



# Bahrain & GCC Tax News

31 May 2023

## Bahrain

### Introduction of Corporate Income Tax (CIT) in Bahrain

On 23 May 2023, the Minister of Finance and National Economy of Bahrain, HE Shaikh Salman bin Khalifa Al Khalifa, during the weekly parliamentary session stated (as reported by the local press):

*“It is a global direction to impose corporate taxes and Bahrain is committed to complying with the move……. We firmly believe that companies should contribute to the sustainability of the economy and financial development of the country……. The issue is a matter of when, not if, as we continue to work with the OECD [Organisation for Economic Co-operation and Development] on getting things right as we ensure that it wouldn't have an economic impact that affects employment, economic growth and investments.”*

In our latest publication, we have discussed what Bahrain CIT regime may look like, key impact areas and what steps Bahrain businesses can take to ensure a smooth transition. Click [here](#) to read our latest Tax Insights on introduction of CIT in Bahrain.

### Proposal to impose 2% tax on foreign remittances made by expats

As per local news reports, certain members of parliament (MPs) have proposed a 2% tax on foreign remittances made by expatriates. The Ministry of Finance and National Economy (MoFNE) and the National Bureau for Revenue (NBR) have urged MPs to rethink the proposal.

### Upper house of Japanese parliament approves Investment Protection Agreement (IPA) with Bahrain

On 24 May 2023, the Japanese House of Councillors approved an IPA with Bahrain, which was signed on 23 June 2022. The Japanese House of Representatives (lower house of Japanese parliament) approved the agreement on 27 April 2023.

## Kingdom of Saudi Arabia (KSA)

### Zakat, Tax & Customs Authority (ZATCA) announces criteria for fifth wave of e-invoicing integration

ZATCA has recently announced the criteria for selecting taxpayers for the fifth wave of integration phase of e-invoicing in KSA. The fifth wave covers taxpayers with taxable revenues exceeding SAR 100 million during 2021 or 2022. Such taxpayers will be required to integrate their e-invoicing solutions with FATOORA Platform from 1 December 2023.

Click [here](#) to view the press release.

### ZATCA proposes amendments to KSA CIT regulations

ZATCA has recently proposed certain key amendments to the KSA CIT regulations which have been released for public consultation. This includes changes in Withholding Tax (WHT) rates for specified services, reduction in limitation period from 5 years to 3 years and extension of annual filing deadline.

## ZATCA signs cooperation agreement with Economic Cities and Special Zones Authority

ZATCA has recently signed a cooperation agreement with the Economic Cities and Special Zones Authority with the objective of regulating tax and customs laws in the Special Economic Zones.

## ZATCA reminds taxpayers of amnesty scheme deadline

ZATCA has recently reminded taxpayers to take advantage of the cancellation of fines and financial penalties initiative before the deadline of 31 May 2023.

Click [here](#) to view the press release. (In Arabic)

## United Arab Emirates (UAE)

### Ministry of Finance (MoF) issues decisions regarding UAE CIT

The UAE MoF has recently published the following decisions for the implementation of Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses:

- [Ministerial Decision No. 134 of 2023](#) on general rules for determining taxable income
- [Ministerial Decision No. 133 of 2023](#) on business restructuring relief
- [Ministerial Decision No. 132 of 2023](#) on transfers within a qualifying group
- [Ministerial Decision No. 127 of 2023](#) on unincorporated partnerships, foreign partnerships and family foundations
- [Ministerial Decision No. 126 of 2023](#) on general interest deduction limitation rule
- [Ministerial Decision No. 125 of 2023](#) on tax groups
- [Ministerial Decision No. 120 of 2023](#) on adjustments under the transitional rules

### UAE and Czech Republic sign income tax treaty

On 24 May 2023, the Czech Republic – UAE income tax treaty (2023) was signed in Prague. Once approved and in force, the new treaty will replace the Czech Republic – UAE income and capital tax treaty (1996).

## Kuwait

### Kuwait Tax Authority (KTA) introduces sample-basis inspection methodology

The KTA has recently announced that it has introduced a sample basis inspection methodology for all taxpayers in Kuwait.

Click [here](#) to read the Tax Alert issued by KPMG Kuwait.

## Oman

### Oman Tax Authority (OTA) announces VAT at 0% on supply of electric vehicles and spare parts

The OTA has recently announced that the supply of electric vehicles and their spare parts will be subject to VAT at the zero rate, in accordance with the applicable conditions and controls.

For a detailed discussion on how the above updates may impact your business, [contact us](#).

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