

GCC Tax & Regulatory Communique

June 2026



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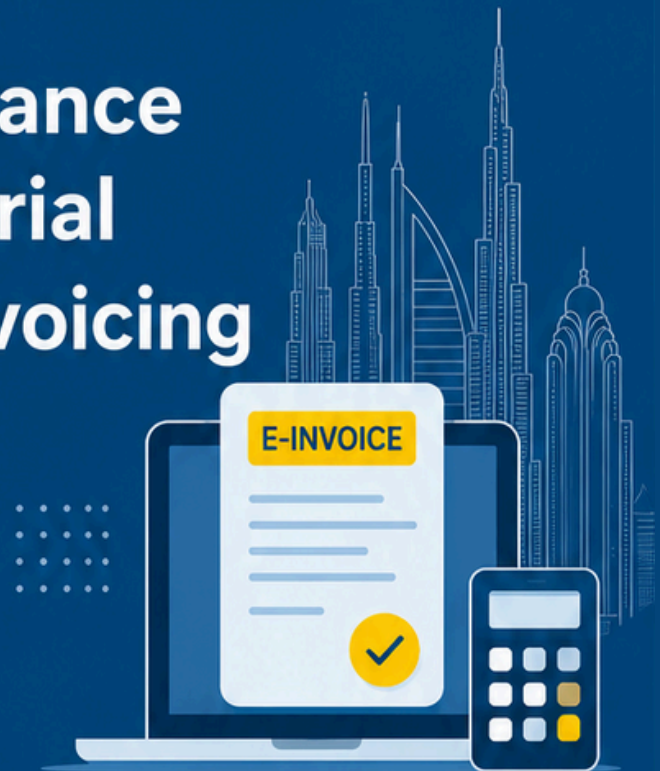
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UAE Ministry of Finance Issues New Ministerial Resolutions on e-Invoicing

The UAE Ministry of Finance (MOF) has issued Ministerial Decision No. 66 of 2026, amending Ministerial Decision No. 244 of 2025 on the implementation of the Electronic Invoicing (e-Invoicing) System.



Applies to businesses with
annual revenue of
AED 50 million or more.



TIMELINE

01

Appoint an
**Accredited Service
Provider (ASP)** by
30 October 2026

02

Fully implement
the e-Invoicing
System by
1 January 2027



KEY POINTS



Replaces the timeline under
Article 5(1)(a) of the original
Decision.



Any conflicting provisions
are repealed.



Effective the day following
publication in the
Official Gazette.



ACTION POINT

Businesses meeting the **AED 50 million** revenue threshold should begin evaluating and appointing an Accredited Service Provider to ensure timely compliance with the revised deadlines.





FTA Updates to the Family Foundations Guide

The UAE Federal Tax Authority issued an updated Corporate Tax Guide on the Taxation of Family Foundations (June 2026), replacing the May 2025 version. The framework is unchanged, but key practical areas are clarified.



01



Updated Legislative References

Adds references including Free Zone decisions, relevant where structures involve Free Zone entities or family offices.

02



Trust Wording Clarified

Refines the roles of settlor, trustee and beneficiaries; a drafting clarification, not a change to tax treatment.

03



LLC Treatment

An LLC is not a 'similar entity' and can't self-apply as a Family Foundation, but may qualify if wholly owned and controlled by one.

04



Multi-Tier Structures

Each entity in the chain is assessed separately; transparency needs continuous whole ownership through an uninterrupted transparent chain.

05



Transfers to a Foundation

CT impact depends on the transferor and asset. A natural person's Personal or Real Estate Investments generally stay out of scope.

06



Acquisition or Sale of Entities

An entity newly wholly owned and controlled may apply for transparency; one that ceases to be may lose it and become taxable.

07



Family Offices

SFOs and MFOs generally carry on business, so are taxable on service income; a Free Zone office needs full conditions for the 0% rate.



KEY TAKEAWAY

Framework intact, but rules tighten on multi-tier structures, transfers and family offices; review existing structures for continued eligibility.





UAE Issues Ministerial Decision No. 96 of 2026 on Pillar Two Top-Up Tax Guidance

The UAE Ministry of Finance has issued Ministerial Decision No. 96 of 2026, introducing the Commentary and Agreed Administrative Guidance for implementing Cabinet Decision No. 142 of 2024 on the Top-Up Tax applicable to Multinational Enterprises (MNEs). It incorporates the latest Simplified Administrative Guidance (SAG) issued by the OECD/G20 Inclusive Framework in 2026.

