KPMG

Bahrain & GCC Tax News

03 December 2023

Bahrain

The National Bureau for Revenue (NBR) urges businesses in Bahrain to comply with the VAT registration rules

The NBR (through a press release) has requested that all businesses monitor the VAT registration rules and apply for a VAT registration in Bahrain when the threshold of BHD 37,500 is met or exceeded (based on a rolling test). This forms part of NBR's continued efforts in spreading awareness and improving the level of VAT compliance, as the number of taxpayers in Bahrain grew to over 22,800 entities by the end of Q3 2023.

NBR conducts 174 inspection visits in October

As a part of NBR's ongoing efforts to enhance the level of compliance, 174 inspection visits were conducted in the local markets of Bahrain during October 2023. This resulted in reporting 37 violations that are subject to administrative fines under the Bahrain VAT and Excise Tax Laws, and precautionary closing of several businesses.

Gulf Cooperation Council (GCC) and United Kingdom (UK) held fifth round of negotiations for Free Trade Agreement (FTA)

According to a press release dated 20 November 2023 published by the UK Department for Business and Trade, a fifth round of negotiations for an FTA between GCC and UK took place between 5 to 16 November 2023. The sixth round of negotiations is expected to be hosted by the GCC in the first quarter of 2024.

Kingdom of Saudi Arabia (KSA)

Zakat, Tax & Customs Authority (ZATCA) publishes guidelines on transfer pricing rules for transactions between related party zakat taxpayers with legal accounts

On 26 November 2023, ZATCA issued guidelines providing clarification on the zakat treatment of transactions with related parties who maintain legal accounts.

Click here to view the Transactions with Related Parties guide (in Arabic only).

KSA and Mauritania sign Investment Protection Agreement (IPA)

On 10 November 2023, KSA and Mauritania signed an IPA in Riyadh. The agreement provides a set of standards for investors from both jurisdictions.

Council of Ministers approves extension of implementation of tax treaty with France

On 21 November 2023, the KSA Council of Ministers approved the extension of the KSA – France Income, Capital, and Inheritance Tax Treaty (1982), as amended by the 1991 and 2011 protocols.

United Arab Emirates (UAE)

Federal Tax Authority (FTA) publishes CIT related guides

The FTA recently published two guides on the taxation of natural persons and exempt persons for CIT purposes.

Click here to view the Taxation of Natural Persons guide
Click here to view the Exempt Persons guide.

MoF release Cabinet Decision on fees for FTA services

The MoF has recently released Cabinet Decision No. 111 of 2023 on the Fees for the Services Provided by the FTA. The amendments are effective as of 1 December 2023.

Click here to view Cabinet Decision No. 111 of 2023.

FTA issues VAT public clarification 'VATP0035' related to electronic devices

On 2 December 2023, the FTA has published a VAT public clarification clarifying the criteria for determination of parts and pieces of electronic devices.

Click here to view the FTA's most recent VAT public clarification.

UAE introduces top-up tax for multinational companies

On 24 November 2023, the UAE published Federal Decree Law No. 60 of 2023, which amends specific provisions of Federal Decree Law No. 47 of 2022 on CIT for the implementation of a top-up tax for multinational companies covered under BEPS Pillar 2.

Ministry of Finance (MoF) releases Cabinet Decision on amendments to Excise Tax Law

The MoF recently released Cabinet Decision No. 108 of 2023 on the amendments of The Executive Regulation of the Federal Decree-Law No. 7 of 2017 on Excise Tax. The amendments are effective as of 1 December 2023.

Click here to view Cabinet Decision No. 108 of 2023.

Cuba and UAE sign tax treaty and IPA

On 29 November 2023, Cuba and the UAE signed a tax treaty and an IPA in Dubai.

Qatar

Qatar signs tax treaties with both KSA and Kuwait

The Qatari Council of Ministers have recently approved tax treaties with both KSA and Kuwait. The tax treaties aim to prevent double taxation and combat financial evasion concerning taxes on income and capital.

Oman

Russian State Duma approves pending tax treaty with Oman

On 29 November 2023, the Russian State Duma (lower house of parliament) approved the draft law for the ratification of the pending income tax treaty with Oman, which was signed on 8 June 2023.

For a detailed discussion on how the above updates may impact your business, contact us.

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