ME & GCC TAX NEWSLETTER

SEPTEMBER 2026

UAE | KSA | Qatar | Egypt | Oman | Kuwait | Bahrain

UAE

Corporate Tax Exemptions

SUMMARY

FTA has issued **Decision No. 15 of 2026**, updating the provisions and timelines for applying for Corporate Tax exemptions.

The Decision covers **various exempt categories** under the Corporate Tax Law and applies to tax periods commencing on or after 1 June 2023, for applications submitted on or after 15 September 2026.

EFFECTIVE DATE

15 September 2026

KEY POINTS

- The Decision replaces FTA Decision No. 7 of 2023 from 15 September 2026.
- It covers the Corporate Tax exemption framework for categories including government related entities, qualifying public benefit entities, qualifying investment funds, private pension/social security funds and other exempt persons under the Corporate Tax Law.
- Eligible persons must generally apply for exemption after the end of the Tax Period in which the exemption conditions are met, and no later than **90 business days after the end of that Tax Period.**
- A wholly owned and controlled subsidiary may apply for exemption where its exempt parent has applied for exemption.
- Where approved, the exemption generally takes effect from the start of the Tax Period specified in the application.

Read the full Update

UAE

VAT Concerned Goods: Output Tax, Tax Invoices and Input Tax Recovery

SUMMARY

FTA has issued **Public Clarification VATP045** on the VAT treatment of Concerned Goods for goods procured from outside the UAE where the place of supply is in the UAE.

The clarification covers the accounting of output tax, self-issued tax invoice requirements and the documentation required for input tax recovery.

KEY CUT-OFF DATE

Applicable to Concerned Goods Imported on or before 31 December 2025.

KEY POINTS

- Importing Concerned Goods is treated as a **taxable supply to self**, with the taxable person responsible for accounting for the related output VAT.
- The value of the goods and output VAT pre-populated in **Box 6** of the VAT return should be reconciled with internal records. Where Box 6 is incorrect, or another person imported the goods on behalf of the taxable person, the required adjustment should be made in **Box 7**.
- For Concerned Goods imported **before 1 January 2026**, a self-issued tax invoice is required unless an administrative exception had been obtained.
- Input VAT may be recovered without a self-issued invoice, provided the **overseas supplier invoice and customs declaration** are obtained and retained, and the goods are used to make taxable supplies

Read the full update

UAE

VAT : Cases and Conditions for Recovery of Input Tax on Employee expenses

SUMMARY

FTA has issued **Decision No. 17 of 2026**, setting out the cases and conditions under which taxable persons may recover input VAT incurred on goods or services provided to employees free of charge.

The Decision applies where there is a **contractual obligation or documented policy** to provide the relevant goods or services to employees.

EFFECTIVE DATE

1 October 2026

KEY POINTS

- **Employee transportation:** Input VAT may be recovered where transportation is provided between the employee's residence and workplace/client premises or for duties, is not for personal benefit, and cannot be replaced by a cash allowance.
- **Food and beverages:** Recovery is permitted in specified circumstances, including where employees are located in remote or isolated areas and suitable food facilities are unavailable,
- **Employee accommodation:** Input VAT may be recovered where accommodation is required by the operational requirements of the work, is not part of ordinary employee compensation. Specific conditions also apply regarding the nature and use of the accommodation.
- **New employee accommodation:** Temporary accommodation for new employees may qualify where it is provided for **no more than 30 days**.
- **Mobile phones and internet:** Recovery is permitted where these services are necessary for employees to perform their duties, including remote working, provided their use is principally work-related and the employer has documented usage policies and reasonable monitoring mechanisms.
- **Employee parking:** Input VAT on parking may be recovered where the expense is solely for business purposes, supported by a documented reimbursement policy and appropriate payment records.

Read the Full update

UAE

Excise : Amendment to the Marking of Tobacco and Tobacco Products Scheme

SUMMARY

The UAE Federal Tax Authority (FTA) has issued **Decision No. 18 of 2026**, introducing changes to the Marking of Tobacco and Tobacco Products Scheme.

The amendments include the introduction of a **new design for excise marks**, transition dates for old marks. The changes apply to cigarettes and water pipe tobacco covered by the marking scheme.

