



# **GCC Tax & Regulatory Communique**

## **September 2025**



## UAE Tax and Regulatory Updates

### Ministerial Decision No. 229 of 2025 on Qualifying Activities and Excluded Activities

The recently issued Ministerial Decision No. 229 of 2025 brings some important updates on what is a Qualifying Activity for Qualifying Free Zone Persons (QFZPs), especially when it comes to commodity trading. The key highlights of the new decisions are outline below:-

**Trading of Qualifying Commodities:-**The earlier definition is now broadened and clarifies the scope of the trading of Qualifying Commodities by removing the term “in raw form” and instead allowing the trading of metals, minerals, industrial chemicals, energy and agricultural commodities and Associated By-products, provided that a Quoted Price for such commodities exists. A quoted price refers to a price published by a Recognised Commodity Exchange Market or a Recognised Price Reporting Agency, as listed under Ministerial Decision No. 230 of 2025. Now, Trading of Qualifying Commodities means:-

- Physical trading of Qualifying Commodities.
- Associated financial derivatives trading used to hedge risks from such activities.
- Associated structured commodity financing activity. Provided this activity cannot be conducted by a Qualifying Free Zone Person if revenue from distribution, warehousing, logistics, or inventory management functions is 51% or more of their revenue for the relevant tax period.

**Distribution of Goods from Designated Zone:-**Distribution of goods/materials in or from Designated Zones (DZs) will be treated as a qualifying activity, including when involving Public Benefit Entities (PBEs). For qualification, distribution should be either to customers who will resell the goods or to a PBE.

**Treasury & Financing Services:-**This has been broadened to cover treasury and financing services to Related Parties or for its own account.

**Reinsurance Services and Insurance Activities-**Under recent updates, it has been now regulated under Federal Decree-Law No. 48 of 2023.

**Finance & Leasing (Excluded Activities)-**In the recent decision, the scope has been updated to include paragraph (c) as well - 'Trading of Qualifying Commodities' so that finance and leasing activities are now excluded without prejudice to the Qualifying Activities specified in paragraphs (c), (e), (j), and (k) of Clause (1) of this Article.

**This decision applies retroactively from June 1, 2023.**

Please refer to our separate communication in this regard for further details.

## Ministerial Decision No. 230 of 2025 on Recognised Price Reporting Agencies

The list attached to Ministerial Decision No. 230 of 2025 on Determination of Recognised Price Reporting Agencies include the following:-

- S&P Global Commodity Insights (Platts & Fertecon)
- Argus Media
- ICIS (Independent Commodity Intelligence Services)
- OPIS (Oil Price Information Service)
- RIM Intelligence
- CRU Group
- Quantum Commodity Intelligence
- Fastmarkets
- General Index
- ICE (Intercontinental Exchange)
- MONTEL Spark Commodities
- Expana

## FTA Decision on Audited Special Purpose Financial Statements for Tax Groups

The UAE Federal Tax Authority (FTA) had issued Decision No. 7 of 2025, outlining the requirements for preparing and maintaining audited special purpose financial statements for tax groups. **This Decision applies to all tax groups formed under the UAE Corporate Tax Law for tax periods beginning on or after 1 January 2025.** It mandates that tax groups must prepare and maintain audited aggregated financial statements for each tax period, in accordance with a special purpose framework.

## Definition of Aggregated Financial Statements

- Aggregated Financial Statements (FSs) are defined as “Financial Statements prepared on the basis of the aggregation of the standalone Financial Statements of the Parent Company and each Subsidiary that is a member of the Tax Group. Each group member’s standalone financial statements are combined annually, and intra-group transactions are eliminated.

## Framework for Aggregated Financial Statements

- FSs of members within the Tax Group must be aggregated based on the standalone FSs of the members of the Tax Group, ensuring intra-group transactions are eliminated. However, transactions and FSs involving entities outside the Tax Group should neither be aggregated nor eliminated.
- Aggregated FSs must comply with IFRS or IFRS for SMEs and should maintain uniform accounting policies across entities.
- Investments in subsidiaries, joint ventures, and associates not within the tax group must be carried at cost less impairment.