**01****Updated OECD Guidance:**

GloBE calculations, Safe Harbour positions and filing obligations for UAE entities must now follow the 2026 OECD Commentary and Agreed Administrative Guidance, replacing the 2025 version.

**02****Retrospective Application:**

The updated guidance applies to fiscal years beginning on or after 1 January 2025.

**03****Previous Guidance Repealed:**

Ministerial Decision No. 88 of 2025 is repealed with effect from 22 June 2026 and replaced by Ministerial Decision No. 96 of 2026.





Bahrain Updates Tax Agent & VAT Representative Guide



On 13 May 2026, Bahrain's National Bureau for Revenue (NBR) released Version 2.0 of its Tax Agent and VAT Representative Guide, updating authorisation and representation procedures for both VAT and Domestic Minimum Top-Up Tax (DMTT) matters.

1



Tax Agent vs VAT Representative

Tax Agents may represent resident and non-resident taxpayers for VAT and DMTT matters (filings, enquiries, appeals), but the taxpayer stays legally responsible. VAT Representatives may only be appointed by non-resident VAT taxpayers, are jointly liable for VAT obligations and penalties, and act as the NBR's primary contact during audits.

2



Authorisation Requirements

Individuals and legal entities may apply, subject to residency and eligibility. A **BHD 300** fee applies, with authorisation valid for three years. Separate applications are required for each role. VAT Representatives must demonstrate financial capacity and provide a valid power of attorney per appointment.

3



Enhanced Digital Portal

Authorised representatives can manage client appointments, employee access, taxpayer portfolios, registration updates and voluntary deregistration through the NBR portal.



Key Takeaway

Businesses in Bahrain should review their tax representation arrangements against the updated guidance, particularly where non-resident VAT registrations are involved.





ZATCA Releases Version 6 of the Real Estate Transaction Tax (RETT) Guideline

The Kingdom of Saudi Arabia's (KSA) Zakat, Tax and Customs Authority (ZATCA) has released Version 6 of the Detailed Real Estate Transaction Tax (RETT) Guideline (May 2026). The updated Guideline provides the most comprehensive interpretation of KSA's RETT regime since the new RETT Law (Royal Decree No. M/84) came into effect on 10 April 2025, replacing the previous 2020 framework.

01



Indirect transfers:

RETT applies only where both the ownership in the real estate company and the transferred interest are 30% or more, with a 3-year cumulative lookback.

02



Capital increases:

Not subject to RETT where ownership percentages are unchanged or new investors retain their interests for at least five years.

03



Islamic finance:

Single taxation for Murabaha and finance lease structures; the later transfer of legal title to the customer is not a separate taxable event.

04



BOOT projects:

Fair Market Value is determined on the actual transfer date, not the contract execution date.

05



Partition vs subdivision:

A subdivision is not taxable; a partition is generally taxable unless it involves a single title deed, no change in ownership percentages, and no financial consideration.

06



Expanded exemptions:

More than 26 categories, including gifts to relatives (up to third degree), Waqf transfers, debt settlements, transfers between spouses, government expropriations and contributions to real estate funds.

07



FMV as minimum base:

RETT is charged on the higher of the agreed consideration or FMV; financing costs, including Murabaha profit margins, are excluded.

08



Penalties & objections:

5% monthly late payment penalty, a 30-day period for ZATCA to challenge underreported FMV, and a three-year verification period.

09



Different due dates apply:

Payment deadlines vary depending on the nature of the transaction, including notarised sales, possession transfers, transfers of company interests, usufruct arrangements, off-plan sales, and public auctions.





ZATCA Extends Cancellation of Fines and Exemption of Penalties Initiative

ZATCA has extended the Cancellation of Fines and Exemption of Financial Penalties Initiative for a further six months, from 1 July 2026 to 31 December 2026, and published an updated simplified guideline covering scope, eligibility, covered penalties and instalment procedures.



Extended relief covers:

late registration penalties; late payment penalties; late filing penalties; and VAT return correction penalties.



Eligibility conditions:

be registered with ZATCA; submit all outstanding tax returns; pay the full principal tax due, or obtain an approved instalment plan before the initiative expires and comply with all payment deadlines.



Exclusions:

tax evasion penalties; penalties under Article 45 of the VAT Law; penalties already paid before the initiative took effect; and penalties on tax returns due after 30 June 2026.



Key Takeaway:

Taxpayers should review their outstanding obligations and take advantage of the initiative before 31 December 2026.





