



**GCC Tax &
Regulatory
Communique**
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UAE Tax and Regulatory Updates

FTA Issues VAT Guide on the Profit Margin Scheme

On 15 January 2026, the UAE Federal Tax Authority (FTA) released VAT Guide VATGPM1, providing detailed guidance on the application of the Profit Margin Scheme for the purposes of the UAE Value Added Tax Law.

Key Takeaways of the Guide:-

- The Scheme applies to supplies of eligible goods that were previously subject to VAT, including second-hand goods, antiques that are more than 50 years old, and collectors' items such as stamps and coins.
- Eligible transactions include supplies acquired from non-registrants or from taxable persons applying the Profit Margin Scheme, as well as goods for which input tax recovery is blocked under Article 53 of the VAT Executive Regulation.
- VAT is calculated on the difference between the purchase price and the selling price (the profit margin), with the margin treated as VAT-inclusive, rather than on the full selling price.
- Specific conditions must be satisfied, including evidence that the goods were previously subject to VAT and confirmation that no VAT-inclusive tax invoice was issued by the reseller in respect of the purchase; and

- Application of the Profit Margin Scheme is optional, but requires the reseller to notify the Federal Tax Authority of its election to apply the Scheme.

Advance Payment of Corporate Tax Is Now Live on EmaraTax Portal

The FTA has introduced a new functionality on the EmaraTax portal that allows taxpayers to make advance payments of Corporate Tax against future liabilities. This development is intended to support better cash flow planning and help mitigate potential exposure to penalties arising from late tax payments. While the functionality is now live, certain practical and interpretational aspects merit careful consideration before businesses opt to utilize this feature.

Payment mechanism

In exercising the advance payment option, the taxpayer needs to first indicate the “Tax type” which will be “Corporate Tax” from the sole dropdown option. It will then automatically reflect the “TRN” (Tax Registration Number), “Beneficiary Name” and “Transaction Date”, which are un-editable fields. The payment page next reflects a message that “If you wish to make an advance payment specifically towards your next tax return filing for this tax type, please indicate this below and your payment will be held on account till your next return is filed. Once the payment is allocated to your next return, any excess amount will be automatically allocated to any remaining outstanding liabilities.”

Consequently, the last field on the payment page is to select the “Reason for the advance payment”,

whereunder it gives three options for single selection:-

- Payment towards your next tax return filing – Tax Year End Dec-2026” – Selectable
- Payment towards future outstanding liabilities – Selectable
- Installment Plan Down Payment – Not selectable unless taxpayer has past tax liability

FTA Updates User Manual for Reactivation Deactivated CIT TRNs

On 23 January 2026, the UAE FTA released an updated version of the Taxpayer User Manual governing the registration of a deactivated Corporate Tax (CIT) Tax Registration Number through the EmaraTax portal. The updated Manual provides detailed procedural guidance on the steps required to reactivate a previously deregistered CIT TRN. The User Manual clarifies that taxpayers with deactivated CIT registrations are required to initiate the process by selecting the "Reactivate TRN" option against their deregistered application within the EmaraTax system. The process is fully electronic and designed to streamline CIT re-registration.

FTA has updated the Taxable Persons Guide for Excise Tax (ETGTPI)

The FTA has fundamentally updated the Taxable Persons Guide for Excise Tax (ETGTPI), effective January 1, 2026. This is a major overhaul that shifts the UAE from a flat-rate tax to a content-driven health tax.

Below are the key highlights:-

The "Tiered-Volumetric" Revolution-The flat 50% tax on sweetened drinks is gone. Tax is now calculated per liter based on sugar content per 100ml:

- High Sugar ($\geq 8\text{g}$): AED 1.09 per liter.
- Moderate Sugar (5g – 7.99g): AED 0.79 per liter.
- Low/Zero Sugar ($< 5\text{g}$ or Artificial only): AED 0 (Exempt).
- Note: Carbonated drinks are no longer a separate category; they are now taxed strictly based on their sugar content.

New 5-Year Statute of Limitations

Aligning with the new Tax Procedures Law, a strict 5-year limit now applies to all tax credit carry-forwards and refund claims. If you don't use or claim it within 5 years, you lose it.

Transitional Deduction Window

For stock held on Jan 1, 2026: If you previously paid the 50% tax but your product now qualifies for a lower tier under the new model, you can claim the difference as a deduction—but only until June 30, 2026.



