

**GCC**

## GCC Tax Flash News – December 2025

	<b>Tax Statutes</b>	<b>Description</b>
<b>United Arab Emirates (UAE)</b>		
1	<b>Corporate Tax (CT)</b>	<ul style="list-style-type: none"> <li>The Federal Tax Authority ('the FTA') issued Guide CTGAPA1, providing a comprehensive roadmap for taxpayers to submit an application for an Advance Pricing Agreement ('APA'). The APA enables the determination of arm's length price for controlled transactions/arrangements that are proposed or already entered into over a specified period of time. The APA framework aims to provide tax certainty and reduce the risk of transfer pricing disputes and related litigation.</li> <li>The FTA issued FTA Decision No. 8 of 2025, prescribing timelines for Tax Compliance Requirements for Qualifying Investment Funds and their investors under the UAE CT Law. The decision applies to Tax Periods commencing on or after 1 January 2025.</li> </ul>
2	<b>UAE Taxes</b>	<ul style="list-style-type: none"> <li>The UAE Ministry of Finance ('the MoF') announced significant changes to its tax administration framework through Federal Decree Law No. 17 of 2025, which amends the Tax Procedures Law and Federal Decree Law No. 28 of 2022</li> <li>The FTA issued Cabinet Decision No. 174 of 2025 amending certain provisions of Cabinet Decision No. 65 of 2020 on the fees for services provided by them. These amendments will be effective from 1 January 2026</li> <li>The FTA issued Decision No. 9 of 2025 on the conditions to decline the refund of residual amounts, upon which FTA may decline refund requests for any residual amounts during a Tax Audit</li> </ul>
3	<b>UAE legal/ Judiciary</b>	<ul style="list-style-type: none"> <li>The UAE Government introduced significant amendments under several provisions to the Civil Procedures Code, through the Federal Decree Law No. 22 of 2025, as part of ongoing efforts to develop procedural structure of the civil judiciary and improving the quality of judicial work to meet the standards of contemporary justice</li> </ul>

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4	<b>Value Added Tax (VAT)</b>	<ul style="list-style-type: none"> <li>The MoF announced amendments to the recent Federal Decree-Law No. 16 of 2025, key changes include:           <ol style="list-style-type: none"> <li>Reverse charge mechanism clarification on self-invoicing</li> <li>Denial of Input Tax in tax evasion chains</li> <li>Five-year cap on excess recoverable input VAT</li> <li>Removal of the VAT-specific statute of limitation</li> </ol> </li> <li>The MoF issued Cabinet Decision No. 153 of 2025 introducing a new Reverse Charge Mechanism applicability to the local supply of Metal Scrap between VAT-registered businesses, effective from 14 Jan 2026</li> <li>The FTA released the updated guide on the VAT Administrative Exceptions Guide "VATGEX1", highlighting the relevant criteria for being eligible to apply for a VAT administrative exception</li> </ul>
5	<b>E-Invoicing</b>	<ul style="list-style-type: none"> <li>The FTA introduced a new and significant feature on the Emara Portal: an E-invoicing tab that allows businesses to onboard, re-verify, or offboard their profile with an Accredited Service Provider</li> <li>The FTA issued a draft user guide for the Taxpayer Onboarding Overview for the UAE E-invoicing, detailing the steps required on the Emara Tax platform</li> </ul>
6	<b>Excise Tax</b>	<ul style="list-style-type: none"> <li>The FTA issued Decision No. 10 of 2025, establishing a formal mechanism to calculate the percentage of sugar and other sweeteners in concentrates, powders, gels, and extracts where existing guidelines are unavailable or inaccurate, effective from 1 January 2026</li> <li>The FTA issued a Decision No. 11 of 2025 on Additional Cases where Excise Tax paid on Excise Goods may be deducted and controls for such deduction</li> <li>The MoF released Cabinet Decision No. 197 of 2025 introducing the Excise framework on covering excise goods, applicable category-wise tax rates, and updated methods for calculating the excise price, effective from 1 January 2026</li> <li>The MoF released Cabinet Decision No. 198 of 2025, amending certain provisions of Cabinet Resolution No. 37 of 2017 concerning the Executive Regulation on Excise Tax</li> <li>The FTA released Public Clarification "EXTP013" on Excise tax for implementing a tiered-volumetric model of Excise Tax for Sweetened Drinks, which explains the newly introduced rules through practical examples</li> </ul>
7	<b>UAE Economy</b>	<ul style="list-style-type: none"> <li>The UAE has taken another significant step for entrepreneurs, SMEs, investors, and non-profit organisations under the Federal Decree Law no. 20 of 2025, providing the tool to build, scale and govern with greater flexibility and modernised corporate structures</li> </ul>
8	<b>UAE Banking</b>	<ul style="list-style-type: none"> <li>The Central Bank of the UAE decided to cut the Base Rate applicable to the "Overnight Deposit Facility" by 25 basis points, from 3.90% to 3.65%, effective from 11 December 2025</li> </ul>
9	<b>Double Tax Avoidance Agreement (DTAA)</b>	<ul style="list-style-type: none"> <li>The UAE and Ecuador signed an "Investment Promotion and Protection Agreement" in Abu Dhabi, enhancing legal certainty for investors in both jurisdictions. The agreement is expected to stimulate bilateral economic activity</li> </ul>

