

On 19 October 2023, the amending protocol to the UAE – Ukraine Income and Capital Tax Treaty (2003), signed on 14 February 2021, entered into force.

Qatar

General Tax Authority (GTA) welcomes China Commissioner of State Tax Administration

HE Ahmed bin Eisa Al-Mohannadi, President of the GTA, received a delegation from China, represented by HE Wang Jun, Commissioner of the State Tax Administration. This visit comes in the context of enhancing cooperation and exchanging tax expertise to serve the tax policies between the two countries.

Kuwait plans to expand application of CIT for all entities

Kuwait has been reported to consider a proposal to expand the application of its 15% CIT rate to all legal entities, with an exemption for small businesses. The potential proposal would be implemented in two phases: phase 1 would be launched in January 2025 and would concern multinational corporations, and phase 2 would start in January 2026 and would concern all legal entities.

Kuwait in discussion with Paraguay for signing a tax treaty

According to a press release (dated 26 October 2023) published by the Government of Paraguay, officials in Kuwait and Paraguay discussed the potential signing of a tax treaty between the two countries in a recent meeting.

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

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