



Below are the latest development in middle east tax and other measures in response to COVID-19 in the GCC:

UAE

Businesses are gradually reopening in Dubai from 27th May 2020, most business activities had been closed as a precautionary measure against the spread of Covid-19. The range of businesses that has reopened include cinema halls, leisure and recreational destinations, sports academies, indoor gyms, retail shops and wholesale stores, clinics, including ENT, academic/coaching institutes and all government centers.

Below are the rules to be followed-

- ✓ All businesses authorized to operate should abide by the new sterilization timings (11pm to 6am).
- ✓ Everyone should wear a mask at all times. Employees who do not wear a mask will be subject to a fine of AED 500 and company will be fined AED 5000.
- ✓ Employees should always maintain a two-metre social distance..
- ✓ Meetings should be held at the office only if it is absolutely necessary. Attendees should not exceed five people and each person should maintain a two-metre physical distance from others.
- ✓ Daily sterilization of the workplace is mandatory and employees and visitors should be provided with sanitizers at all times. Everyone is required to wear face masks when at the workplace.
- ✓ All passengers arriving in the country should adhere to a 14-day quarantine.
- ✓ Children under 12, people over 60 and those with chronic diseases are not allowed to enter shopping centres, cinemas, gyms, etc

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BAHRAIN

The Bahrain National Bureau for Revenue (NBR) has published a manual on simplified Value Added Tax (VAT) returns. The publication of the manual follows the NBR's announcement earlier in the year that taxable persons with annual supplies of less than BHD 100,000 and who are not registered as part of a VAT group will be able to request to file a simplified VAT return, which may be due for filing on a monthly, quarterly, or annual filing period.

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The Kingdom of Bahrain (Bahrain) has recently published an Oil & Gas VAT Guide which sets out the general principles of VAT in relation to the oil and gas sector in Bahrain. The main purpose of the guide is to provide the reader with an overview of the VAT rules and procedures in relation to the oil and gas sector in Bahrain and, if required, how to comply with them.

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SAUDI ARABIA

The Government of the Kingdom of Saudi Arabia (KSA) has announced that the Value Added Tax (VAT) rate will increase to 15% from the current 5%, effective 1 July 2020. The increase comes as part of additional measures taken by the KSA government in response to the economic impact of the COVID-19 crisis, due to the decline in government revenue resulting from lower oil prices, reduced economic activity and increased healthcare expenditure.

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Further to the announcement of the increase of the VAT rate from 5% to 15% that will take effect from 1 July 2020, GAZT has published a Guideline providing examples of how its transitional rules will apply to the VAT rate change in KSA. The guide is available only in Arabic, the English version will be shared once published.

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The key aspects of the transitional provisions are summarized below:

For contracts entered into between a VAT registered supplier and a Government body:

- a) Where contracts were entered into before 11 May 2020 and span the effective date of the rate increase – the supply can remain subject to 5% VAT until the earlier of the (i) time the contract expires, (ii) time the contract is renewed or (iii) 30 June 2021;
- b) Where contracts were entered into between 11 May 2020 and 30 June 2020 – 5% VAT will apply if the supply was delivered before 30 June 2020. If the supplies are delivered from 1 July 2020 onwards, the increased rate of 15% VAT should apply.

For contracts entered into between two VAT registered businesses:

- c) Where contracts were entered into before 11 May 2020, and the supplies are continuous until after 1 July 2020, made to a recipient who can fully recover its input tax – the supply may be treated as subject to 5% VAT until the earlier of the (i) time the contract expires, (ii) time the contract is renewed or (iii) 30 June 2021;
- d) Where contracts were/are entered into between 11 May 2020 and 30 June 2020 the 5% VAT rate will apply if the supply was delivered before 30 June 2020. If the supply is delivered from 1 July 2020 onwards, the increased rate of 15% VAT should apply.

Tax invoices:

- a) Where tax invoices are issued before 11 May 2020 which relates to a supply delivered on or after 1 July 2020 – the supply may be treated as subject to 5% VAT, provided the supply is delivered before the end of 30 June 2021.
- b) Where tax invoices are issued between 11 May 2020 and 30 June 2020 – 5% VAT should apply where the supply will be delivered by 30 June 2020. If the supply will be delivered on or after 1 July 2020, the increased rate of 15% VAT should apply.

Who We Are

Nishe is a boutique professional services firm based in the UAE specialising in the provision of accounting, Value Added Tax (VAT) and other related services to clientele in GCC.

Nishe aspires to work towards uplifting underprivileged women by providing them with the support they require to grow. Nishe is exclusively made up of women professionals who are fiercely determined to make a positive impact on everyone they work with – be it our clients, women who seek our support or anyone else.

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