



GCC Tax Updates: A Year of Progress

Explore the latest tax updates and developments across the Gulf Cooperation Council (GCC) region, including Pillar Two implementation, corporate tax reforms, and Zakat regulation changes.

GCC Tax Landscape 2025

Acquisory's Key Insights

Acquisory Advisors: Guiding Tax Strategy in a Year of Change

As we conclude a landmark year of GCC tax reform, Acquisory remains at the forefront of advisory excellence, providing clarity, insight and strategic support to businesses navigating an increasingly complex tax landscape.

A Defining Year of GCC Tax Reform

This year brought major regulatory shifts and greater alignment with global standards. Our team has analysed these changes closely, helping organizations understand their impact and identify emerging opportunities.

Your GCC Tax Update Report

This report presents our country-by-country review of key tax developments across the GCC – highlighting major reforms, their practical implications and the insights businesses need for confident planning ahead.

Summary of Corporate Tax & Pillar Two in the GCC (1/2)

Country	Corporate Income Tax Status	Pillar Two Status	Page(s)
United Arab Emirates	Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses: Baseline CT framework of 9% above AED 375k, 0% on certain Qualifying Free Zone Person (QFZP) income, exemptions for government/public benefit entities.	Cabinet Decision No. 142 of 2024 - Introduces a Domestic Minimum Top-up Tax (DMTT) at 15% for in-scope MNE groups; OECD recognition of UAE DMTT as (transitional) QDMTT.	6-10
Kingdom of Saudi Arabia (KSA)	<p>No 2025 corporate income tax rate change; Zakat framework changes via Ministerial Resolution No. 1007 dated 01/08/144H. .</p> <p>Corporate Income Tax and Zakat are governed primarily by the Income Tax Law issued under Royal Decree No. M/1 dated 15/01/1425H , corresponding to 6 March 2004, and the Zakat Implementing Regulations.</p>	No Pillar Two legislation enacted as of 2025; KSA is expected to legislate in the future, but no formal regime is currently in force.	11-14
Oman	<p>No separate 2025 corporate income tax updates.</p> <p>Corporate income Tax is governed by the Income Tax Law issued under Royal Decree No. 28/2009, effective from 1 January 2010, as subsequently amended (including amendments under Royal Decree No. 118/2020) with a standard tax rate of 15%.</p>	Royal Decree No. 70/2024 - Implements Pillar Two in Oman by introducing a Domestic Minimum Tax (DMT) at 15% and an Income Inclusion Rule.	15-17

Summary of Corporate Tax & Pillar Two in the GCC (2/2)

Country	Corporate Income Tax Status	Pillar Two Status	Page(s)
Qatar	<p>No separate 2025 corporate income tax rate change; core standard rate remains at 10%.</p> <p>Corporate Income Tax is governed by Income Tax Law No, 24 of 2018 and has been effective from 1 January 2019.</p>	<p>Law No. 22 of 2024 - Introduces an Income Inclusion Rule (IIR) and a Domestic Minimum Top-up Tax (DMTT) intended to qualify as a Qualified DMTT (QDMTT).</p>	<p>18-20</p>
Bahrain	<p>No broad corporate income tax as of 2025; Bahrain's effective corporate-level tax for in-scope MNEs is via the 15% Domestic Minimum Top-up Tax (DMTT) introduced in Decree-Law No. 11 of 2024.</p> <p>As per press alerts, a draft corporate tax regime is under review for local companies with a proposed tax of 10%, however no official Law or Decree has yet been published</p>	<p>Decree-Law No. 11 of 2024 - Introduces a 15% Domestic Minimum Top-up Tax (DMTT) for Bahraini constituent entities of in-scope MNE groups.</p>	<p>21-23</p>
Kuwait	<p>Corporate Income Tax applies to foreign entities under Decree No. 3 of 1955, as amended (including Law No. 2 of 2008), effective from 1955. No broad-based corporate income tax for Kuwaiti-owned entities.</p> <p>Proposed corporate tax reforms have been discussed in recent years, however no Law or Decree has been issued.</p>	<p>Introduced a Domestic Minimum Top-Up Tax (DMTT) effective 1 January 2025. Executive Regulations issued in mid-2025 clarifying scope, calculation, registration, filing and payment requirements.</p>	<p>24-25</p>

Welcome to GCC Tax Updates

- **Explore the GCC region's evolving tax landscape**

This presentation will dive into the recent tax changes and developments across the Gulf Cooperation Council (GCC) countries.