TRANSITION DATES

1 October 2026 - Amendments to the marking scheme and transition timetable take effect.

1 January 2027 - New-design marks become available and the revised fee applies.

30 June 2028 - Old-design marks subject to restrictions from this date or earlier expiry, whichever is earlier

KEY POINTS

- **New marking design:** Approval for marks bearing the old design will be withdrawn, with new-design marks becoming available from **1 January 2027**.
- **Covered products:** The amended scheme covers **cigarettes, including electrically heated cigarettes, and water pipe tobacco**.
- **Old marks:** Restrictions on the supply, transfer, storage or possession of designated excise goods bearing old-design marks apply from the earlier of **30 June 2028 and the date of expiry** of the relevant marks.
- **Storage requirements:** Persons holding marks must maintain appropriate security arrangements and records and prevent unauthorized use, duplication or tampering.

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UAE

VAT : Amendments to the VAT Executive Regulation

SUMMARY

The UAE Ministry of Finance has issued **Cabinet Decision No. 149 of 2026**, introducing amendments to the Executive Regulation of Federal Decree-Law No. 8 of 2017 on VAT.

The amendments introduce a number of technical and regulatory changes aimed at clarifying VAT treatment and improving the efficiency of VAT implementation.

EFFECTIVE DATE

1 October 2026

KEY POINTS

- **Input Tax Recovery:** Amendments provisions relating to the recovery of input VAT.
- **Employee Accommodation:** The Decision clarifies the VAT treatment of employee accommodation for input tax recovery purposes.
- **Medical Products:** Provisions relating to the supply and import of certain medical products have been updated.
- **Capital Assets Scheme:** Amendments clarify the scope and application of the Capital Assets Scheme.
- **Input Tax Apportionment:** The mechanism for apportioning input VAT has been revised to better reflect the nature of taxable persons' activities, with specific treatment retained for government entities and charities.

Read the full update

UAE

VAT: Verification of the Validity and Integrity of Supplies

SUMMARY

FTA has issued **Decision No. 13 of 2026**, prescribing the measures, procedures and conditions required to be undertaken by taxable persons to verify the validity and integrity of supplies before deducting input VAT.

EFFECTIVE DATE

1 October 2026

KEY POINTS

- Taxable persons are required to undertake prescribed **verification procedures before deducting input tax**.
- The requirements focus on verifying the **validity and integrity of supplies** and the supporting information associated with those supplies.
- Businesses should review their **supplier onboarding, procurement and accounts payable processes** to ensure that appropriate verification procedures and supporting documentation are maintained.
- The Decision is particularly relevant to businesses claiming significant amounts of input VAT, as the verification process should form part of their VAT compliance controls.

Read the full update

UAE

VAT Clarification – Amendments to the VAT Federal Decree-Law

SUMMARY

FTA has issued a clarification on amendments to the UAE VAT Federal Decree-Law No. 8 of 2017 introduced through **Federal Decree-Law No. 16 of 2024 and Federal Decree-Law No. 16 of 2025**.

The clarification explains the application of these amendments and provides guidance to taxable persons on the resulting VAT implications.

KEY DEADLINE

30 October 2024 – amendments under Federal Decree-Law No. 16 of 2024.

1 January 2026 – amendments under Federal Decree-Law No. 16 of 2025.

KEY POINTS

- The clarification covers amendments introduced to the VAT Federal Decree-Law through Federal Decree-Law Nos. **16 of 2024 and 16 of 2025**.
- The amendments cover areas including the **Reverse Charge Mechanism, input tax recovery, excess recoverable tax and other VAT compliance matters**.
- Businesses should review their existing VAT processes and positions against the amended provisions and the FTA's clarification.
- The clarification should be considered alongside the amended VAT legislation when assessing the VAT treatment of relevant transactions.

Read the full update

KUWAIT

Domestic Minimum Top-up Tax (DMTT) : New Update on MOF Tax Services Portal

SUMMARY

The Kuwait Ministry of Finance Tax Division has updated the MOF Tax Services portal for entities registered under the Kuwait DMTT.

Registered MNE Groups can now review and amend their DMTT registration applications through the Filing Constituent Entity account, including updating group, fiscal year and financial information and correcting the list of Constituent Entities.

KEY POINTS

- The clarification covers amendments introduced to the VAT Registered MNE Groups can review and amend their DMTT registration applications through the Filing CE account on the MOF Tax Services portal.
- Groups can update or correct:
- Attachments and supporting documents;
- Fiscal year information;
- Financial information and CBK exchange rates;
- Missing Constituent Entities; and
- Entities that are no longer part of the MNE Group.
- All registered groups must complete and submit the amendment/update request, including groups where there are no changes to their previously submitted information.
- Once the updated DMTT registration is submitted and approved, the next step is the Tax Card application.
- Each Constituent Entity must submit its own Tax Card request through its account on the MOF Tax Services portal.
- Tax Cards will be issued electronically with a QR code, replacing the previous manual issuance and signature process.
- MNE Groups should review their DMTT registration data, including Constituent Entities, fiscal year and financial information, and update any changes or inaccuracies through the MOF Tax Services portal.

