



GCC Tax & Regulatory Communique July 2025



UAE Tax and Regulatory Updates

Depreciation Adjustments for Investment Properties Held at Fair Value

On July 18, 2025, the UAE Ministry of Finance has issued a new Ministerial Decision providing clarity on depreciation deductions for investment properties held at fair value. This welcome clarification for Taxpayers holding Investment Properties (IP) at fair value under IFRS. Businesses opting for the realization basis must now carefully compute depreciation deductions in line with the new rules. Earlier, Taxpayers were not allowed to deduct depreciation on Investment Properties (IP) if the realisation basis is chosen. However, with the issuance of this new Ministerial Decision, Taxpayers who elect the realization basis can now deduct depreciation on such IP from their taxable income. **The deduction will be lower of the tax written down value of:**

The investment property or 4% of the original cost of IP, for each 12-month tax period,

OR

A prorated amount if the tax period is shorter/ longer than 12 months, or if the property was held only for part of the tax period.

Tax Treatment at the Time of Realisation of IP:

Upon realisation of IP, **the Taxable Income of the relevant Taxable Person must be increased by the total tax depreciation, or proportionately in case of partial realisation, previously claimed.**

The events of realisation and their timing of taxation are provided hereunder:

Event	Timing of Taxation
Sale, disposal, transfer, derecognition, or complete worthlessness under applicable accounting standards.	Tax Period in which the relevant event occurs
Change in accounting policy for IP from fair value to cost method	
Cessation of the business or business activity, by way of dissolution, liquidation or otherwise	
The Taxable Person becoming an Exempt Person or opts for SBR	Last Tax Period prior to occurrence of event

UAE Private Clarification Procedures Guide

On July 25, 2025, the UAE Federal Tax Authority (FTA) issued significant updates to its Private Clarification Procedures Guide, effective immediately. These updates refine the process and eligibility criteria for obtaining Private Clarifications across Excise Tax, Value Added Tax (VAT), and Corporate Tax (CT). Below are the key highlights:

The updated guide now fully incorporates and expands upon FTA Decision No. 2 of 2025, offering practical insights into its application, particularly around eligibility criteria.

Clarification Requests on Pillar Two (GloBE Rules)- A notable addition is the inclusion of clarification requests related to the OECD/G20 Pillar Two Global Anti-Base Erosion (GloBE) rules. This enables multinational enterprises (MNEs) to seek formal guidance on the imposition of top-up taxes and related compliance matters under the UAE's evolving international tax framework. The date when the formal guidance for seeking clarification regarding the imposition of top-up taxes from FTA is yet to be notified.

Updated Timeline for Issuing Clarifications-The FTA has revised the timeframe for responding to Private Clarification requests to 60 business days.

The revised Guide now differentiates between requests that will be automatically rejected and those that may be discretionarily rejected, offering taxpayers more clarity on when and why a request may not be processed.

New Glossary of Common Terms: To assist taxpayers, especially those less familiar with technical tax language, a glossary of frequently used terms has been introduced.

FTA Publishes Public Clarification on Natural Shortage of Excise Goods

On July 17, 2025, the UAE FTA released Public Clarification EXTP011, offering much-anticipated guidance on how to treat natural shortages of excise goods within Designated Zones (DZs) under the UAE Excise Tax regime. Effective July 1, 2025, this clarification addresses key compliance questions under the Excise Tax Law and the recently issued FTA Decision No. 6 of 2025, which outlines the standards, procedures, and controls for handling shortages in DZs due to the natural characteristics of excise goods. Ordinarily, any shortage of excise goods discovered within a DZ, whether during storage, transfer, or production, is presumed to constitute a "release for consumption," thereby triggering an excise tax liability. However, EXTP011 introduces a critical distinction, which states that if a shortage is attributable to the inherent nature of the goods, such as evaporation, moisture loss, or residue left in containers or machinery, and specific conditions are satisfied, the goods will not be considered released for consumption and will not be subject to excise tax. To benefit from this exemption, the following criteria must be met:

- The loss must be inherent to the nature of the excise goods, beyond the control of the taxable person, and not capable of being released for consumption.
- The taxable person or warehouse keeper must obtain a report from an FTA-approved Independent Competent Entity verifying the acceptable rate of natural loss.
- A declaration must be filed via EmaraTax, and the declared shortage must not exceed the rate confirmed in the report.
- All relevant documentation must be retained and presented upon FTA request.
- The FTA has included detailed examples and scenarios in EXTP011 to help excise taxpayers understand how the rules apply in practice, particularly those operating in UAE Designated Zones.



Bahrain Tax and Regulatory updates

Bahrain issued Quarterly advance payments under DMTT regime

Bahrain's tax authorities have issued a detailed manual outlining the procedures for the quarterly advance payments under the Domestic Minimum Top-up Tax (DMTT) regime. The Filing Constituent Entity (CE) of a Multinational Enterprise (MNE) Group in Bahrain is responsible for settling its DMTT liability through quarterly advance payments over the course of the year. However, the administrative manual clarifies that MNE Groups electing to apply specific DMTT relief measures, such as the transitional Country-by-Country Reporting (CbCR) safe harbour, the de minimis exclusion, or the initial phase of international activity exclusion, are not required to declare or remit advance payments as the DMTT liability is deemed to be NIL.



International Tax updates

Vietnam's Parliament Enacted a New Corporate Income Tax Law Effective 1st October 2025

Vietnam's Parliament enacted a new corporate income tax law effective 1 October 2025, with key provisions including:

- Deemed Permanent Establishment (PE):
 - Foreign enterprises conducting business through e-commerce or digital platforms in Vietnam will be deemed to have a PE, even without physical presence. Such enterprises will be taxable on:
 - Income generated outside Vietnam that relates to the PE, and
 - All income generated in Vietnam, whether related or unrelated to the PE.
 - Foreign enterprises without a PE are taxable only on income generated in Vietnam.
 - The deemed PE rule applies for domestic law purposes only and does not override Vietnam's double tax treaties.

