



Crypto Taxation in the Gulf: A New Era of Transparency and Regulation

SUMMARY

Cryptocurrencies have transformed from a niche digital experiment into a mainstream financial asset. With trillions of dollars now circulating in the crypto economy, governments and tax authorities around the world have begun to take a closer look.

In the Middle East, and particularly across the Gulf Cooperation Council (GCC), this shift is becoming increasingly evident. The recent move by the United Arab Emirates (UAE) Ministry of Finance to sign the Multilateral Competent Authority Agreement (MCAA) under the OECD's Crypto-Asset Reporting Framework (CARF) is a landmark step, signaling the GCC's transition into a new phase of fiscal transparency and compliance around digital assets.

This article explores how the GCC is approaching the taxation of cryptocurrencies, how global reporting standards like CARF will reshape compliance obligations, and what this means for investors, businesses, and tax practitioners in the region.



Author - Hany Elnaggar

Partner - Tax & Compliance Leader for ME & GCC


Mob.: + 971 58 101 7788

Email: hany.elnaggar@acquisory.com

INTRODUCTION: UNDERSTANDING CRYPTOCURRENCY AND ITS RISE IN THE GCC

- **Cryptocurrency** — or **crypto** — refers to digital or virtual currency that uses cryptography for security and operates on decentralized blockchain technology, rather than being issued or controlled by a central authority like a government or central bank.
- The most well-known example is **Bitcoin**, **launched in 2009** as a peer-to-peer electronic cash system. Since then, thousands of cryptocurrencies have emerged - including Ethereum, Ripple (XRP), Tether, and Solana — serving various functions such as payment systems, digital assets, or tokens used in decentralized finance (DeFi).
- Unlike traditional money, cryptocurrencies rely on blockchains, distributed ledgers maintained by a network of participants (nodes). Each transaction is recorded in blocks, verified through consensus mechanisms (such as proof-of-work or proof-of-stake), and permanently stored - ensuring transparency and immutability.

Crypto assets can be broadly categorized as



Payment tokens
(e.g., Bitcoin),
used as a medium
of exchange;

Utility tokens,
granting access to
specific platforms
or services; and

**Security or
investment tokens,**
representing
ownership or
future profits.

- Globally, cryptocurrencies have evolved from speculative instruments into a significant component of the financial system. Institutional investors, sovereign funds, and fintech startups are increasingly involved, while governments are moving from observation to regulation.
- In the Gulf Cooperation Council (GCC) — comprising the UAE, Saudi Arabia, Bahrain, Oman, Qatar, and Kuwait — crypto has gained strong traction. The UAE, in particular, has positioned itself as a digital-asset hub through Dubai's Virtual Assets Regulatory Authority (VARA) and Abu Dhabi Global Market (ADGM) frameworks.
- However, with growth comes the need for oversight. As digital assets create new forms of income and wealth, tax authorities are under pressure to ensure that these activities are reported, valued, and taxed fairly.
- The recent move by the UAE Ministry of Finance to sign the Multilateral Competent Authority Agreement (MCAA) under the OECD's Crypto-Asset Reporting Framework (CARF) marks a historic step toward fiscal transparency and cross-border cooperation.

1. SETTING THE GLOBAL STAGE: FROM ANONYMITY TO ACCOUNTABILITY

- The world of crypto was once defined by anonymity. Transactions occurred outside the purview of banks and regulators, creating both opportunities and risks. However, as the value of digital assets surged, so did concerns about tax evasion, money laundering, and financial opacity.
- To address these concerns, the OECD introduced the Crypto-Asset Reporting Framework (CARF) in 2022. This framework establishes a global standard for the automatic exchange of information (AEOI) related to crypto-asset transactions — similar to what the Common Reporting Standard (CRS) did for traditional financial accounts.
- Under CARF, crypto-asset service providers — including exchanges, brokers, wallet providers, and certain decentralized platforms — will be required to collect detailed information about their users and share it with tax authorities. These authorities will, in turn, exchange the data with other jurisdictions through the MCAA.
- The goal is simple: to ensure that tax authorities have the same level of visibility into crypto transactions as they do into bank accounts or securities portfolios.