- **Understand Pillar Two implementation**

Learn how GCC nations are introducing Domestic Minimum Top-up Taxes (DMTT) and Income Inclusion Rules (IIR) to comply with the OECD's Pillar Two initiative.

- **Discover corporate tax updates**

Gain insights into the latest amendments to corporate tax laws, including changes to nexus, capital gains, and dividend withholding provisions.

- **Examine Zakat regulation revisions**

Explore the new Zakat Implementing Regulation in Saudi Arabia, which introduces changes to the Zakat calculation and reporting framework.

- **Analyze international tax developments**

Understand the updates to the OECD Model Tax Convention, particularly around remote work and natural resource extraction.

- **Discover VAT updates**

Stay informed on the latest VAT developments, including key amendments

United Arab Emirates (UAE)

United Arab Emirates (UAE) – Tax Updates (1/2)

1

Cabinet Decision No. 142 of 2024

Introduces a Domestic Minimum Top-up Tax (DMTT) at 15% for in-scope MNE groups

2

OECD recognition of UAE DMTT as (transitional) QDMTT

UAE's DMTT is designed as a Qualified Domestic Minimum Top-up Tax (QDMTT) under OECD Pillar Two

3

Cabinet Decision No. 34 of 2025

Sets conditions for Qualifying Investment Funds (QIFs) and qualifying limited partnerships to be treated as Exempt Persons under the CT law

4

Ministerial Decision No. 84 of 2025

Specifies when taxpayers must prepare and maintain audited financial statements for CT purposes

5

FTA Decision No. 7 of 2025

Requires all Tax Groups to prepare audited 'aggregated' special-purpose financial statements

6

Cabinet Decision No. 129 of 2025

Consolidates earlier penalty decisions and introduces new voluntary disclosure penalty structure

7

Federal Decree-Law No. 28 of 2025

Establishes the statutory basis for taxable persons to claim a payment for unutilized tax credits arising from incentives or reliefs, subject to conditions, timeframes and procedures to be set out by the Cabinet Decision. This amends Federal Decree Law. No. 47 of 2022 by inserting Article 49 bis.

8

Cabinet Decision No. 100 of 2025

Introduces refinements to the corporate tax relief for business restructuring, including conditions for tax neutrality on transfers of assets and liabilities, applicable to both mainland and Free Zone entities.

UAE Tax Updates – Deep Dive (2/2)

1

Pillar 2 Reforms (QDMTT)

The UAE has introduced a 15% Domestic Minimum Top-Up Tax under Cabinet Decision No. 142 of 2024, applicable to multinational groups with global revenues of EUR 750 million/AED 3.15 billion or more. The OECD has recognized the UAE's rules as a transitional Qualified Domestic Minimum Top-Up Tax (QDMTT), enabling the UAE to collect the top-up tax locally rather than other jurisdictions doing so.

2

Qualifying Investment Funds

Cabinet Decision No. 34 of 2025 sets out the criteria for Qualifying Investment Funds (QIFs) and certain limited partnerships to be treated as Exempt Persons for UAE Corporate Tax purposes. The decision clarifies the investment purpose, investor eligibility, independence requirements and operational conditions applicable to funds seeking the exemption.

3

Audited Financial Statements

Under Ministerial Decision No. 84 of 2025, UAE taxpayers with annual revenue exceeding AED 50 million must prepare and maintain audited financial statements for Corporate Tax purposes. This is now also a mandatory requirement for Qualifying Free Zone Persons (QFZP) to retain their preferential tax status. Also, FTA Decision No. 7 of 2025 requires tax groups to prepare aggregated special purpose financial statements, irrespective of revenue.

4

Penalty Decisions

Cabinet Decision No. 129 of 2025 updates and consolidates the UAE's administrative penalty regime. The decision introduces revised penalties for late filings, late payments, non-submission of tax returns, failure to maintain records, and incorrect or incomplete disclosures. It also establishes a new voluntary disclosure penalty structure, reducing penalties where taxpayers proactively correct errors before an audit is initiated.

5

Business Restructuring Relief

. The amendments clarify that tax neutrality applies only where the restructuring is undertaken for valid commercial reasons and does not have avoidance as its main purpose. Additional conditions were introduced to tighten eligibility, including enhanced continuity of ownership, restrictions on subsequent disposal of transferred assets, and clearer clawback provisions where post-restructuring conditions are breached.

6

Refund of Excess Corporate Tax Credits

Introduces Article 49 bis, establishing a statutory framework for the refund of excess corporate tax credits. The amendment allows taxable persons to apply for a cash refund of unutilized credits, including excess tax paid or credits arising from assessments or amended returns, subject to conditions and procedures prescribed by the Federal Tax Authority.