# FTA Public Clarification on Audited Aggregated Financial Statements for Tax Group

The UAE FTA issued Public Clarification CTP007, expanding on FTA Decision No. 7 of 2025 regarding financial statement and audit requirements for tax groups. The public clarification expands on the guidance to ensure consistent application of the AFS framework by taxpayers. The clarification outlines the below:-

- ▶ AFS must include the following:-
  - Aggregated statement of financial position.
  - Aggregated statement of profit or loss.
  - Aggregated statement of other comprehensive income.
  - Aggregated statement of changes in equity

Comparative figures for the preceding tax period must be presented, except for the first tax period in which the Tax Group is formed. Explanatory notes should support the figures presented in the AFS and be prepared in accordance with IAS 1 – Presentation of Financial Statements.

From 1 January 2025 onwards, all Tax Groups must prepare and maintain AFS, regardless of revenue thresholds. The audit must comply with International Standards on Auditing for special purpose frameworks, and the audited AFS must be submitted to the FTA at the time of filing the tax return.

## FTA Publishes Public Clarification on Tiered-Volumetric Excise Tax for Sweetened Drinks

On September 11, 2025, the FTA released Public Clarification EXTP012, providing guidance on the upcoming tiered-volumetric model for calculating Excise Tax on sweetened drinks in the UAE, which is expected to take effect from January 1, 2026. The Excise Tax calculation will shift from the current ad valorem system (based on retail price) to a tiered-volumetric model, determined by the quantity of sugar and sweeteners per 100 ml (with artificial sweeteners excluded from the sugar count). The proposed bands are:

- High sugar:  $\geq 8\text{g}/100\text{ml}$
  - Moderate sugar:  $\geq 5\text{g}$  and  $< 8\text{g}/100\text{ml}$
  - Low sugar:  $< 5\text{g}/100\text{ml}$
  - Artificially sweetened only: containing no natural or added sugar
- ▶ The applicable duty rates for each band will be issued in a forthcoming Cabinet Decision.

The taxable persons must register (or update) products on the Excise Goods portal, supported by a laboratory report confirming: -

- The presence (or absence) of added/other/artificial sweeteners, and
- The total sugar content.
- The Ministry of Industry and Advanced Technology (MOIAT) will publish a list of accredited laboratories authorized to conduct such testing.

## FTA Publishes Public Clarification on Tiered-Volumetric Excise Tax for Sweetened Drinks

On September 19, 2025, the UAE-FTA issued Public Clarification CTP008, setting out guidance on the Corporate Tax (CIT) treatment of family wealth management structures in the UAE. This clarification is significant as it directly addresses the CIT implications for vehicles commonly used in family succession and wealth planning, including family foundations, holding companies, special purpose vehicles (SPVs), and single- or multi-family offices. Key highlights from Public Clarification CTP008 include:-

**Family foundations and transparency**-Family foundations and similar entities may apply to be treated as tax-transparent under Article 17 of the UAE CIT Law and Article 5 of Ministerial Decision No. 261 of 2024, provided certain conditions are met. This ensures such entities are not taxed as separate legal persons, allowing income to flow directly to the beneficiaries, and if structured well, the income will remain untaxed in the hands of beneficiaries (assuming they are tax resident in the UAE).

**Holding companies and SPVs**-The FTA confirms that holding companies and potentially their SPVs wholly owned by a tax-transparent foundation may themselves apply for transparency.

**Family offices**-Single- and multi-family offices established as legal entities are treated as taxable persons and subject to CIT on all income, including management fees. However, where they operate in a UAE Free Zone and provide regulated wealth or investment management services, they may qualify for the 0% Free Zone CIT regime.

**Family members**-Distributions to family members are not taxed where they qualify as personal investment income or real estate investment income. Conversely, income from commercial business activities becomes taxable if it exceeds AED 1 million per year.

# UAE FTA Issues Public Clarification on Transitional Relief Real Estate Developers

On September 26, 2025, the UAE Federal Tax Authority (FTA) released Public Clarification CTP009, providing detailed guidance on the application of the valuation method as outlined in Ministerial Decision No. 120 of 2023. The rules apply to real estate developers selling off plan properties when disposing of Qualifying Immovable Property (QIP). The clarification is particularly relevant for developers with projects where sales are recognized under IFRS 15, as it explains how gains attributable to the pre-CIT ownership period are excluded from taxable income. The public clarification outlines the below:-

## 1. Scope of application

The rules apply to properties that meet the definition of QIP under Article 2(1) of Ministerial Decision No. 120. For developers, this may cover entire projects or specific units, depending on the accounting recognition under IFRS or IFRS for SMEs. Importantly, whether the property is classified as a fixed asset or inventory does not affect eligibility.

## 2. Disposal or deemed disposal

Revenue recognition under IFRS 15 constitutes a “disposal” for CIT purposes. For off-plan sales, even if contracts were signed before the first Tax Period, the disposal is deemed to occur in the period(s) when revenue and associated costs (e.g., land and construction) are recognized.

## 3. Treatment of ongoing projects

Projects already under construction before the first Tax Period may qualify in full, whereas only the land element qualifies if construction began later. Any profits recognized before the first Tax Period are excluded. Valuations must reflect the degree of completion and exclude non-sale elements.

# FTA Publishes Public Clarification on Tiered-Volumetric Excise Tax for Sweetened Drinks

On 29th September 2025, the UAE Ministry of Finance took a big step forward in reshaping how businesses handle tax compliance. Two new decisions were issued:

- ▶ Ministerial Decision No. 243 of 2025, which sets out the rules, scope, definitions, and obligations of the new system.
- ▶ Ministerial Decision No. 244 of 2025, which provides the phased rollout plan, timelines, and compliance requirements.

## Scope of E-Invoicing

- ▶ The decisions make it clear that e-invoicing will apply broadly:
  - All VAT-registered businesses in the UAE will eventually be required to issue e-invoices for their taxable supplies.
  - Government entities must comply when acting in a business capacity (e.g., when charging fees or selling goods/services).
  - Voluntary adoption is possible even before it becomes mandatory, as long as a business meets the technical requirements.

## Phased Implementation Timeline: The Ministry has wisely chosen a phased approach

The transition will not happen overnight. The Ministry has wisely chosen a phased approach:-

### Phase 1 – Pilot Programme

Launch date: 1 July 2026.

Participants: A select group of businesses forming the “Taxpayer Working Group.”

Purpose: To test the system, fix issues, and fine-tune before mass adoption.

### Phase 2 – Voluntary Adoption

Starting 1 July 2026, any business can voluntarily adopt the system if they are ready.

### **Phase 3 – Mandatory Adoption**

Deadlines depend on business size and type:-

1. Large Businesses (Revenue  $\geq$  AED 50 million):-

- Must appoint an accredited provider by 31 July 2026.
- Mandatory adoption from 1 January 2027.

2. Other Businesses (Revenue  $<$  AED 50 million):-

- Must appoint a provider by 31 March 2027.
- Mandatory adoption from 1 July 2027.

3. Government Entities:-

- Must appoint a provider by 31 March 2027.
- Mandatory adoption from 1 October 2027.

4. B2C Transactions:

Excluded until a new decision says otherwise.

Please refer to our separate communication in this regard for further details.