2. UAE TAKES THE LEAD: SIGNING THE MCAA UNDER CARF

- In **September 2025**, the UAE Ministry of Finance became one of the first jurisdictions in the Middle East to officially sign the MCAA for the automatic exchange of information under the CARF.
- This move aligns the UAE with a growing list of countries committed to global transparency standards. The signing of the MCAA follows the UAE's earlier participation in the OECD's Global Forum on Transparency and Exchange of Information for Tax Purposes, reinforcing its commitment to international best practices.

Key Highlights of the UAE's CARF Commitment

Implementation Timeline:

The UAE will begin collecting and exchanging crypto-asset information **starting from calendar year 2027**, with the first exchange of data **scheduled for 2028**.

Scope:

Reporting will apply to crypto exchanges, custodians, wallet providers, and intermediaries operating within the UAE, including both **mainland and free zone entities**.

Data Collected:

Information will include taxpayer identity, tax residency, crypto holdings, and transaction details such as acquisitions, disposals, and transfers.

Consultation Process:

The UAE Ministry of Finance opened a public consultation from **15 September to 8 November 2025**, inviting feedback from industry participants and tax professionals on the local implementation of CARF.

While CARF does not introduce new taxes, it represents a major shift toward transparency. It ensures that crypto income, gains, and holdings are visible to tax authorities globally — a move that will reshape compliance expectations for individuals and entities alike.

3. THE GCC TAX LANDSCAPE FOR CRYPTO: A COUNTRY-BY-COUNTRY REVIEW

- The GCC has traditionally maintained low-tax or no-tax regimes, but with the introduction of corporate tax in the UAE and expanding economic substance requirements across the region, the treatment of crypto assets is no longer a regulatory vacuum.

Below is an overview of where each GCC country currently stands:

United Arab Emirates (UAE)

- **Personal Taxes:** No personal income or capital gains tax applies to individuals trading or investing in crypto.
- **Corporate Taxes:** The Corporate Tax Law (Federal Decree-Law No. 47 of 2022) imposes a 9% tax on business profits exceeding AED 375,000. Crypto businesses — including exchanges, trading platforms, and mining operations — are subject to this tax if they operate as commercial entities.
- **Free Zones:** Crypto firms established in ADGM, DIFC, or VARA (Dubai Virtual Assets Regulatory Authority) may benefit from a 0% rate if they qualify as “Free Zone Persons,” provided they meet substance and qualifying income tests.
- **VAT:** Under Cabinet Decision No. 100 of 2024, the transfer or conversion of virtual assets is now exempt from VAT, aligning them with financial services. However, crypto mining does not qualify for this exemption.
- **Reporting Obligations:** With CARF adoption, licensed service providers will need to collect and share detailed transaction data with the UAE tax authority.

In short, while individuals continue to enjoy a tax-free environment, the UAE is clearly laying the groundwork for regulated, reportable crypto activity — moving closer to the standards of developed jurisdictions.

Saudi Arabia

- **Personal Taxes:** No personal income tax applies.
- **Corporate/Zakat:** Companies engaging in crypto-related business activities would likely be subject to corporate tax (for non-GCC ownership) or Zakat (for Saudi/GCC ownership).
- **Regulation:** The Saudi Central Bank (SAMA) and Capital Market Authority (CMA) currently restrict trading in cryptocurrencies, though the Kingdom has shown interest in blockchain technology.
- **Future Outlook:** With the increasing integration of global financial standards and potential implementation of Pillar Two, crypto tax regulation may emerge within the next few years.

Bahrain

- **Taxation:** No personal income or capital gains tax applies. Business income from crypto activities is taxable under Bahrain's general framework.
- **Regulation:** The Central Bank of Bahrain (CBB) recognizes crypto as a regulated financial asset class. Bahrain was the first GCC country

to issue a comprehensive digital asset framework back in 2019.

- **Outlook:** Bahrain's openness to crypto makes it a natural candidate for early CARF adoption and potential corporate-level reporting obligations.

Oman

- **Taxation:** Corporate income tax applies at 15% for resident entities. Crypto is currently not explicitly taxed, but if treated as business income, it could be subject to corporate tax.

- **Regulation:** Oman's Capital Market Authority (CMA) has issued draft regulations on virtual assets and service providers in 2024, indicating a future integration of tax and compliance rules.

