

Bahrain & GCC Tax News



8 September 2024

Bahrain

Bahrain introduces Domestic Minimum Top-Up Tax (DMTT)

On 1 September 2024, Decree-Law No. (11) of 2024 (DMTT Law) regarding the implementation of tax on Multinational Enterprises (MNEs) located in Bahrain was released.

Bahrain is the first GCC country to implement a DMTT (effective 1 January 2025) aligned with the Organization for Economic Cooperation and Development (OECD) Base Erosion Profit Shifting (BEPS) Pillar Two Inclusive Framework.

Click [here](#) to view the DMTT Law.

Click [here](#) to read our latest Tax Alert outlining the key features of the DMTT Law and an overview of how DMTT is calculated.

Whilst the DMTT Law only applies to large MNEs, we believe this maybe a precursor to the potential introduction of a broad-based Corporate Income Tax (CIT) that applies to other businesses (with a potential carve out for small businesses or at least some form of small business relief in the initial years) similar to the UAE approach. Creation of a level playing field for MNEs and other businesses is important from a strategic perspective for Bahrain to remain a competitive investment hub.

Next steps for Bahrain businesses

- Large MNE groups with a presence in Bahrain should immediately act on getting ready for the DMTT effective 1 January 2025.
- We also strongly recommend that other Bahrain businesses conduct a preliminary analysis of the impact the introduction of a broad-based CIT will have.

National Bureau for Revenue (NBR) updates VAT Real Estate Guide

On 4 September 2024, the NBR published the updated version of the VAT Real Estate Guide (version 1.4). The updated guide provides further clarification on the VAT treatment for rental of retail and promotional stands.

Click [here](#) to view the updated VAT Real Estate Guide.

Bahrain implements the International Monetary Fund's (IMF) Enhanced General Data Dissemination System (e-GDDS)

With the launch of the National Summary Data Page, Bahrain has now implemented a key recommendation of the IMF to publish essential macroeconomic and financial data. The e-GDDS is an IMF initiative for promoting transparency by encouraging countries to voluntarily data for monitoring and analyzing economic performance.

Click [here](#) to read IMF's press release.

Bahrain and Hungary sign Investment Protection Agreement (IPA)

On 4 September 2024, Bahrain and Hungary signed an IPA in Manama.

Kingdom of Saudi Arabia

Zakat, Tax, and Customs Authority (ZATCA) encourages taxpayers to benefit from the extension of the exemption of fines initiative

On 1 September 2024, ZATCA released a press release encouraging taxpayers to benefit from the cancellation of fines and exemption of penalties initiative, which has been extended to 31 December 2024.

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

ZATCA issues new decision on fee for customs services

On 6 September 2024, ZATCA issued a decision regarding fees for customs services. The decision will be implemented on 6 October 2024 and includes a provision for waiver of all customs service fees relating to exports and a reduction on customs service fees for imports.

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

ZATCA continues to conduct tax and zakat workshops

- On 2 September 2024, ZATCA conducted virtual workshops on the tax considerations for duty-free shops and general principles of VAT.
- On 3 September 2024, ZATCA conducted a webinar on the most prominent services provided in the Customs Clearance sector and another on real estate transaction tax.
- On 4 September 2024, ZATCA conducted a webinar on the zakat treatments on the activities of taxpayers.
- On 9 September 2024, ZATCA will conduct a webinar on VAT refund rules for eligible real estate developers.
- On 10 September 2024, ZATCA will conduct a technical webinar on the integration phase of e-invoicing as well as a webinar on the applicable VAT registration rules for individuals.

Click [here](#) for more information and to register for upcoming virtual workshops.

United Arab Emirates

Federal Tax Authority (FTA) reminds juridical persons to submit their Corporate Tax (CT) registration application

The FTA has reminded juridical resident persons with trade licenses issued in July (regardless of the year of issuance), to submit their CT registration application to the FTA by 30 September 2024 to avoid imposition of administrative penalties.

FTA hosts Tax Support initiative workshop

On 3 and 4 September 2024, the FTA hosted a Tax Support initiative workshop at the Abu Dhabi Chamber to address tax queries raised by the public.

FTA conducts CT webinar

On 3 September 2024, the FTA conducted a virtual workshop on CT registration, related deadlines and forming CT groups.

FTA invites taxpayers to workshop on Tax Residency and Commercial Activities Certificates

The FTA will be conducting a virtual workshop on 11 September 2024 highlighting the key procedures for issuing tax certificates.

Kuwait

Kuwait and Hungary initial IPA

On 5 September 2024, Kuwait and Hungary initialed an IPA in Kuwait City, which is now pending signature by both parties.

Qatar

Qatar's General Tax Authority (GTA) hosts 13th meeting of the GCC Committee of Heads and Directors of Tax Departments

- On 2 September 2024, Qatar, represented by the GTA, hosted the 13th meeting of the GCC Committee of Heads and Directors of Tax Departments in Doha.

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

kpmg.com/bh

© 2024 KPMG Fakhro, a Bahrain partnership registered with the Ministry of Industry and Commerce (MOIC), Kingdom of Bahrain and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International. KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.

Throughout this release, "we", "KPMG", "us" and "our" refers to the global organization or to one or more of the member firms of KPMG International Limited ("KPMG International"), each of which is a separate legal entity.

KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm.