



**GCC Tax &
Regulatory
Communique
December 2025**



UAE Tax and Regulatory Updates

FTA Published a Guide on Advance Pricing Agreement

The UAE Federal Tax Authority (FTA) has published a new Corporate Tax Guide on Advance Pricing Agreements - CTGAPA1. The guide is aimed at providing guidance on procedural aspects of an Advance Pricing Agreement (APA) and covers-Overview of the APA program; APA procedures; and APA monitoring and review.

APA is an agreement by the Authority with a Person, which sets the criteria to determine the Arm's Length Price in relation to Controlled Transactions entered or to be entered by that Person with its Related Party/Parties, over a fixed period of time.

Key Takeaways of the Guide:-

Applicability

- APA programme is introduced in a phased manner, initially through Unilateral APAs ('UAPA').
- As of now, APA is applicable only for Domestic transactions, and applications will start from December 2025. APA for cross-border transactions to be initiated from 2026 (to be announced).
- Controlled Transactions covered under safe harbour provisions and between members of the Tax Group are excluded from the APA scope and threshold calculation.

Eligibility & Materiality Threshold

- Applicable to domestic and cross-border Controlled Transactions
- Aggregate arm's length value of covered/proposed Controlled Transactions must be \geq AED 100 million per Tax Period.
- If Controlled Transactions are below the threshold, robust justification must be provided to demonstrate how an APA ensures compliance and certainty.

APA Period

- Minimum 3 Tax Periods and maximum 5 Tax Periods.
- At the initial stage, UAPAs shall cover prospective periods only.

APA Fees

- AED 30,000 non-refundable fee at the time of filing the APA application.
- AED 15,000 non-refundable fee for APA renewal.

APA Application Timeline

- Application to be submitted within 2 months from approval of pre-filing consultation or at least 12 months before the first Tax Period to be covered (whichever is earlier).
- FTA aims to conclude APAs in line with OECD best practice timelines.
- Additional information requested by the FTA must be submitted within 40 Business Days.

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

UAE Amends UAE Tax Procedures Law

The United Arab Emirates (UAE) has introduced significant changes to its tax administration framework through Federal Decree Law No. 17 of 2025, which amends the Tax Procedures Law (Federal Decree Law No. 28 of 2022). On December 3, 2025, the UAE Ministry of Finance (MoF) announced these amendments, which reflect the MoF's focus on clarity, predictability, and alignment with international best practices. The amendments introduced by Federal Decree-Law No. 17 of 2025 represent one of the most consequential changes to the UAE's tax administration framework since the introduction of VAT in 2018.

The key amendments are:

1. Five-year limitation period for refunds and credit balances

Refunds and use of credits must generally occur within five years from the end of the tax period. The limitation applies to VAT, Corporate Tax, Excise Tax and any other FTA-administered tax. This provides legal certainty for both taxpayers and the FTA, replacing open-ended claims.

2. Simplified treatment of "nil-impact" errors

Errors with no effect on tax due no longer require voluntary disclosure filings. Instead, they may be corrected directly in subsequent tax returns, unless the FTA specifies otherwise.

3. Revised framework for refund applications

Article 38 now clearly sets deadlines for refund requests, allows special extensions in narrowly defined circumstances, and provides for expiry of credit balances if claims are not lodged in time.

4. Limitation period for audits and assessments

The standard limitation period for FTA audits is five years, extended up to 15 years in cases of tax evasion or failure to register. An extra two-year window for refund claims made in the fifth year.

5. Authority for the FTA to issue binding guidance

A new article (54-bis) empowers the FTA to issue- Binding public rulings, Interpretive guidelines and Procedural directives. This elevates guidance from an informal explanatory status to a formally recognized authority.

6. Transitional measures for legacy credit balances and disclosures

-Taxpayers benefit from:

- One-year grace period until 31st December 2026 to use or claim expired credits
- Extended periods to support voluntary disclosures linked to refunds
- Additional audit windows for transitional claims

UAE Introduces Reverse Charge Mechanism on Metal Scrap Trading

The Federal Tax Authority (FTA) has introduced an important update on the VAT treatment of metal scrap supplies through Cabinet Decision No. 153 of 2025, issued on November 14, 2025, and effective from January 14, 2026.

Prior to this decision, supplies of metal scrap were treated as normal taxable supplies for UAE VAT purposes and were subject to either the standard rate or zero rate, depending on the nature of the supply, such as whether it was a local supply or an export.