United Arab Emirates (UAE) – Indirect Tax Updates (1/2)

Cabinet Decision No. 100 of 2025 updated the VAT Executive Regulations

To support the implementation of mandatory e-invoicing, the use of simplified tax invoices has been discontinued, and full e-invoices are now required for all taxable supplies, including zero-rated transactions.

Federal Decree-Law No. 16 of 2025

Federal Decree-Law No. 16 of 2025 amends certain provisions of the UAE VAT Law (Federal Decree-Law No. 8 of 2017). The law now removes the need for self-issued invoices under reverse charge and allows the FTA to reject input tax linked to VAT evasion.

Metal Scrap Reverse Charge Rules

A new Cabinet Resolution (No. 153 of 2025) introduces specific RCM rules for metal scrap supplies between VAT-registered persons, shifting VAT accounting obligations under certain conditions.

Administrative Penalty Framework Update (Effective 14 Apr 2026)

Cabinet Decision No. 129 of 2025 revises penalties across VAT, Excise Tax. Updated penalties include late filings, errors, non-disclosures, and 14% annual charge on unpaid tax.

United Arab Emirates (UAE) – Indirect Tax Updates (2/2)

Five-Year Refund Time Limit

A five-year time limit for claiming VAT credits, after which the right to recover the excess amount will expire. A five-year time limit has been introduced for claiming refunds of excess

UAE E-Invoicing: Ministerial Decisions 243 & 244 of 2025

Decisions 243 and 244 establish the legal framework and phased rollout for e-invoicing, with voluntary adoption starting 1 July 2026 to ensure smooth compliance.

Cabinet Decision No. 197 of 2025 on Excise Goods

The Ministry of Finance issued Cabinet Decision No. (197) of 2025, revising excise tax rates and calculation for sweetened beverages, taxing sweetened drinks by sugar content, and setting excise prices based on standard or retail prices with special rules for high-taxed goods and concentrates.

Kingdom of Saudi Arabia (KSA)

KSA Annual Tax Updates

New Zakat Regulations (Ministerial Decision No. 1007/1445)

In 2025, ZATCA replaced the previous rules and introduced a new Zakat base calculation based on year-end balances, matching of assets vs liabilities, specified additions and deductions, and updated classification of equity and liabilities for fiscal years starting 1 January 2024

TP and PE Focus in 2025 (ZATCA Guidance)

ZATCA's 2025 tax updates expanded enforcement on Transfer Pricing and Permanent Establishment risk, requiring stronger documentation for benchmarking, clarifying that foreign entities providing services to KSA may trigger PE exposure even without a physical presence.

Zakat Filing & Application (Ministerial Resolutions No. 1007 & 947)

Zakat payers in 2025 can apply the new Zakat regulation retroactively to prior years and submit revised returns before the 30 April 2025 deadline, offering potential relief where the new calculation reduces liabilities.

Pillar Two Status (No Law Enacted in 2025)

As of 2025, KSA has not enacted any Pillar Two or Domestic Minimum Top-Up Tax legislation, though authorities have issued preparatory commentary indicating future alignment with OECD minimum tax standard.

Zakat Treatment of Off-Plan Projects (Article 73 Amendment)

The 2025 Zakat framework clarified the treatment of off-plan real estate projects under Article 73 of Ministerial Resolution No. 1007/1445, specifying how developers must align accounting practices for Zakat and include appropriate closing balances and additions.

Withholding Tax (Technical & Consulting)

In December 2025, ZATCA issued a tax bulletin clarifying the withholding tax treatment of technical and consulting services provided by non-residents. The guidance confirms that payments for such services are subject to 5% WHT where the benefit of the services is received in KSA, irrespective of where the services are performed, unless exempt.

Corporate Tax Enforcement (2025 Administrative Guidance)

In 2025, ZATCA issued enhance Corporate Tax administrative guidance tightening audit scrutiny on related party service deductibility, intercompany cross-charges, benchmarks, and economic substance requirements.

KSA Annual Indirect Tax Updates (1/2)

1

Amendments to VAT Implementing Regulations

ZATCA amended the VAT Implementing Regulations, introducing clarifications on VAT grouping, electronic marketplaces, deemed supplies, tourist and foreign VAT refunds, and related compliance requirements, prompting businesses to review and update their VAT processes.

2

Tax Amnesty / Penalty Waiver Extensions

ZATCA extended its amnesty initiative, waiving fines and penalties related to VAT, and e-invoicing non-compliance, initially until 31 December 2025.