Qatar

- **Regulation:** The Qatar Financial Centre (QFC) prohibits crypto trading, and the Qatar Central Bank restricts dealings in virtual currencies.
- **Taxation:** While there is no personal tax, corporate tax (10%) may apply if a business

engages in crypto activities contrary to regulation.

- **Outlook:** Crypto activity remains limited; however, international obligations under CARF may eventually prompt a review.

Kuwait

- **Regulation:** In 2023, the Capital Markets Authority (CMA) banned the use of cryptocurrencies for payments and investment by licensed entities.

- **Taxation:** While crypto is not recognized, corporate entities may still face tax on realized profits if crypto trading forms part of their business.

A comparable summary for GCC shown in below table:

Country	Personal / Capital Gains Tax (individuals)	Corporate / Business Tax (crypto activity)	VAT / Indirect Tax (crypto)	Regulatory status (key regulators & notes)
UAE	<ul style="list-style-type: none"> • No general personal income / capital-gains tax for individuals. • However, where crypto activity amounts to a business (trading, mining as a commercial operation, custody services, etc.) the profits will be taxed under corporate rules. 	<ul style="list-style-type: none"> • 9% CT for taxable profits above AED 375,000 (general CT regime). • Large MNEs may be subject to the 15% domestic minimum top-up tax (DMTT) / Pillar Two rules where applicable. • Crypto businesses treated as commercial activities are taxable under the CT law. 	<ul style="list-style-type: none"> • Transfers / conversions of virtual assets — broadly VAT-exempt under Cabinet Decision No.100/2024 (financial-service-like treatment). • Cryptocurrency mining is explicitly excluded from the VAT exemption per FTA guidance. (Exchange fees / ancillary services may attract VAT). 	<ul style="list-style-type: none"> • Virtual-asset regulation: VARA (Dubai), ADGM & DIFC regimes each regulate VASPs in their zones; licensing / AML rules in place. • UAE Ministry of Finance has signed multilateral CARF/MCAA (crypto reporting) steps.
Saudi Arabia (KSA)	<ul style="list-style-type: none"> • No broad personal income tax for individuals; therefore ordinary retail crypto gains by individuals are not subject to personal income tax—but tax treatment can change if activity is commercial in nature. • (Regulatory/tax treatment remains somewhat unsettled). 	<ul style="list-style-type: none"> • Corporate tax ~20% (standard) and Zakat ~2.5% for Saudi/GCC-owned entities — crypto business profits, if recognised as business income, fall within these regimes. 	<ul style="list-style-type: none"> • VAT (standard 15%) applies to taxable supplies; VAT treatment of crypto transfers is not comprehensively legislated and depends on the nature of the supply (e.g., exchange fees/services may be taxable). • No blanket crypto VAT guidance similar to UAE Decision 100. 	<ul style="list-style-type: none"> • Regulatory stance is cautious / risk-based: SAMA & CMA have issued warnings and restrictions; crypto is not recognised as legal tender and there is no fully comprehensive retail crypto legal framework as of latest guidance.

<p>Bahrain</p>	<ul style="list-style-type: none"> • No personal income tax for most individuals. Personal crypto gains not generally taxed as personal income (subject to commercial-activity exceptions). 	<ul style="list-style-type: none"> • No general corporate income tax for most companies (exceptions for oil & gas). • However, Bahrain has introduced a Domestic Minimum Top-Up Tax (DMTT) for qualifying MNEs effective 2025 (OECD Pillar Two response) — large crypto MNEs may be affected. • Commercial crypto businesses (exchanges, custodians) will be taxed under normal business rules where applicable. 	<ul style="list-style-type: none"> • VAT standard rate 10% (since 2022). Bahrain has issued VAT/financial-services guidance and the NBR has addressed crypto token types - VAT treatment depends on token type and service (some crypto activities may be zero-rated/exempt depending on classification). 	<ul style="list-style-type: none"> • Central Bank of Bahrain (CBB) has an established crypto licensing framework and issues crypto-asset licenses (exchanges, stablecoin frameworks, etc.) - Bahrain actively licenses VASPs and stablecoin issuers.
<p>Oman</p>	<ul style="list-style-type: none"> • Historically no personal income tax for most individuals (status changing with fiscal reforms— watch for developments). • Personal crypto gains treated like other capital gains unless part of a business. (Recent fiscal reforms announced — see notes). 	<ul style="list-style-type: none"> • Corporate tax 15% for companies (standard rate). • Oman is also implementing Pillar Two / DMTT measures (minimum top-up tax) for large MNEs — crypto businesses structured as companies will be taxed at standard corporate rates and may be subject to DMTT where applicable. 	<ul style="list-style-type: none"> • VAT exists (standard rate in Oman historically around 5% for some supplies - treatment of crypto transfers is not yet standardised like the UAE Decision; regulatory guidance is developing). Check local OTA/FSA guidance for final positions. 	<ul style="list-style-type: none"> • FSA / (formerly CMA) is developing a digital-assets regulatory framework (public consultations / draft rules observed). • Regulation is emerging; expect licensing and token-specific treatment when finalised.

