



Below are the latest development in tax in the GCC:

UAE

The United Arab Emirates ('UAE') Federal Tax Authority ('FTA') is understood to be restricting the use of form VAT301 (Import Declaration Form for VAT Payment) on the e-Services portal and that users who have a valid TRN and plan to use this form for settlements via their VAT returns, would not be able to use this option going forward. In order to continue to be able to import goods via Customs, taxpayers who are registered for VAT purposes, should ensure that their Customs Registration Numbers ('CRNs') are linked to their Tax Registration Number ('TRN'). Alternatively, taxpayers will only be able to import goods via a clearing company that is registered with the FTA or only use form VAT301 to utilize the payment option.

The FTA may allow the use of form VAT301 using the VAT settlement option, only for a number of specific users that need to obtain specific confirmation from the FTA.

OMAN

On 4 January 2021, the Sultanate of Oman issued Ministerial Decision No. 2/2021 determining food products subject to the zero-rate for VAT purposes. This decision enters into force on 16 April 2021, aligned with the date the Oman VAT Law enters into force.

The decision lists a total of 93 food items which are subject to the zero-rate. These mainly comprise of:

- Meat, poultry and fish;
- Dairy products and eggs;
- Fruits and vegetables;
- Coffee beans, tea and cardamom ;
- Grains and rice;
- Olive oil;
- Baby foods;
- Sugar and salt;
- Bread products of all types;
- Water (natural or mineral).

Any items not mentioned in this list shall, by default, be subject to the standard VAT rate (5%).

The Oman Tax Authority ('OTA') has also issued two other VAT Executive Decisions in the month of January. These decisions include:

- Decision No.1/2021 determining the mandatory threshold as OMR 38,500 and the voluntary registration threshold as OMR 19,250.
- Decision No.3/2021 determining the VAT Registration due dates and effective dates. Oman has implemented a staggered registration and the first phase will begin from 1 February 2021 to 15 March 2021 for taxpayers whose annual supplies exceed OMR 1 million. The authorities have also released VAT Transitional registration guide which will assist taxpayers to calculate annual taxable supplies and assist with registration via the online portal. Please find below link to Oman tax website.

[Access Website](#)

BAHRAIN

The Kingdom of Bahrain's Minister of Finance and National Economy signed decision No. 33 of 2020, which sets fees for the issuance of tax residency certificates, issuance/renewal of tax representative licenses and appeals to the Tax Appeals Review Committee. The decision entered into force on 8 January 2021. The decision sets out fees for below services and states that the National Bureau of Revenue ('NBR') shall collect and manage these fees:

- Issuance of tax residency certificate: BHD 50;
- Issuance/renewal of tax representatives and agents licenses (valid for three years): BHD 300;
- Filing of appeal to the Tax Appeals Review Committee: BHD 50 (on each tax decision/procedure appealed).

The Bahrain National Bureau for Revenue ('NBR') has published an updated version of the General VAT guide. In the updated version of the guide, the NBR has clarified the following:

- Determining the place most closely connected with a supply in newly added Appendix C;
- Fees for certain NBR services set out in Ministerial Decree No. 33 of 2020; and
- Taxpayer requests for reviews of assessments.

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SAUDI ARABIA

The General Authority of Zakat and Tax ('GAZT') approves amendments to the Real Estate Transaction Tax ('RETT') Implementing Regulations.

The amendment has been made to paragraph (a) of Article (3) of the Kingdom of Saudi Arabia ('KSA') RETT Implementing Regulations and it was published in the Official Gazette No. 6036. The Decision has added the following two new cases to the list of transactions that are excluded from the scope of application of the RETT:

- Disposal of the property by a shareholder/partner in a company to the company's name;
- Disposal of the real estate properties as an in-kind contribution by any person in the capital of a real estate investment fund upon establishing the fund in accordance.

Further, the Decision also added certain conditions to the exclusion related to the disposal of the property as an in-kind contribution by any person as the capital of the joint stock companies where the corresponding shares are not disposed of for a period of five years.

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On 21 January 2021, KSA extends the tax amnesty program intended to relieve the financial burden resulting from the COVID-19 pandemic.

The updated amnesty program waives the penalties related to late payment and filing for all KSA taxes alongside penalties imposed on the amendment of VAT returns. Penalties which might arise from any assessment/reassessment instigated by GAZT related to tax returns which are due before 21 January will also be covered under program.

The waiver of penalties is subject to the condition that the taxpayer/taxable person pays the tax amount under the relevant tax return in full. The proportion of the penalties waived will depend on the date the taxpayer/taxable person fully pays the tax amount under the relevant tax return, specifically:

- 100% Waiver: Payment of tax due before 21 January 2021;
- 100% Waiver: Payment of tax due between 21 January - 31 March 2021;
- 75% Waiver: Payment of tax due between 1 April - 31 May 2021;
- 50% Waiver: Payment of tax due before 31 June 2021.

According to GAZT, this should be the last extension.

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The Minister of Commerce, Mr. Majid Al-Qasabi, mentioned in a press interview that the decision to increase the VAT rate in the Kingdom of Saudi Arabia could be reviewed after the crisis ends. In July 2020, VAT rate was increased to 15% from 5% in response to a fragile economic situation in the Kingdom caused due to COVID-19 and lower oil prices. With the improvement in the economy in the coming years, businesses can expect a revision of the VAT rate in the KSA.

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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.

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