Bahrain & GCC Tax News

9 February 2025

Bahrain

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 National Bureau for Revenue (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.

Unlocking global opportunities: Strategic tax responses and business restructurings in the era of Pillar Two

The Fit for Pillar Two series aim to help tax teams of MNE groups within the scope of Pillar Two prepare for the upcoming wave of international tax changes. In this series, Christian Athanasoulas, the Global Head of International Tax and M&A Tax at KPMG International and Tax Practice Leader – Services at KPMG in the US provides his insights and draws on experiences from professionals across KPMG member firms worldwide.

The second article in the Fit for Pillar Two series explores how MNE groups can seize global opportunities by implementing strategic tax responses and business restructurings that are fit for the evolving landscape shaped by Pillar Two.

Click here to access the publication.

Tax treaty update

On 4 February 2025, the Council of Representatives approved the Bahrain – Guernsey income tax treaty (2024). The treaty has now been sent to the Shura Council for further approval.

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 issues bulletin on the application of Withholding Tax (WHT) under Double Tax Avoidance Agreements (DTAAs)

In January 2025, ZATCA released a tax bulletin providing explanation and guidance on the application of WHT under DTAAs signed between KSA and other countries.

Click here to access the Tax Alert prepared by KPMG KSA.

ZATCA conducts tax and zakat workshops

- On 10 February 2025, ZATCA will conduct a virtual workshop on the regulations for import of vehicles by individuals.
- On 11 February 2025, ZATCA will conduct a virtual workshop on phase two of e-invoicing (integration phase).
- On 12 February 2025, ZATCA will conduct virtual workshops on phase two of e-invoicing (integration phase), submission of zakat returns, and on the modification of activity for zakat purposes.

Click here to register for upcoming virtual workshops.

Tax treaty update

On 1 January 2025, the income and capital tax treaty between KSA and Mauritania (2018) entered into force and applies from 1 January 2026 for WHT and other taxes.

United Arab Emirates (UAE)

Ministry of Finance (MoF) launches public consultation on the e-invoicing framework

On 5 February 2025, the UAE MoF initiated a public consultation to gather feedback from stakeholders on the proposed elements of the UAE e-invoicing framework. The public consultation, which is open until 27 February 2025, outlines the key data elements, fields, and attributes for the most used invoice types in the UAE.

Click here to view the consultation paper.

UAE releases DMTT legislation

On 6 February 2025, UAE's MoF released the legislation introducing a DMTT in line with the OECD's BEPS Pillar Two for MNEs effective January 2025, through the publication of Cases, Provisions, Conditions, Rules, Controls, and Procedures on the Imposition of Top-up Tax on Multinational Enterprises.

Federal Tax Authority (FTA) publishes Corporate Tax (CT) guide on Transfer Pricing (TP) in Arabic

On 5 February 2025, the FTA published the Arabic version of the TP Guide for CT purposes.

Click here to view the guide (in Arabic).

Tax treaty update

On 3 February 2025, the UAE Cabinet approved income tax treaties signed in 2024 with Kuwait and Qatar.

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

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