KSA Approves Amendments to the GCC Unified VAT Agreement

Following GCC ministerial-level negotiations, Saudi Arabia's Council of Ministers approved amendments to the GCC Unified VAT Agreement through Decision No. 887 dated 02/12/1447H, strengthening cross-border VAT administration, cooperation between tax authorities and the allocation of VAT revenues.

1



Destination principle

VAT on goods supplied before transport to another GCC state generally follows the destination principle, with recovery via the Automated Direct Transfer Mechanism or other approved arrangements.

2



SAR 10,000 threshold

Applies to supplies to individuals and non-VAT-registered persons in another GCC state; above it, member states may recover VAT from one another.

3



Minimum standard rate

A minimum standard VAT rate of 5%, while allowing higher rates such as Saudi Arabia 15% and Bahrain 10%; zero-rating and exemptions continue where permitted.

4



Import VAT allocation

Import VAT revenues are allocated to the final destination country through the GCC Customs Union transfer mechanism; eligible businesses may defer import VAT through VAT returns instead of paying upfront at customs.

5



Enhanced information exchange

Greater access to intra-GCC business-to-business supply data to strengthen compliance, reduce evasion and improve audit and enforcement.



Key Takeaway

Businesses engaged in cross-border GCC trade should closely monitor the implementation of these changes.





Qatar Issues Detailed Guidance on New Excise Tax Model for Sweetened Drinks



Qatar's General Tax Authority (GTA) has issued a guide on the new Excise Tax Tiered Volumetric Model for sweetened drinks, effective 6 July 2026. Excise tax will now be based on sugar content and calculated per litre, replacing the previous fixed rate based on Retail Sales Price.

1



Broad scope:

Applies to products with added sugar or artificial sweeteners intended as drinks, including ready-to-drink beverages, concentrates, powders, gels and extracts.

2



Four categories:

Classified by total sugar per 100ml — low, medium, high sugar content, and drinks with only added artificial sweeteners.

3



Carbonated drinks:

No longer a separate excise category; taxed under the new sweetened drinks framework.

4



Out of scope:

Drinks with only naturally occurring sugar and no added sugar or sweeteners.

5



Exemptions:

Qualifying 100% natural fruit and vegetable juices, specified milk and dairy products, infant formula and certain medical nutrition products.



COMPLIANCE: No registration threshold. Product registration requires nutritional information and laboratory reports from GTA-accredited labs; without a qualifying report, products may be classed as high-sugar until evidence is provided.



TRANSITIONAL: Businesses holding qualifying sweetened drinks as of 31 December 2025 should review the transitional rules; stockpilers holding 200,000 litres or more may need to submit a one-off Transitional Declaration and account for Excise Tax within 90 days.





Qatar Releases Withholding Tax (WHT) Guide & FAQ

Qatar's General Tax Authority (GTA) has released a WHT Guide & FAQ (June 2026), consolidating guidance under Income Tax Law No. 24 of 2018 (as amended) and its Executive Regulations. Qatar applies 5% WHT on gross payments to non-residents for royalties, interest, commissions and fees for services.



01



"Used, Consumed or Benefited From" test:

Services are subject to WHT where the benefit is received in Qatar, regardless of where performed; documented actual-cost reimbursements incidental to the main service remain outside scope.

02



Mixed contracts:

Only the service element is subject to WHT; if goods and services cannot be separately identified or valued, WHT applies to the entire contract value.

03



Gross-up mechanism:

Where the payer bears the tax, the effective gross-up rate is 5.26%, and the grossed-up WHT is a non-deductible expense.

04



Permanent Establishments (PEs):

Payments to a non-resident's head office are outside scope where income is fully allocated to its Qatar PE; payments to non-residents holding a GTA tax card are also outside scope; payments by a Qatar PE to non-residents generally remain subject to WHT.

05



Expense reimbursements:

Pure cost reimbursements supported by evidence are generally exempt; flat-fee or marked-up recharges are treated as taxable service payments.

06



Software payments:

Cloud storage and bespoke development are services; source code access, modification or resale rights are royalties; a full transfer of ownership is a purchase of goods.

07



Know-how vs technical services:

Paying someone to do a task is a service; paying for the knowledge to do it is a royalty; both attract 5% WHT.

08



Training & conferences:

All registration, training and attendance fees are subject to 5% WHT, including any foreign VAT on the invoice, where the payer applies the knowledge gained in their work in Qatar.

09



Membership fees:

Pure membership subscriptions are exempt; where they include training, databases or networking, 5% WHT applies.

