



Below are the latest development in tax in the GCC:

## UAE

Cabinet Decision No. 49 of 2021 on amending some Provisions of Cabinet Decision No. 40 of 2017 on the Administrative Penalties for Violation of Tax Laws in the UAE (“The Decision”) aims to support registrants in fulfilling their tax obligations.

- The Decision will go into effect starting from 28 June 2021.
- The Decision reduces many administrative penalties imposed on the violation of tax laws post 28 June 2021.
- The Decision allows registrants who have been penalized prior to the effective date of the Decision to benefit from a penalty redetermination scheme, where they would only be required to settle 30% of their payable administrative penalties outstanding on 28 June 2021 subject to meeting the requirements specified in the Decision.

In order to benefit from the penalty redetermination scheme, the Federal Tax Authority (“FTA”) urges registrants to settle all pending tax until 31 December 2021 and 30% of the total administrative penalties imposed and outstanding on 28 June 2021, no later than 31 December 2021.

**For more details, please click the links below.**

[\*Cabinet Decision No.  
49 of 2021\*](#)

[\*Public Clarification TAXP001 -  
Amendment to the Penalties Regime\*](#)

[\*Public Clarification TAXP002 -  
Redetermination of Penalties\*](#)

The FTA in the UAE has recently published an updated version of the guide for commercial property buyers and sellers. The update has been made mainly to section 2.2 of the guide relating to the information required before making the payment. The information required includes land department name, transaction number and date, sale and VAT amount and the payee details (can be the buyer or the seller).

[\*Read More\*](#)

The FTA has now published VAT Public Clarification P026, which replaces P021. The amended point regards the definition of a 'Person' which is now expressly to be understood as a legal person and a natural person.

The Clarification remains the same and states that a Person (legal or natural) owning multiple sole establishments should obtain only one VAT registration for all of its sole establishments and it is not allowed to register each sole establishment for VAT purposes separately. The motivation behind the rule is that the establishment, according to the FTA, does not have legal personality, and is therefore not independent from the owner.

[\*Read More\*](#)

The CRS/FATCA filing for the tax year 2020 is now open from 15 May 2021 to 30 June 2021. The reports can be submitted via the UAE Ministry of Finance (“MoF”) AEOI Portal. The UAE MoF has recently updated the FATCA/CRS pages on its website to include general information and FAQs.

[\*Access Website\*](#)

# BAHRAIN

Bahrain Ministry of Industry, Commerce and Tourism (“MOICT”) has extended the deadline for submission of 2020 Economic Substance Report to 31 July 2021. The MOICT has announced that it has suspended all ESR submissions relating to FY 2020 until the end of May 2021. Businesses who have already filed their ESR returns for FY 2020, will now be required to re-submit the return via the portal by 31 July 2021.

## SAUDI ARABIA

The Saudi Council of Ministers in May 2021 approved merging of the General Authority of Zakat and Tax (“GAZT”) and the General Authority of Customs to form the Zakat, Tax and Customs Authority (“ZTCA”).

The Council of Ministers’ decision was published in the official gazette along with the regulations of the new ZTCA (replacing the prior GAZT and GAC regulations). The approved regulations address the scope of work of the new merged authority. The effective date of the regulations is 14 May 2021. The decision instructs that ZTCA shall be headed by the Minister of Finance and governed by an administrative board comprised of the following persons:

- The Governor of ZTCA;
- A representative from the following Ministries: Interior, exterior, commerce, transportation, economy and investment;
- A representative from each of: SAMA, Capital Market Authority and State Security;
- Two private sector representatives.

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ZTCA has published the resolution of Controls, Requirements, Technical Specifications and Procedural Rules for implementing the Provisions of the E-Invoicing Regulation.

The E-invoicing (FATOORAH) is being rolled out in two phases:

- Phase One, known as the Generation phase and enforceable as of 4 December 2021, will require Persons subject to the E-Invoicing Regulation to generate and store compliant tax invoices and notes using compliant electronic systems.
- Phase Two, known as the Integration phase and enforceable starting from 1 January 2023 and implemented in waves by targeted taxpayer groups. During this phase, subjective taxpayers must comply with Phase Two business and technical requirements for the electronic invoices and electronic solutions, and the integration with ZTCA’s system. Taxpayers will be notified by ZTCA on the date of their integration at least 6 months in advance.

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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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