KSA

ZATCA Policies and Procedures: Key Zakat, Tax and Customs Dispute Items (September 2026)

SUMMARY

ZATCA has published the fourth edition of its booklet on policies and procedures covering prominent zakat, tax and customs dispute items.
The booklet sets out ZATCA's stated positions on various dispute matters and does not amend the underlying rules currently in force.

KEY DEADLINE

Effective Immediately

KEY POINTS

- The booklet covers dispute positions relating to **zakat, income tax, withholding tax, VAT, real estate transaction tax and customs**.
- The policies apply to cases where **no final decision has been issued** and explain how ZATCA applies the rules in force.
- Where an explanation is revised without a change to the underlying law, the updated treatment applies to transactions taking place after publication of the revised edition.
- Key positions covered include the treatment of fixed assets held in a partner's name, deemed profits and withholding tax, salaries exceeding GOSI certified amounts, debit loans, bad debts, real estate under development and the 60-day objection period.
- The second set of policies addresses matters including import differences, dividends, employee bonuses and incentives, carried-forward losses, hospitality and entertainment, unrealized fair-value movements and proportional deductions
- The booklet sets out ZATCA's stated positions on various dispute matters and does not amend the underlying rules currently in force

Read the Full update

KSA

Regional Headquarters: ZATCA Issues User Guide for the Annual Disclosure Form

SUMMARY

ZATCA has published a step-by-step user guide for submitting the Annual Disclosure Form for Regional Headquarters (#RHQs) through its portal. The form is the practical test of economic substance behind the RHQ tax incentives, and the guide shows exactly what ZATCA expects to see.

KEY DEADLINE

Effective Immediately

KEY POINTS

What the form covers

- **Locations**: the RHQ's head office and branches
- **Governance**: board members, plus each board meeting held during the year (date, attendees, and whether it took place inside or outside the Kingdom)
- **Executive management**: names, appointment dates, and whether each executive is resident in KSA, along with total headcount
- **Activities**: approved core and optional activities, and whether the RHQ carries on any activity beyond its licence
- **Financial disclosure**: owned and leased assets, eligible revenue, operating expenses, and revenue from non-eligible activities, with supporting attachments

How to file

Log in to the ZATCA portal → Zakat and Tax Management → Other Services → Annual Disclosure Form for Regional Headquarters. Select the relevant year, accept the declaration, complete the sections, review the summary, and confirm. An acknowledgement is issued and the form can be downloaded.

For groups operating an RHQ in the Kingdom, this filing should be treated as a core part of the annual compliance calendar, alongside the tax return.

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BAHRAIN

VAT: NBR updates its Registration Guide (Version 1.10)

SUMMARY

.Bahrain's National Bureau for Revenue has released an updated VAT Registration Guide. The changes are procedural, but they matter for anyone planning a registration timeline.

KEY DEADLINE

Effective Immediately

KEY POINTS

The update focuses on processing timelines:

- VAT registration applications: 21 working days
- VAT registration amendments: 21 working days
- NBR profile amendments: 5 working days

The NBR profile must be validated before any VAT registration can start, and an application only counts as submitted once the NBR accepts it as complete.

Penalty of up to BHD 10,000 to be levied for late registration.

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QATAR

Customs Tariffs Increased on Selected Food & Agricultural Products

SUMMARY

Qatar has issued **Amiri Decree No. (45) of 2026**, introducing higher customs tariff rates on certain food and agricultural products. The increased rates apply to specified products and, in the case of certain agricultural products, during designated peak agricultural production periods.

KEY DEADLINE

Effective 60 days from the date of publication in the Official Gazette

KEY POINTS

- A **18% customs tariff** will apply to specified fresh/chilled chicken products, including whole chicken, chilled breasts, thighs and wings.
- A **15% customs tariff** will apply to certain agricultural products, **including tomatoes, eggplants and zucchini,** during specified peak agricultural production periods.
- Businesses importing the affected products should review the applicable **classifications, import periods and customs costs** in preparation for the revised tariff rates.
- **Preferential treatment:** The revised customs tariff rates remain subject to applicable preferential trade agreements and exemptions.