- Capital Gains Tax for Non-Resident Shareholders new law introduces a deemed corporate income tax rate of 2% on gross sale proceeds from sales of shares in Vietnamese non-public joint stock companies or limited liability companies.
 - Previously, tax was levied on the gain (sale price minus cost base).
 - The 2% rate applies to both direct and indirect transfers, but the draft decree does not specify how to allocate the portion related to Vietnamese shares in indirect transfers where the shares are part of a broader asset pool.

Tax Treaty and International Agreement Developments

July 2025 showed several updates regarding Double Tax Treaties (DTTs) as well as other international agreements across the GCC countries:

- On July 4, 2025, Luxembourg ratified the Luxembourg–Oman Income and Capital Tax Treaty (2024), as published in the Official Gazette on 7th July 2025; the treaty will enter into force following reciprocal procedures in Oman.
- On July 7, 2025, Russian President Vladimir Putin signed Law No. 189-FZ, ratifying the revised UAE–Russia Income and Capital Tax Treaty (2025). This updated agreement will replace the previous 2011 treaty, introducing changes that reflect a modernized approach to cross-border taxation, capital flows, and alignment with international tax standards.
- On July 9, 2025, Azerbaijan and the United Arab Emirates (UAE) signed a comprehensive economic partnership agreement (CEPA) in Abu Dhabi (UAE) to strengthen bilateral trade and investment relations.
- On July 10, 2025, the Chad Senate formally ratified the 2018 tax treaty with the UAE, marking another milestone in the country’s ongoing effort to diversify its treaty partnerships and reinforce its global economic positioning.
- On July 14, 2025, Oman and the Philippines agreed to accelerate negotiations on both a tax treaty and an investment protection agreement, following bilateral discussions held in Manila (Philippines).
- On July 18, 2025, the Russia–UAE Income and Capital Tax Treaty (2025) officially entered into force and will apply from 1 January 2026, replacing the previous 2011 treaty.

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**A UAE Corporate Tax
 FAQs Platform**

As a part of our commitment to keeping you informed on the latest tax developments in the region, **we are excited to announce the launch of**



UAE CT FAQs

a dedicated platform for professionals and business owners to discuss and stay up to date with all things Corporate Tax in the UAE.

Whether you're navigating new tax regulations, understanding filing procedures, or seeking clarity on recent legislative changes, UAE CT FAQs offers a trusted space to:

- Ask questions and get answers from tax experts.
- Stay updated with the latest Corporate Tax developments.
- Share knowledge and learn from a community of professionals.

We invite you to explore this new platform and connect with like-minded peers to ensure your business stays compliant and informed.



As pioneers of strategic & multi-service business solutions in the region, we are committed to making advisory simple and accessible through highly bespoke services, industry-leading expertise, and cutting-edge technologies. Our core emphasis is educating clients, thereby empowering them to make informed decisions.

FAME Advisory is headed by Mr. Nirav Shah with the sole ambition of providing clients with better corporate governance, compliance & investment prospects in the local and global markets. His noteworthy organizational skills have immensely contributed to the success of the company. Taking complete responsibility in the matters of the company, adopting a personal approach to business, building trust among the clients reflects on his remarkable business acumen.

200+

Projects
Executed

100+

Companies
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25+

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To be the region's first choice for business and tax advisory.



Mission

As pioneers of Business and Tax Advisory & Family Services in the region, we are committed to making consulting simple and accessible through a highly customer-centric approach, industry-leading expertise and cutting-edge technologies with core emphasis on educating clients thereby empowering them to make an informed decision.

Our Team

Mr. Nirav Shah

Director at FAME Advisory

With over two decades of experience in corporate advisory, consultancy, and compliance, CA Nirav Shah is a qualified Chartered Accountant and a stalwart in the industry, being recognized as amongst the top corporate structuring, international tax, and compliance experts in the UAE, India, and other countries.

For more than 15 years, Mr. Nirav has had a distinguished journey consulting global clients on Corporate Structures and Governance and family asset holding structures and has served as a specialist in providing strategic inputs to organizations.





Udit Chokshi

Senior Manager VAT and Compliance Services

Udit has been working with FAME Advisory since 2014 & has been entrusted with the responsibility of the Corporate Training division for the company. He supervises a team of 6 & has a proven track record of managing 40 plus VAT Returns monthly with his team.

During his career, Udit has held a pivotal role in executing training projects for the company with a result-oriented approach while building high-performance teams & collaborating across departments.



Hemang Agravat

Senior Manager Corporate Services

As a Business Development Manager at FAME, Hemang has had a long professional career with a focus on growing the company's client base.

He holds a successful track record of nurturing clients & has been instrumental in building high-performing teams. He specializes in building programs that add value to the client relationships. Hemang brings in a wealth of experience bridging the gap between Sales & Advisory teams.



Juned Halai

Manager Corporate Tax Services

With enriched experience in Corporate Tax at FAME, CA Juned Halai, provides strategic tax advisory services to a diverse portfolio of domestic and international clients. Specializing in tax planning, he has a proven track record of optimizing tax liabilities and enhancing client profitability.

Skilled in navigating complex regulatory frameworks, he offers expert tax guidance to multinational corporations and local businesses across the UAE and GCC region, ensuring compliance while maximizing tax efficiency.

He is actively engaged with international clients to provide expert advice on various international tax issues.

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