

Bahrain & GCC Tax News



26 October 2022

Bahrain

Economic Substance (ES) return for FY 2021 to be submitted by 11 November 2022

In a letter addressed to all entities regulated by the Ministry of Industry and Commerce (MOIC), the MOIC has announced that entities conducting one or more relevant activities for ES purposes will be required to file their ES return for FY 2021 by 11 November 2022. With less than a month available for the filing, Businesses in Bahrain should review the activities undertaken by them (both in form and substance) to confirm if they are carrying out a relevant activity under the Bahrain ES rules and assess whether they will need to file an ES return.

The MOIC has clarified that entities that have already filed their FY21 ES return and have either received an ES related violation or request for further information through the ITIES portal will be required to resubmit their ES return for FY21 by 11 November 2022.

We have the largest and most experienced team handling ES return engagements in Bahrain. If you require assistance with ES return filing [contact us](#).

National Bureau for Revenue (NBR) extends Digital Stamps Scheme to waterpipe tobacco

The NBR has recently announced that the Digital Stamps Scheme will be extended to waterpipe tobacco products following successful completion of the first phase of the Digital Stamps Scheme.

NBR reminds taxpayers about VAT Tourist Refund Scheme

The NBR has recently sent an email to registered taxpayers in Bahrain informing them that Planet Tax Free is the internationally accredited organization operating the VAT Tourist Refund Scheme in Bahrain.

Businesses supplying goods eligible for VAT refund may register for the VAT Tourist Refund Scheme services by following this [link](#).

Information and eGovernment Authority (IGA) issues foreign trade report for Q3 2022

According to the recent IGA foreign trade report, Bahrain's exports have increased by 9% in Q3 2022 compared to Q3 2021 - reaching approximately BHD 1.5 billion in value.

Kingdom of Saudi Arabia (KSA)

Zakat, Tax, and Customs Authority (ZATCA) Governor meets with Estonian Ambassador to KSA

HE Suhail Abanmi, the Governor of ZATCA, recently met with the non-resident Ambassador of the Republic of Estonia to the KSA, HE Jan Reinhold, in which they discussed topics of mutual interest and ways to enhance cooperation between the two countries.

ZATCA reminds taxpayers about second phase of e-invoicing implementation

ZATCA has recently reminded taxpayers about implementation of the second phase of e-invoicing in KSA, which will come into effect on 1 January 2023.

Click [here](#) to view the press release (in Arabic only).

ZATCA releases updated VAT guide for mortgage insurance portfolios

ZATCA has recently updated the VAT guide on mortgage insurance portfolios.

Click [here](#) to view the guide (in Arabic only).

United Arab Emirates (UAE)

Federal Tax Authority (FTA) publishes amended UAE VAT Law

The FTA has recently published the amended Federal Decree-Law No. 8 of 2017 (UAE VAT Law). The amendments will come into force on 1 January 2023. Some of the key amendments include:

- Extension of statute of limitation in cases where the FTA has issued a notice to audit the taxpayer.
- Amendment to provisions for determining the date of supply in special cases.
- Amendment to rules for determining place of supply of services in special cases.
- Amendment to rules for determining value of supply in case of related party transactions which may also classify as deemed supplies.
- Amendments to provisions for applying domestic reverse charge on pure hydrocarbons.
- Amendments to provisions for adjustment of output VAT in case of change in VAT treatment.

Our colleagues at KPMG UAE are currently preparing a detailed analysis of the amendments which will be shared soon.

Cabinet Decision issued on new criteria for determining tax residency

The UAE has recently issued Cabinet Decision No. 85 of 2022 dated 2 September 2022, setting out the new criteria for determining tax residency as a tax resident for legal and natural persons.

UAE tax treaty updates

- The UAE Cabinet approves the Double Tax Treaty (DTT) between Kuwait and the UAE
- The Chile – UAE DTT (2017) has entered into force
- Gabon ratify their DTT (2017) with the UAE
- UAE and Jamaica sign DTT after authorization from the UAE Cabinet
- The Czech Republic has authorized signing of new DTT with the UAE

Qatar

General Tax Authority (GTA) announces completion of clearance procedures for first shipment of goods bearing digital tax stamps

The GTA has recently announced on social media platforms that tax and customs procedures for the first shipment of excise goods bearing digital tax stamps have been successfully completed.

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

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