3

Excise Tax Reform on Sweetened Beverages (Effective 1 Jan 2026)

Saudi Arabia introduced a new tiered, volume-based excise tax on sweetened beverages, replacing the flat rate with a model linked to sugar content, in line with the updated GCC excise tax methodology.

4

2025 Update to Customs Tariff and HS Codes

The Ministry of Finance updated the Integrated Customs Tariff Schedule, revising HS codes and customs duty rates effective from its publication in late 2025, impacting various food, agricultural, and other product categories.



KSA Annual Indirect Tax Updates (2/2)

1

ZATCA Guidance on VAT Payment for Special Cases

In December 2025, ZATCA released new guidance clarifying VAT obligations for special cases, including when electronic marketplaces are treated as deemed suppliers and their related VAT responsibilities.

2

New RETT Implementing Regulations Issued by ZATCA (2025)

ZATCA issued new Implementing Regulations for the Real Estate Transaction Tax (RETT), following the updated RETT Law. The regulations maintain the 5% tax on real estate disposals, clarify the tax base, add exclusions, retain and clarify exemptions, and provide guidance on payment, refunds, and disputes

3

ZATCA Launches Wave 23 of Phase II E-Invoicing Integration

ZATCA announced Wave 23 of Phase II e-invoicing, requiring VAT-registered taxpayers with annual taxable revenues above SAR 750,000 to integrate with the FATOORA platform by 31 March 2026, continuing the phased rollout of the e-invoicing system..

Sultanate of Oman

Sultanate of Oman – 2025 Tax Updates



Expansion of Deductible Donations

Oman has issued Decision 313/2025 in November 2025, expanding the scope of deductible donations under the Executive Regulations of the Income Tax Law. This update allows deductions made to a wider range of approved charitable and endowment ('Waqf') institutions, while maintaining the 5% cap on deductible donations.



Strengthening Tax Treaties and Taxpayer Incentives

Oman expanded its tax treaty network in 2025 by ratifying double tax treaties with Cyprus and Tanzania, Bahrain, and Kazakhstan supporting cross-border investment and avoiding double taxation. Oman also introduced the **Tax Excellence Card** to promote voluntary compliance. Valid for two years, it will initially be issued to 100 taxpayers and offers faster refunds, priority responses, and access to forums and official events.



Domestic Minimum Top-Up Tax (DMT)

Oman implemented a 15% DMT effective for fiscal years beginning on 1 January 2025 under Royal Decree 70/2024. In addition to the DMT, Oman's Pillar 2 framework includes the Income Inclusion Rule (IIR) requiring parent entities of large MNEs to apply a top-up tax where a subsidiary's jurisdictional effective tax rate falls below 15%.



Introduction of Personal Income Tax

Royal Decree 56/2025 introduces Oman's first Personal income Tax regime, implemented from 1 January 2028, applying a 5% tax on individuals earning annual income above OMR 42,000. Although, effective from 2028, the decree was issued in 2025 and represents one of the year's most significant structural tax reforms.

Sultanate of Oman – 2025 Indirect Tax Updates

1

Digital Tax Stamps for Excise Goods

Oman has strengthened the enforcement of digital tax stamps on excise goods—covering soft drinks, energy drinks, and other beverages (excluding sweetened drinks)—mandating their use on imports from 1 June 2025 to enhance compliance and transparency.

2

VAT Refunds & Reconciliation Focus

The Oman Tax Authority (OTA) clarified that VAT refund applications, including for armed forces purchases, must be submitted quarterly for amounts \geq OMR 15 with invoices and proof of payment. The OTA reviews applications within 30 days, and approved refunds are paid within 15 days of notification.

3

Non-Resident VAT Refunds

Non-resident businesses are now eligible to claim refunds for VAT incurred on expenses in Oman, in accordance with the standard VAT law provisions.

4

Excise Tax Pricing Rules Update

Taxpayers are now required to determine and substantiate the Retail Sales Price of excisable goods, instead of relying on the standard price lists previously issued by the OTA.

State of Qatar

Qatar – Tax Reforms 2025 (1/2)

1

**Amendment to Withholding Tax Regime
(November 2025)**

2

**Introduction of Pillar Two Minimum Tax
Measures**

3

Taxpayer Accounts Officer for Large Taxpayers

4

Broader Compliance Modernization

Qatar – Tax Reforms 2025 (2/2)



Amendment to WHT Form

Qatar's revised WHT form, introduced in November 2025, includes more detailed disclosure requirements, including mandatory reporting of the Contract Notification Reference Number (CNRN) for all notifiable contracts. Taxpayers must now align WHT filings with the contract notification system, ensuring consistency of reported data



Pillar Two Global Minimum Tax

Qatar has introduced its intention to introduce Pillar 2-aligned rules, including the Income Inclusion Rule (IIR) and a potential Domestic Minimum Top-Up Tax. These measures will ensure that in-scope multinational groups are taxed at a minimum effective rate of 15%. Businesses will need to prepare for increased data gathering, ETR calculations, and reporting obligations.



