

Bahrain & GCC Tax News



22 September 2024

Bahrain

National Bureau for Revenue (NBR) reports 37 new violations from inspection visits conducted during August 2024

The NBR has announced that as part of its ongoing campaign to enhance the level of tax compliance in Bahrain, 157 inspection visits were conducted during August 2024 which have led to detection of 37 VAT related violations. The reported violations were related to non-compliance with VAT invoicing rules, failure to display VAT inclusive prices, and failure to display the VAT certificate in a visible location.

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

China seeks to expedite negotiations for a free trade agreement with the Gulf Cooperation Council (GCC)

According to a press release dated 11 September 2024, China expressed its desire to expedite the negotiation for a free trade agreement with the GCC in a meeting held recently in Riyadh.

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.

Kingdom of Saudi Arabia

Zakat, Tax and Customs Authority (ZATCA) continues to conduct tax and zakat workshops

- On 18 September 2024, ZATCA conducted virtual workshops on bonded zones, income tax and withholding tax for foreign companies, and taxpayer rights and responsibilities.
- On 19 September 2024, ZATCA conducted a technical workshop on the integration phase of e-invoicing.

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

United Arab Emirates (UAE)

UAE and Australia conclude negotiations for a Comprehensive Economic Partnership Agreement (CEPA)

On 17 September 2024, the UAE and Australia concluded negotiations for a CEPA. Both countries are now working to formalize the legal treaty for signing later this year.

Federal Tax Authority (FTA) continues to conduct tax awareness workshops

- On 17 September 2024, the FTA conducted a virtual workshop on Corporate Tax (CT) registration, related deadlines and forming CT groups.
- On 18 September 2024, the FTA conducted a virtual workshop on tax residency & commercial activities certificates.
- On 23 September 2023, the FTA will be conducting a virtual workshop in collaboration with Khalifa Fund for Enterprise Development on the basics of VAT.
- On 24 September 2024, the FTA will be holding a workshop on Tax Compliance Challenges at the Abu Dhabi Chamber headquarters.

Qatar

Estonia ratifies tax treaty with Qatar

The President of Estonia recently ratified the Estonia – Qatar Income Tax Treaty (2024), by way of Decision No. 456, as published in the Official Gazette on 20 September 2024.

Kuwait

Kuwait joins Union of Tax Authorities in Islamic countries

According to a recent press release, Kuwait has recently joined the Union of Tax Authorities in Islamic countries, as confirmed by the issuance of Decree-Law No. 99 of 2024.

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

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