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<b>Kingdom of Saudi Arabia (KSA)</b>		
10	<b>Value Added Tax (VAT)</b>	<ul style="list-style-type: none"> <li>The Zakat, Tax, and Customs Authority issued guidelines clarifying the special-case rules for the application of VAT on deemed suppliers in relation to Electronic marketplace businesses under Article 47 of the VAT Implementing Regulations</li> </ul>
<b>Kingdom of Bahrain</b>		
11	<b>Bahrain Taxes</b>	<ul style="list-style-type: none"> <li>The Bahrain's National Bureau for Revenue referred a draft law to the legislative authorities, proposing a 10% Corporate Income Tax on net profits exceeding BD 200,000. The tax would apply to businesses with annual revenue over BD 1 million and is targeted for implementation in 2027, marking a major development in Bahrain's tax framework</li> <li>The executive and legislative authorities also convened a joint session at the Council of Representatives to review the proposed initiatives designed to enhance financial development. These discussions resulted in several measures, including the tax-related measures such as increasing the selective tax on soft drinks</li> </ul>
<b>Sultanate of Oman</b>		
12	<b>Excise Tax</b>	<ul style="list-style-type: none"> <li>The Oman Tax Authority ('OTA') announced a strategic adjustment to the implementation of the Digital Tax Stamp ('DTS') system for the soft drinks sector, with the following decisions:             <ol style="list-style-type: none"> <li>Suspend the customs obligation of applying the DTS on the soft drinks</li> <li>Postpone the local obligation of applying the DTS on soft drinks, which was scheduled to commence as of 1st January 2026 until further notice</li> </ol> </li> <li>The OTA released the first draft of the E-invoicing data dictionary for public consultation and, in parallel, clarified the implementation roadmap for e-invoicing during consultation workshops held with a selected group of large taxpayers</li> </ul>
<b>Qatar</b>		
13	<b>Income Tax</b>	<ul style="list-style-type: none"> <li>The General Tax Authority announced that the tax return filing period for the financial year ended December 31, 2025, will commence on January 1, 2026 and continue until April 30, 2026</li> </ul>
14	<b>Double Tax Avoidance Agreement (DTAA)</b>	<ul style="list-style-type: none"> <li>Qatar and Uruguay signed an Income Tax Treaty to eliminate double taxation and prevent tax evasion and avoidance, aiming to eliminate double taxation on cross-border income. In addition, both countries entered into an "Investment Promotion and Protection Agreement" to strengthen bilateral economic cooperation and safeguard investments</li> </ul>
<b>State of Kuwait</b>		
15	<b>Double Tax Avoidance Agreement (DTAA)</b>	<ul style="list-style-type: none"> <li>The Austrian National Council approved amending protocol to the Austria–Kuwait Income and Capital Tax Treaty (2002), which was signed on June 17, 2025</li> </ul>

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