The new decision mandates the application of the Reverse Charge Mechanism (RCM) on metal scrap transactions between VAT-registered persons. Under the new decision, the reverse-charge mechanism will apply to eligible supplies between registrants within the metal-scrap sector.

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

UAE Issues Cabinet Decision on Penalties for e-Invoicing Non-Compliance

The Council of Ministers of the United Arab Emirates (UAE) issued Cabinet Decision No. 106 of 2025 on the Violations and Administrative Penalties Resulting from Violation of the Legislation Regulating the Electronic Invoicing System on the Electronic Invoicing System. Unlike general VAT penalties, e-invoicing fines are structured to address technical implementation, real-time transmission, and system integrity. Following are the breakdown of the violations and their respective penalties:

Violation	Penalty Amount	Cap / Frequency
Failure to Implement EIS (or appoint an Accredited Service Provider)	AED 5,000	Per month (or part thereof)
Failure to Issue/Transmit E-Invoice	AED 100	Per Electronic invoice (Max AED 5,000/ month)
Failure to Issue/Transmit E-Credit Note	AED 100	Per Electronic credit note (Max AED 5,000/month)
Failure to Notify FTA of System Failure	AED 1,000	Per day of delay or part thereof (Applies to Issuer & Recipient)
Failure to Notify ASP of Data Changes	AED 1,000	Per day of delay or part thereof (Applies to Issuer & Recipient)

UAE FTA Decision No. 9 of 2025 on Declining Refunds During Tax Audits

On December 4, 2025, the UAE Federal Tax Authority (FTA) issued Decision No. 9 of 2025, which took effect on January 1, 2026. The Decision sets out the circumstances in which the FTA may decline or suspend residual refund requests submitted by taxable persons who are undergoing a tax audit.

Circumstances under which refunds may be declined

Under the Decision, the FTA may exercise its discretion to withhold or refuse residual refund amounts where any of the following apply:

- Audit risk of additional liabilities-Indicators or preliminary findings suggest that substantial tax liabilities may result from the ongoing audit.
- Indicators of tax evasion-There are reasonable grounds to believe the taxable person may be engaged in tax evasion.
- High-risk supply chains-The refund relates to goods suspected of being involved in tax evasion within the supply chain.
- Outstanding compliance obligations-The taxable person has unfiled tax returns for any tax type administered by the FTA.
- Failure to provide audit information-The taxable person does not submit audit-related information within the timeframe specified by the Authority.
- Lack of cooperation during audit procedures-The taxable person fails to cooperate with the FTA in fulfilling audit-related obligations.



Saudi Arabia Tax and Regulatory updates

ZATCA Guide on E-Market Facilitated Supplies

In the month of December 2025, the Zakat, Tax and Customs Authority (ZATCA) released a new guide outlining the VAT treatment of supplies facilitated through an electronic market in the Kingdom of Saudi Arabia (KSA). Since the implementation of VAT in 2018, electronic market operators (ECOs), such as online platforms, have been deemed suppliers of electronically supplied services (e-services) to non-KSA residents under Article 47(2) of the KSA VAT Implementing Regulations. Article 47(3), introduced in November 2024, expanded the scope of the ECOs' obligations.

- The new clause provides that ECOs facilitating the supply of goods or services, therefore, not only e-services by VAT-unregistered KSA-resident suppliers to customers within the Kingdom, are treated as purchasing and resupplying those supplies in their own name, effective January 1, 2026.

- The new ZATCA guide outlines when an ECO "facilitates" supply under Articles 47(2) and 47(3), lists exceptions to deemed-supplier rules, and provides practical illustrations across business models. It also clarifies the application of Article 47(2) to electronic services by non-KSA residents, the VAT treatment of commissions, delivery fees, and platform charges, the ECO due diligence requirements for residency and VAT registration verification, and VAT return disclosures.



Oman Tax and Regulatory Updates

Oman Announces VAT E-Invoicing Roadmap

On December 9, 2025, the Oman Tax Authority (OTA) released the first draft of the e-invoicing data dictionary for public consultation and, in parallel, clarified the implementation roadmap for e-invoicing. During consultation workshops held with a selected group of large taxpayers. The data dictionary forms a central pillar of Oman's e-invoicing framework, as it defines the information that must be included in a compliant e-invoice. As part of the consultation process, the OTA conducted workshops with major taxpayers. During the initial workshop, OTA representatives presented the indicative implementation timeline for the e-invoicing project, branded "Fawtara", as follows:

- **Q4 2025:**

Publication of the e-invoicing data dictionary

- **Q1 2026:**

Launch of the registration portal for service providers seeking accreditation

- **Q2 2026:**

Testing phase for accredited service providers to trial system connectivity and compliance requirements.

