

Bahrain & GCC Tax News



09 March 2025

Bahrain

Government proposes 12-point plan to boost Bahrain's economy

In the initial draft of the 2025-2026 budget presented before the parliament, the Ministry of Finance and National Economy has proposed a 12-point action plan to achieve budget surplus and for boosting Bahrain's financial stability.

Among other proposals, the 12-point plan included the following key tax proposals:

- Introduction of a broad-based Corporate Income Tax (CIT)
- Potential VAT rate increase
- Potential expansion of excise tax scope

We strongly recommend that Bahrain businesses conduct a preliminary analysis of the impact the introduction of a broad-based CIT will have. Businesses that act proactively will be better prepared to deal with the challenges of the rapidly evolving tax landscape.

National Bureau for Revenue (NBR) initiates criminal proceedings against perfume shops for tax evasion

The NBR has recently initiated criminal proceedings against several perfume shops in Bahrain, for evading taxes. According to local news reports, these shops were found in violation of the VAT and Excise Tax Regulations. As part of the enforcement plan, the shops have been closed on a precautionary basis.

Domestic Minimum Top-Up Tax (DMTT) registration update

Many in-scope MNE groups with Bahrain operations were able to submit their DMTT registration applications successfully within the deadline of 30 January 2025. Their applications are currently being reviewed by the NBR, and applicants must monitor any further information or clarification requests from the NBR in relation to their applications.

MNE groups that have not been able to submit their DMTT registration application within the deadline should do so immediately to minimize the risk of penalties to the extent possible.

For any queries or assistance in relation to the DMTT registrations, please [contact us](#).

Kingdom of Saudi Arabia (KSA)

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

In a recent press release, ZATCA has encouraged taxpayers to benefit from the cancellation of fines and exemption of penalties initiative, which has been extended to 30 June 2025.

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

ZATCA conducts tax and zakat workshops

- On 10 March 2025, ZATCA will conduct a virtual workshop on the Modification of Activity Result for Zakat purposes.
- On 12 March 2025, ZATCA will conduct virtual workshops on the Zakat Procedures in the Implementing Regulations for Zakat Collection (1445H), and on Phase Two of e-invoicing (Integration Phase).

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

United Arab Emirates (UAE)

UAE's Ministry of Finance (MoF) publishes Frequently Asked Questions (FAQs) on DMTT

The MoF has recently published a list of FAQs to provide further clarity on the UAE's DMTT.

Click [here](#) to view the relevant FAQs.

Federal Tax Authority (FTA) issues decision on issuing clarifications and directives

On 3 March 2025, the FTA published Decision No. 2 of 2025 regarding the FTA's policy on issuance of clarifications and directives.

Click [here](#) to view the decision.

UAE and Japan continue negotiations for a Comprehensive Economic Partnership Agreement (CEPA)

A second round of negotiations for a CEPA between the UAE and Japan was held in Dubai from 24 to 26 February 2025.

FTA urges taxpayers to update their tax records

The FTA has recently reminded taxpayers to take advantage of the grace period to avoid future amendment penalties by updating their tax records through the EmaraTax platform by 31 March 2025.

FTA conducts workshop on corporate tax registration process for natural persons

On 5 March 2025, the FTA conducted a virtual workshop on the corporate tax registration process for natural persons.

Oman

Tax treaty updates

On 3 March 2025, Oman ratified its tax treaties with Cyprus and Tanzania.

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

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