## Oman Tax and Regulatory updates

### Saudi Arabia Issues Draft Regulations for Regional Headquarters with Public Consultation until 9 October 2025

On September 10, 2025, the Ministry of Investment for Saudi Arabia (MISA) released draft regulations on Regional Headquarters (RHQs), replacing the 2023–2024 RHQ manuals and guidelines. The move signals a shift from policy-based guidance to a binding legal framework governing both licensed RHQs and entities applying for RHQ licenses. The draft regulations clearly define the scope of RHQ activities. Licensed entities must carry out 11 mandatory functions, including strategy, M&A support, and financial oversight, alongside at least three out of 19 optional functions, such as HR, R&D, or logistics. Companies are required to complete their legal setup within six months of obtaining a license and submit an activation status report at that stage. By the end of the first year, all mandatory and minimum optional activities must be operational. Key features of the draft include: -

**Regional Scope:** RHQs must oversee at least two affiliated companies outside Saudi Arabia within the defined Middle East and North Africa (MENA) region.

**Compliance Oversight:** MISA will review RHQs after their first year of operation and conduct annual or ad hoc compliance checks thereafter. Annual reports and timely notifications of any changes to scope, staffing, or expansion are mandatory.

**Workforce Requirements:** RHQs must employ at least 15 staff members, including three senior executives residing in Saudi Arabia, who serve as the highest authority for MENA operations. Salaries must be paid locally, and employees are required to establish Saudi Arabia as their primary residence.

**Branding & IP:** RHQs must clearly identify Saudi Arabia as their regional base in all communications and ensure local trademark registration.

**Tax Incentives:** RHQs remain eligible for generous 30-year exemptions on corporate and withholding tax, but these incentives are conditional upon compliance. Breaches may result in warnings, suspension, or license cancellation within 90 working days if not remedied. Companies can appeal violation decisions within 30 days.

**Flexibility & Exemptions:** Where full compliance is not feasible, companies may apply for exemptions, subject to review and approval by a ministerial committee.

The draft regulations are currently open for public consultation until October 9, 2025, on the Istitlaa portal, providing stakeholders with an opportunity to submit feedback before final adoption.



## International Tax updates

### Kenya provides payment timeline for minimum top-up tax

Through the Tax Laws (Amendment) Act, 2024, Kenya introduced a DMTT effective 1 January 2025 that is applicable to multinational groups with consolidated revenues of at least €750m. This is meant to ensure that such groups pay a minimum effective tax rate (ETR) of 15% in Kenya and aligns with the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) Pillar Two. The 2024 law provided for the computation and scope of the DMTT, but did not designate the payment timeline for DMTT. Now, Kenya's Finance Act, 2025 provides a timeline for payment of the Domestic Minimum Top-Up Tax (DMTT) introduced under the Tax Laws (Amendment) Act, 2024. **The tax will be payable by the end of the fourth month after the end of the year of income, alongside the balance of tax payment. For a financial year ending 31 December 2025, the DMTT (if applicable) will be due by 30 April 2026.**

## Tax Developments across GCC Countries

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

- On August 31, 2025, the Kuwait–San Marino Investment Protection Agreement (IPA) (2024) entered into force, providing protections for cross-border investments for an initial term of 15 years and remaining in effect thereafter unless terminated by either party.
- On September 4, 2025, Oman ratified the tax treaty with Kazakhstan, signed on May 19, 2025, by way of Royal Decree No. 66/2025, with the decree now pending publication in the Official Gazette.
- On September 15, 2025, Bahrain and Jersey signed a new tax treaty in Bahrain, further strengthening bilateral tax cooperation between the two jurisdictions.
- On September 22, 2025, Hungary and Kuwait signed a new investment protection agreement (IPA) on the sidelines of the 80th session of the United Nations General Assembly in New York, which will replace the 1989 Hungary–Kuwait IPA once it comes into effect.

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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**



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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.

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Projects  
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100+

Companies  
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25+

Industry  
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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

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### Mr. Nirav Shah

Director at FAME Advisory

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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.

# FAME

ADVISORY



Suite 405, Office Court Building,  
Oud Metha Road Bur Dubai,  
P.O. Box 103904, Dubai, UAE

 +971 52 6559480

 [hemang@fame.ae](mailto:hemang@fame.ae)

 [www.fame.ae](http://www.fame.ae)