- **Q3 2026:**

Go-live of e-invoice issuance and data exchange, including transmission to OTA and exchange of data between taxpayers through accredited service providers.

This development represents a major milestone in Oman's progression toward a fully digital VAT compliance ecosystem, bringing the Sultanate in line with global trends in tax digitalization and real-time transaction reporting.



International Tax Updates

Bahrain Government Introduces Fiscal Reforms

The Government of Bahrain has announced a series of initiatives aimed at improving the country's financial situation while ensuring continued support for citizens. The measures, approved by the Cabinet, focus on optimizing government spending, increasing revenue, and promoting sustainable economic growth. The initiatives include:

Corporate Revenue Law

- A new law will impose a 10% tax on profits exceeding BHD 200,000 or on companies with revenues over BHD 1 million.
- This law aims to diversify income sources and is expected to be applied in 2027 after legislative approval.
- To protect local employment, key sectors affecting national jobs will be exempt, and incentives will encourage hiring Bahraini workers.

Selective Tax on Soft Drinks

- A law will be referred to the legislature to increase selective taxes on soft drinks, promoting healthier consumption, improving public health, and optimizing healthcare resources.

Investment Land Fees

- Monthly fees of BHD 0.100 per square meter will apply to undeveloped investment lands with full infrastructure services starting January 2027.
- The categories include mixed-use buildings, tourism and entertainment areas (hotels, resorts, restaurants, cafés), commercial zones (malls, showrooms, commercial blocks), and service areas (education, healthcare, sports, fuel stations, parking).
- Fees will be collected when applying for a building permit or when selling the property.

Sewerage Service Fees

- To maintain infrastructure sustainability, new sewerage fees will be introduced in January 2026.
- The first residential property will be excluded, and fees will be 20% of water consumption costs.

Work Permit Fees for Foreigners

- To prioritize Bahraini employment, work permit fees will gradually increase starting January 2026.
- The fee for issuing work permits will rise from BHD 105 to BHD 125, monthly fees will increase from BHD 10 to BHD 30.
- Healthcare fees for foreign workers will go from BHD 72 to BHD 144 over a four-year period.
- Domestic workers will remain exempt.

Tax Developments Across GCC Countries

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

Qatar–KSA Income Tax Treaty

The Income Tax Treaty between Qatar and KSA has now entered into force since 1st January 2026. The treaty notably has an important impact on withholding taxes on both sides, though there is a provision taxing technical services fees at source. The capital gains provisions in article 14 are helpful, and mitigate to a certain extent the taxation at source in KSA of any potential capital gain.

Qatar–Uruguay Income Tax Treaty

On December 7, 2025, Qatar and Uruguay signed an Income Tax Treaty to eliminate double taxation and prevent tax evasion and avoidance. The treaty aims to eliminate double taxation on cross-border income, establish mechanisms for the exchange of tax information, and promote bilateral trade and investment by reducing tax barriers. Both countries emphasized the treaty's role in strengthening economic relations and embedding modern transparency principles.

Chile–UAE CEPA Enters into Force

The Comprehensive Economic Partnership Agreement (CEPA) between Chile and the UAE officially entered into force. Signed in July 2024, the CEPA is designed to transform bilateral trade by eliminating or reducing customs duties on nearly all goods, removing trade barriers and liberalizing services, strengthening digital trade frameworks, and opening new avenues for investment and collaboration. This milestone deepens economic integration between Latin America and the Gulf, with the UAE serving as a strategic gateway for Chilean businesses into the wider Middle East and Asia.

Ecuador–UAE Investment Protection Agreement

On December 6, 2025, Ecuador and the UAE signed an Investment Promotion and Protection Agreement (IPA) in Abu Dhabi. The agreement enhances legal certainty for investors in both jurisdictions, reinforces cooperation in trade and investment, provides stronger guarantees for foreign investors, facilitates capital flows, and supports Ecuador's export potential and the attraction of foreign direct investment. From a tax and investment perspective, the IPA is expected to stimulate bilateral economic activity and deepen strategic partnerships.

Join the Conversation:
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 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+

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Set-Up in GCC

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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