Saudi Arabia Tax and Regulatory updates

Saudi Arabia Issues Bylaws Special Economic Zones

On January 16, 2026, the Kingdom of Saudi Arabia (KSA) issued the long-awaited Bylaws governing several Special Economic Zones (SEZs), thereby formally establishing the legal, regulatory, and tax framework applicable to entities operating within these Zones. The issuance of these Bylaws marks a significant milestone, as it provides long-anticipated clarity on the operational and fiscal treatment of SEZ-licensed entities. The key points have been outlined below:-

- The newly published Bylaws apply to the following SEZs- Jazan SEZ, Ras Al Khair SEZ, King Abdullah Economic City (KAEC) SEZ, and the SEZ for Cloud Computing and Information Technology. Any entity established in any SEZ in the Kingdom must take the form of a limited liability company and are deemed to be of Saudi nationality.
- Under the Bylaws, all entities established in any SEZ in the Kingdom must take the form of a limited liability company and are deemed to be of Saudi nationality.

- In addition, the principal place of business of each licensed entity must be located within the relevant SEZ.

- For the Jazan, KAEC, and Ras Al Khair SEZs, the Bylaws introduce a comprehensive package of tax and customs incentives.

- Licensed entities are subject to Corporate Income Tax (CIT) in Saudi Arabia, while the Zakat regime does not apply.

- Furthermore, such entities benefit from an exemption from Withholding Tax, eliminating potential tax leakage on outbound payments.

- From a VAT perspective, supplies of goods from the mainland to licensed entities, as well as supplies of goods between licensed entities, whether within the same SEZ or across different SEZs, are subject to VAT at a zero rate. This zero-rating applies provided that the goods are placed under a customs suspension regime and are related to the licensed activities, while still allowing the deduction of input VAT.

- Goods imported into an SEZ from outside the Kingdom are treated as outside the scope of VAT under the same conditions. Services, however, remain subject to the ordinary VAT rules.



Oman Tax and Regulatory updates

Oman Tax Authority approved as e-invoicing authority

The Oman Tax Authority (OTA) has been formally approved as an e-invoicing government authority under the international Peppol Framework. This is a key milestone in Oman’s digital tax transformation and confirms that the country’s future e-invoicing system will be aligned with internationally recognized standards. Peppol (Pan-European Public Procurement On-Line) is a global framework that enables the secure and standardized exchange of electronic business documents, including invoices, between businesses and government entities through accredited service providers.

As the national Peppol Authority, the OTA will be responsible for governing the local e-invoicing network, accrediting service providers and ensuring compliance with technical and security requirements.

This development clearly signals that Oman is moving from planning to execution of its national e-invoicing program.

Expected Implementation Timeline

Oman is introducing e-invoicing in phases, starting with large taxpayers and gradually expanding to all VAT-registered businesses. While final dates are subject to official confirmation, the anticipated roadmap is as follows:-

Particulars	Remarks
Q1 2026	Finalization and publication of technical specifications, data requirements, and service provider accreditation criteria.
Mid-2026	Start of service provider onboarding and testing environment for integration
August 2026	Planned commencement of e-invoicing implementation for the First Wave selected taxpayers (~150 taxpayers).
2027	Expansion to large, medium and small-sized VAT-registered businesses
2028	Full roll-out covering all VAT-registered taxpayers and government-related transactions.



International Tax updates

Tariff Updates

- The United States has threatened to impose a 100% tariff on all Canadian goods if Canada enters into a trade agreement with China that could allow Chinese goods to flow into the US market. This position was communicated by President Trump through a post on Truth Social, citing concerns over indirect access for Chinese goods into the United States.
- The United States has also announced an intention to increase tariffs on imports from Korea from 15% to 25%. This follows the failure of the Korean parliament to approve a previously agreed bilateral trade agreement. The announcement was likewise made by President Trump via a Truth Social post.

Other International tax Updates

- Effective January 1, 2026, Zimbabwe implemented a 15% Digital Services Withholding Tax (DSWT) on payments for foreign-provided digital services, replacing the previous VAT regime for non-resident suppliers. Banks and financial intermediaries are mandated to withhold this tax on payments for services like streaming, cloud, and e-hailing.
- Uruguay has enacted legislation introducing a domestic minimum top-up tax (intended as a QDMTT) from fiscal years beginning 1 January 2026. A decree exempts, wholly or partly, free-trade-zone users, forestry entities, and groups with tax stability agreements.
- Israel has enacted a domestic minimum top-up tax intended to qualify as a QDMTT, applicable for fiscal years beginning on or after 1 January 2026.

Join the Conversation:
**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
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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