Taxpayer Accounts Officer

Introduced in November 2025, the GTA has implemented a Taxpayer Accounts Officer (TAO) function for large taxpayers, assigning each entity a dedicated officer responsible for overseeing compliance and coordinating queries with the authorities. This initiative is designed to improve response efficiency and provide clearer guidance on complex tax matters.

These developments mark a significant shift in Qatar's tax landscape, and businesses should assess their readiness for the upcoming compliance changes.

Kingdom of Bahrain

Kingdom of Bahrain – 2025 Tax Updates

01

Pillar Two Implementation

Bahrain introduced a 15% Domestic Minimum Top-Up Tax under Decree Law No. 11 of 2024, applicable to Bahraini constituent entities with global revenues more than or equal to EUR 750 million in at least two of the preceding four years.

02

Executive Regulations

Issued in December 2024, the Executive Regulations provide clarifications on computation rules for determining the jurisdictional Effective Tax Rate (ETR) and top-up tax payable. Further, the allocation of covered taxes, transitional safe harbors and disclosure obligations for in-scope groups have been covered.

03

Administrative Guidance

The NBR has issued various administrative guides and manuals to clarify registration, filing, calculation, and other practical aspects of the DMTT framework (i.e., expectations for record-keeping, audit trails and supporting evidence for DMTT computations).

04

Advance Payments

The NBR has set out the process for DMTT advance payments, with the first payments due in August 2025 for entities with a 31 December year-end. Clarifications include calculation methodology, payment timelines, and administrative penalties for non-compliance.

05

Appeals and Safe Harbors

A new fee structure for DMTT-related appeals has been introduced, along with clarifications on safe harbors, interaction with foreign tax credits and application of transitional CbCR harbors.

Kingdom of Bahrain – 2025 Indirect Tax Updates

1

VAT Guide Updates

The National Bureau for Revenue (NBR) released updated VAT guides in 2025, including real estate, retail & wholesale, healthcare, and transportation, offering enhanced clarity on VAT obligations and compliance procedures to help businesses apply VAT correctly. These updates also clarify registration and sector-specific VAT treatments.

2

Exports Clarifications

The revised VAT guidance includes rules for cases where multiple supplies result in a single export and includes updates on goods exports, introducing a rule that when a single export stems from multiple sales, the 0% VAT rate applies only to the final supply.

3

Compliance Focus & Inspections

The NBR intensified on-site inspections during 2025, identifying VAT breaches including failure to issue tax invoices, and non-compliance with VAT-inclusive pricing requirements, leading to the imposition of administrative penalties.

4

VAT Real Estate update

The clarification confirms that certain transactions are not treated as exempt real estate supplies, including permissions to use specific areas (such as vending machines or shelf space), short-term retail or promotional stands rented for less than one month, and the granting of mooring rights for boats or the rental of jetties.

State of Kuwait



Kuwait Annual Tax Updates

Category	Trigger Event	Compliance Deadline
DMTT Registration (in-scope MNEs)	Executive Regulations enter into force (entities in scope as of 1 January 2025)	Within 120 days from effective date of Executive Regulations (transitional deadline: 30 September 2025)
DMTT Registration (Newly in-scope entities)	Entity/group first becomes subject to DMTT	Within 120 days from date DMTT scope is triggered
DMTT Return Filing	End of financial year	15 months from financial year end (18 months for the first year, where applicable)
DMTT Payment	Same as above	Same as above

- The most significant tax development in Kuwait in 2025 is the introduction of the OECD Pillar Two global minimum tax framework under the Domestic Minimum Top-Up Tax effective 1 January 2025. The Executive regulations issued in mid-2025 clarified scope, calculations, and filing.
- Kuwait continues to strengthen its international tax framework through tax treaty updates, including the approval of a protocol to amend the Kuwait-Jordan tax treaty, aimed at modernizing provisions and enhancing cross-border tax certainty.

The GCC region has undergone a significant tax transformation, with the implementation of Pillar Two frameworks, corporate tax updates, and Zakat regulation revisions. Businesses must stay informed and adaptable to navigate this evolving landscape and ensure compliance. As the region continues to evolve, proactive monitoring and professional guidance are essential for optimizing tax strategies.





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