10



Marine vessels:

Bareboat charter is a royalty (5% WHT); time charter is a service (5% WHT); petroleum marine transport is exempt.

11



Online subscriptions:

Payments for online courses, digital platforms or content are generally services consumed in Qatar and subject to 5% WHT.

12



Sponsorships:

Taxable where the payer receives a commercial benefit; genuine donations remain outside scope.

13



Anti-avoidance & arm's length:

Artificial arrangements lacking commercial substance may be recharacterised; related-party transactions must meet the arm's length principle, and WHT may be based on the higher of the contractual consideration or the arm's length value.





Kuwait Launches Optional Advance DMTT Payment Program under Pillar Two

Kuwait's Ministry of Finance issued Circular No. 1 of 2026, introducing an optional Advance Tax Payment Program for entities subject to Kuwait's Domestic Minimum Top-Up Tax (DMTT) under Law No. 157 of 2024 — one of the first such administrative initiatives in the GCC.



01

Applies to tax periods ending on or before **31 March 2026**.



02

Eligible taxpayers could voluntarily submit a provisional DMTT statement and make an advance payment of their estimated top-up tax liability.



03

The enrollment deadline was **31 May 2026**; the provisional statement and advance payment were due by **30 June 2026**.



Administrative Incentives

(participation is voluntary and non-participation carries no penalty):



Priority processing of tax inspections, assessments, refunds, objections and grievances.



Priority issuance and renewal of Tax Cards.





Oman's Domestic Minimum Top-Up Tax (DMTT) Achieves OECD Qualified Status



On 1 May 2026, the OECD updated its Central Record of Legislation with Transitional Qualified Status, confirming Oman's DMTT qualifies as both a Qualified Domestic Minimum Top-Up Tax (QDMTT) and a QDMTT Safe Harbour. This follows the OECD's Global Minimum Tax Implementation Toolkit released on 30 April 2026.

01



Oman retains **primary taxing rights** over low-taxed profits arising in Oman, so any top-up tax is **collected domestically** rather than by another jurisdiction under the Income Inclusion Rule (IIR) or Undertaxed Profits Rule (UTPR).

02



The QDMTT Safe Harbour can eliminate additional group-level GloBE calculations where applicable, **significantly reducing compliance obligations**.

03



It provides **greater certainty** for Pillar Two compliance, tax modelling and reporting from FY 2025 onwards.

04



Although Oman has a 15% corporate tax rate, the GloBE Effective Tax Rate is calculated differently; incentives such as free zone exemptions and tax holidays may reduce the **GloBE ETR below 15%**, triggering a domestic top-up tax under the DMTT.



KEY TAKEAWAY

The recognition reinforces Oman's alignment with the OECD GloBE Rules and the GCC's implementation of Pillar Two.





International Tax Treaty, Trade & Investment Developments

A round-up of recent treaty, trade and investment developments across the region.



01



Bahrain–Jersey:

On 17 May 2026, Bahrain ratified the Bahrain–Jersey Income Tax Treaty (2025) through Law No. 18 of 2026, strengthening cross-border investment and reducing double taxation.

02



Burundi–UAE:

On 21 May 2026, Burundi's Senate approved the Burundi–UAE Income Tax Treaty (2017); once in force it will strengthen economic ties and help prevent tax avoidance.

03



Iraq–Oman:

On 25 May 2026, Iraq's Council of Ministers approved the Iraq–Oman Income and Capital Tax Treaty (2025), supporting cross-border trade and investment.

04



Kazakhstan–Oman:

On 10 June 2026, Kazakhstan's President signed the law ratifying the Kazakhstan–Oman Income and Capital Tax Treaty (2025); it enters into force once Oman completes ratification.

05



Monaco–UAE:

The Monaco–UAE Double Taxation Treaty (signed 13 November 2021) entered into force on 12 June 2026 and applies from 1 January 2027, providing tax certainty rather than major withholding tax benefits.

06



EAEU–UAE:

Russia ratified the Agreement on Trade in Services and Investments with the UAE (signed 7 August 2025), promoting market access and investment flows.

07



Kuwait CbC & CRS:

On 22 June 2026, Kuwait signed the CbC MCAA and the Addendum to the CRS MCAA, enabling automatic exchange of Country-by-Country reports and expanded CRS information exchange.



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.



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Our Team



Udit Chokshi

Associate Director – Indirect Tax & Compliance

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.



Juned Halai

Manager International & Corporate Tax

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.



Hemang Agravat

Associate Director – 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.





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