<p>Qatar</p>	<ul style="list-style-type: none"> • No personal income tax on wages/salaries for most individuals. • Personal crypto gains generally not taxed unless they constitute a taxable Qatar-sourced income under local rules. 	<ul style="list-style-type: none"> • Corporate tax generally 10% for taxable Qatar-source profits (higher for hydrocarbon activities). Crypto businesses are taxed under normal corporate rules if operating as taxable entities. 	<ul style="list-style-type: none"> • Qatar has not issued a UAE-style VAT exemption for crypto; VAT regime differs (and Qatari VAT was not implemented like other GCCs historically). VAT applicability will depend on the nature of the token/service and QCB / QFCRA guidance. (QFC has its own Digital Assets Framework which addresses tokenised instruments). 	<ul style="list-style-type: none"> • QFC (Qatar Financial Centre) has issued a Digital Assets Framework (2024) for activities within QFC; QCB / QFCRA maintain cautious stances — certain tokens may be excluded; institutional activity restricted outside regulated frameworks.
<p>Kuwait</p>	<ul style="list-style-type: none"> • No personal income tax for employees. However, crypto activities are heavily restricted and personal gains may be affected by regulatory prohibitions. 	<ul style="list-style-type: none"> • Corporate tax (statutory 15%) applies to foreign companies / certain activities. In practice, corporate taxation and the treatment of crypto will follow general corporate rules where permitted; Kuwait has been restrictive toward crypto activities. 	<ul style="list-style-type: none"> • No VAT implemented (Kuwait has historically delayed GCC-VAT adoption). VAT introduction has been discussed but not broadly implemented; no standard crypto VAT guidance at present. 	<ul style="list-style-type: none"> • Restrictive approach / effective bans: Kuwaiti authorities (Capital Markets Authority, Central Bank) have issued prohibitions and warnings on crypto trading, payments and services; recent enforcement actions against mining have been reported. • Crypto activity is heavily restricted and often banned for licensed entities.

4. CORE TAX THEMES EMERGING IN THE

a. Classification Challenges

One of the key challenges for tax practitioners is determining whether crypto should be treated as:

- a capital asset (subject to capital gains rules),
- a currency equivalent, or
- a trading stock (subject to ordinary business income tax).
- The classification impacts not only the tax rate but also timing of recognition, deductibility of losses, and balance-sheet treatment.

b. Valuation and Documentation

Given the volatility of crypto assets, determining fair market value for tax purposes is complex. Taxpayers must maintain precise records of:

- acquisition cost and date,
- disposal proceeds,
- transaction fees, and
- wallet or exchange used.

With CARF implementation, authorities are expected to cross-verify these records against third-party data provided by exchanges.

c. Cross-Border Taxation and Double Tax Treaties

Crypto transactions are inherently global. An individual trading on a UAE exchange may be a tax resident elsewhere — creating overlapping tax obligations.

Under CARF, these transactions will be reported to the individual's jurisdiction of tax residence, making double tax treaties and foreign tax credits increasingly relevant.

d. Reporting and Compliance Burden

Crypto exchanges and custodians will bear the brunt of compliance. They will need to implement Know-Your-Customer (KYC) and tax residency identification processes, and provide annual reporting under CARF.