Read the Full update

EGYPT

Repeal of Article 18: Changes to Estimated and Lump-Sum Tax Assessments

SUMMARY

The Egyptian Tax Authority has announced the repeal of Article 18 of the Income Tax Law, removing the legislative basis for estimated and lump-sum tax assessments.

The change supports a shift towards a document-based and digitally driven tax compliance framework, with taxpayers expected to rely increasingly on regular books, records and supporting tax documentation.

EFFECTIVE DATE

2028 tax period

KEY POINTS

- The existing framework for **estimated and lump-sum tax assessments under Article 18** will be phased out.
- Existing instructions will continue to apply for **tax periods up to 2027**.
- From the **2028 tax period**, taxpayers are expected to rely fully on regular books and records, supported by invoices, receipts and digital tax data.
- The previous **EGP 500,000 threshold** for maintaining books and records has been abolished, broadening the requirement for proper accounting records.
- Small businesses with annual turnover of up to **EGP 20 million** should assess their eligibility for the **simplified tax regime introduced under Law No. 6 of 2025**.
- Businesses have the period leading up to 2028 to review their **accounting, record-keeping and tax compliance processes** and prepare for the new framework.

Read the full update

EGYPT

Extension of Real Estate Tax Declaration and Dispute Settlement Deadlines

SUMMARY

The **Egyptian Minister of Finance** has issued **Decision No. 500 of 2026 issued on 29 September 2026**, extending the deadline for submitting real estate tax declarations under the Real Estate Tax Law No. 196 of 2008 by an **additional three months to 31 December 2026.**

Separately, **Egyptian Minister of Finance** has issued **Decision No. 549 of 2026 on 29 September 2026** which extends the deadline for submitting applications to settle existing disputes with the Real Estate Tax Authority by **six months to 7 April 2027.**

EFFECTIVE DATE

Real estate tax declarations: **31 December 2026**

Applications to settle existing disputes: **7 April 2027**

KEY POINTS

- Taxpayers have an additional three months to submit their real estate tax declarations.
- The extended declaration deadline is 31 December 2026.
- The deadline for submitting applications to settle existing disputes with the Real Estate Tax Authority has been extended by six months.
- The new dispute settlement application deadline is 7 April 2027.
- Taxpayers should use the extended periods to review their outstanding real estate tax compliance and any unresolved disputes.

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Read the full update

EGYPT

Ministry of Finance Publishes Citizen Budget for FY 2026/2027

SUMMARY

Egypt's Ministry of Finance published the **approved Citizen Budget for FY 2026/2027**, setting out key fiscal measures and tax incentives aimed at supporting economic activity, healthcare, investment and financial services.

The measures include changes to VAT and stamp duty, as well as exemptions for certain sectors and transactions.

KEY POINTS

- **VAT exemptions:** VAT exemptions include services relating to **goods in transit**, certain inputs used in manufacturing **dialysis equipment and prosthetic devices**, and specified **non-banking and postal financial services**.
- **Medical devices:** The VAT rate on specified **medical devices is reduced from 14% to 5%**.
- **Industrial medical equipment:** The suspension of VAT on medical machinery, equipment and devices used in industrial production is extended from **two years to four years**.
- **Stamp duty:** The stamp duty rate applicable to **non-residents is reduced from 0.125% to 0.05%**.
- **Other incentives:** The Citizen Budget also includes additional tax incentives/exemptions for specified companies and activities as part of the government's broader objective of supporting investment and economic activity.

OMAN

Oman VAT : Expanded Zero-Rating for Food, Medicines and Medical Equipment

SUMMARY

Oman Tax Authority has issued three decisions expanding the goods subject to **0% VAT**, covering essential food commodities, human medicines and medical equipment, and veterinary medicines and medical equipment.

The decisions replace the previous food and human healthcare zero-rating decisions and introduce updated lists and conditions.

EFFECTIVE DATE

1 October 2026

KEY POINTS

- **Food: Decision 225/2026** expands the zero-rated list to a broad range of essential food commodities, including meat, poultry, seafood, dairy, eggs, fruits, vegetables, grains and legumes.
- **Human healthcare: Decision 224/2026** zero-rates specified medicines, herbal medicines, biological and health preparations, special medical-purpose foods and medical equipment, subject to prescribed clearance requirements.
- **Veterinary healthcare: Decision 223/2026** covers specified veterinary medicines and medical equipment, subject to the relevant clearance requirements
- The three decisions are **effective from 1 October 2026**, so businesses should review their VAT treatment, product classifications and relevant customs/clearance codes before that date.

Read the Full update

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