This could require major technology upgrades, new governance frameworks, and ongoing coordination with the UAE's Federal Tax Authority (FTA).

e. Anti-Money Laundering (AML) and Tax Nexus

The GCC's approach to crypto taxation cannot be separated from its AML policies. The FATF recommendations, Economic Substance Regulations (ESR), and Ultimate Beneficial Ownership (UBO) rules already impose

disclosure obligations. CARF adds another layer — ensuring that digital asset income is reported and taxed where appropriate.

5. THE ROAD AHEAD: WHAT TO EXPECT BY 2028

As the GCC transitions from policy development to implementation, several trends are likely:

- **Regional Convergence:**

More GCC states are expected to join the CARF MCAA, creating a harmonized regional framework for crypto reporting.

- **Corporate Tax Integration:**

Countries like Oman and Bahrain may begin explicitly defining the tax treatment of crypto assets in their corporate tax laws.

- **Data-Driven Tax Administration:**

With CARF data, tax authorities will use advanced analytics to identify unreported income and cross-border discrepancies.

- **Rise of Tax-Technology Solutions:**

Companies will need specialized software to

manage crypto accounting, valuation, and CARF reporting — creating new advisory opportunities.

- **Increased Regulatory Cooperation:**

Expect stronger coordination between financial regulators (like VARA, CMA, and CBB) and tax authorities to align compliance obligations.

- **Gradual Expansion to Individuals:**

While individuals in the GCC currently enjoy tax-free crypto gains, CARF may lead to future consideration of personal tax reporting for high-net-worth residents and cross-border investors.

6. PRACTICAL INSIGHTS FOR BUSINESSES AND INVESTORS

The GCC is now at a crossroads: it can either become a hub for compliant, transparent digital-asset innovation or face rising global scrutiny.

Key steps to prepare

Conduct a Crypto Tax

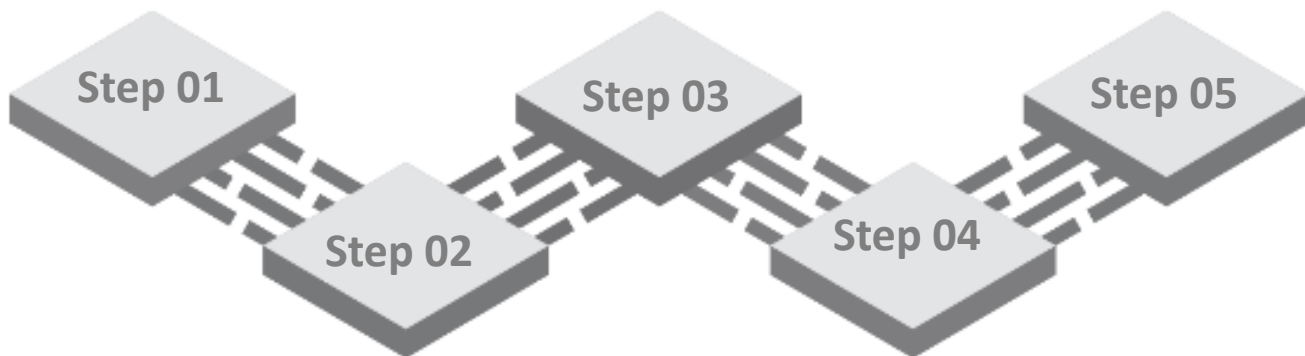
Diagnostic: Review whether your crypto activities - mining, staking, trading, or custody - create a taxable presence.

Assess Corporate Structures:

Evaluate whether operations within UAE free zones or other GCC jurisdictions remain tax-efficient under CARF.

Monitor Global

Developments: CARF, Pillar Two, and the OECD's evolving crypto definitions will have long-term effects on how digital assets are taxed.



Implement Record-Keeping

Protocols: Maintain detailed ledgers of wallet activity, transaction histories, and cost bases.

Engage with Public

Consultations: Participate in CARF and virtual asset regulatory consultations to shape the rules that will affect your business.

CONCLUSION

The GCC's journey toward crypto taxation is no longer a question of if, but when and how.

The UAE's signing of the MCAA under the CARF framework is a watershed moment that places the region firmly within the global network of tax transparency. While the GCC's low-tax philosophy remains intact, the age of unreported or opaque crypto holdings is coming to an end.

For investors and companies, the message is clear: the time to prepare is now.

Proactive compliance, robust documentation, and strategic tax planning will determine who thrives in this new era of digital transparency.

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