

TAX NEWSLETTER



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United Arab Emirates



Corporate Tax on REIT Investors

The UAE Federal Tax Authority has issued a new clarification on the Corporate Tax treatment of investors in Real Estate Investment Trusts (REITs) that are exempt as Qualified Funds.

- Effective from 1 Jan 2025, both resident and non-resident legal persons investing in exempt REITs will be taxed on 80% of the
- REIT's UAE immovable property income on a pro-rata basis.
- If the REIT distributes its income within 9 months and the investor has fully exited, no tax applies.
- Taxable income includes profit from rent, sale, or use of UAE immovable property.
- Investors remain responsible for compliance and may need to appoint a tax agent, especially if non-resident.
- REITs must provide investors with sufficient financial data to calculate tax obligations.
- Clarification covers treatment of profit distributions, related expenses, and investment manager fees.
- The investor is legally regarded as the owner of the REIT interest under UAE law.

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FTA Announces Corporate Tax Penalty Exemption for Late Registrations

The UAE Federal Tax Authority (FTA) has begun implementing a Cabinet Decision to exempt certain corporate taxpayers from administrative penalties related to late corporate tax registration.

- Taxpayers must file their first tax return/annual declaration within 7 months (instead of 9) from the end of their first tax period or financial year to qualify.
- The exemption applies only to the first tax period of the taxable/exempt person.
- If penalties were already paid, they will be refunded and credited to the taxpayer's FTA account if conditions are met.
- Taxpayers who have not yet registered must submit the registration and file the return within 7 months to benefit.
- Applies regardless of whether submission was before or after the new decision's implementation.
- Over 543,000 businesses registered for corporate tax by Q1 2025.
- The FTA urges businesses to register and comply via Emara Tax.
- Aims to promote voluntary compliance and economic growth.

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Oman



Oman Signs Landmark E-Invoicing Agreement to Advance Digital Tax Transformation

The Tax Authority of Oman has signed a key agreement with Omantel to implement a cutting-edge e-invoicing system, marking a major milestone in the nation's digital tax transformation.

- The agreement was signed in Muscat by H.E. Nasser bin Khamis Al Jashmi (Tax Authority) and Eng. Sami bin Ahmed Al-Ghassani (Omantel).
- This initiative supports Oman's vision for a modern, efficient, and digitized tax framework.
- The e-invoicing platform will streamline operations, enhance tax compliance, and improve revenue collection.
- It reflects a strong push toward governance excellence and institutional digitalization.
- Oman aims to elevate its global standing, targeting top ranks in the World Governance Index.
- The partnership is a strategic move toward transparency, automation, and fiscal sustainability.
- It aligns with national objectives under Oman Vision 2040.

This digital leap positions Oman as a regional leader in smart tax administration.

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Oman & Kazakhstan Sign Double Taxation Avoidance Agreement

The Sultanate of Oman and the Republic of Kazakhstan have signed an agreement to avoid double taxation and prevent fiscal evasion related to income and capital taxes. Signed by H.E. Sultan bin Salim Al Habsi (Oman) and H.E. Kassym-Jomart Tokayev (Kazakhstan), the deal was concluded during the Omani Minister of Finance's official visit to Kazakhstan.

The agreement aims to enhance financial transparency and foster a more investment-friendly climate for both countries.

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Oman Issues Royal Decree on Personal Income Tax (PIT)

His Majesty Sultan Haitham bin Tarik has issued Royal Decree No. 56/2025, introducing a 5% Personal Income Tax on individuals earning over OMR 42,000 annually, effective from 2028.

The law comprises 76 Articles across 16 Chapters, with generous deductions for education, healthcare, housing, zakat, and donations.

It supports Oman Vision 2040 by diversifying income sources and enhancing social protection.

The exemption threshold ensures that ~99% of Oman's population remains untaxed.

Preparations are underway, including digital systems, trained personnel, and upcoming executive regulations to support smooth implementation.

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Bahrain



Bahrain's NBR Intensifies VAT & Excise Compliance Inspections

The National Bureau for Revenue (NBR) in Bahrain conducted 358 inspection visits in Q1 2025 to ensure commercial establishments comply with VAT, excise tax, and the digital stamp system.

A total of 46 violations were identified, including issues like non-compliant VAT invoicing, improper price displays, and selling excise goods without valid digital stamps.

Penalties for serious violations may include up to five years in prison and fines triple the evaded tax.

The NBR stressed the importance of cooperation from both businesses and consumers to uphold compliance.

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Qatar



Qatar and Kuwait Sign Agreement to Avoid Double Taxation

In a major step to boost bilateral economic ties, Qatar and Kuwait have signed an agreement to avoid double taxation and facilitate capital movement.

Signed by Qatar's Finance Minister H.E. Ali bin Ahmed Al Kuwari and Kuwait's Finance Minister H.E. Eng. Noura Suleiman Al-Fusam, the agreement promotes investment flows, trade exchange, and joint commercial cooperation.

It sets a comprehensive legal framework to regulate income taxes on sectors such as international transport, dividends, interest, royalties, and joint ventures.

The deal also reinforces financial transparency through the exchange of verified information.

This aligns with broader efforts to strengthen Gulf economic integration and support sustainable regional growth.

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Qatar Approves Tax Incentive on Capital Gains from Corporate Restructuring

H.E. Mr. Khalifa bin Jassim Al-Jaham Al-Kuwari, President of the General Tax Authority, praised the Cabinet's approval of a draft resolution granting tax incentives on capital gains from intra-group corporate restructuring. This strategic move aims to stimulate economic growth, attract foreign investments, and enhance Qatar's global competitiveness.

The incentive includes exemptions on capital gains from asset transfers or exchanges within holding companies. It supports corporate expansion and public listings, aligning with global best practices and national development goals.

The initiative reflects Qatar's commitment to a flexible, modern tax system and a diversified investment-driven economy.

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Saudi Arabia



ZATCA Extends Tax Penalty Waiver Initiative Until End of 2025

The Zakat, Tax and Customs Authority (ZATCA) has announced a 6-month extension of the Cancellation of Fines and Exemption of Financial Penalties Initiative, effective from 1 July 2025.

The initiative waives fines for late registration, filing, payment, and e-invoicing violations, provided taxpayers are registered, submit all outstanding returns, and pay the principal tax due.

Installment plans are available if requested within the initiative period and payments are made on time.

Penalties for tax evasion, previously paid fines, or returns due after 30 June 2025 are not covered.

Taxpayers are encouraged to review the official guideline on ZATCA's website and contact support channels for assistance.

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ZATCA & WCO Host Regional Workshop on Combating Money Laundering

The Zakat, Tax and Customs Authority (ZATCA), in collaboration with the World Customs Organization (WCO), organized a regional workshop under the TENTACLE project to combat money laundering and terrorism financing.

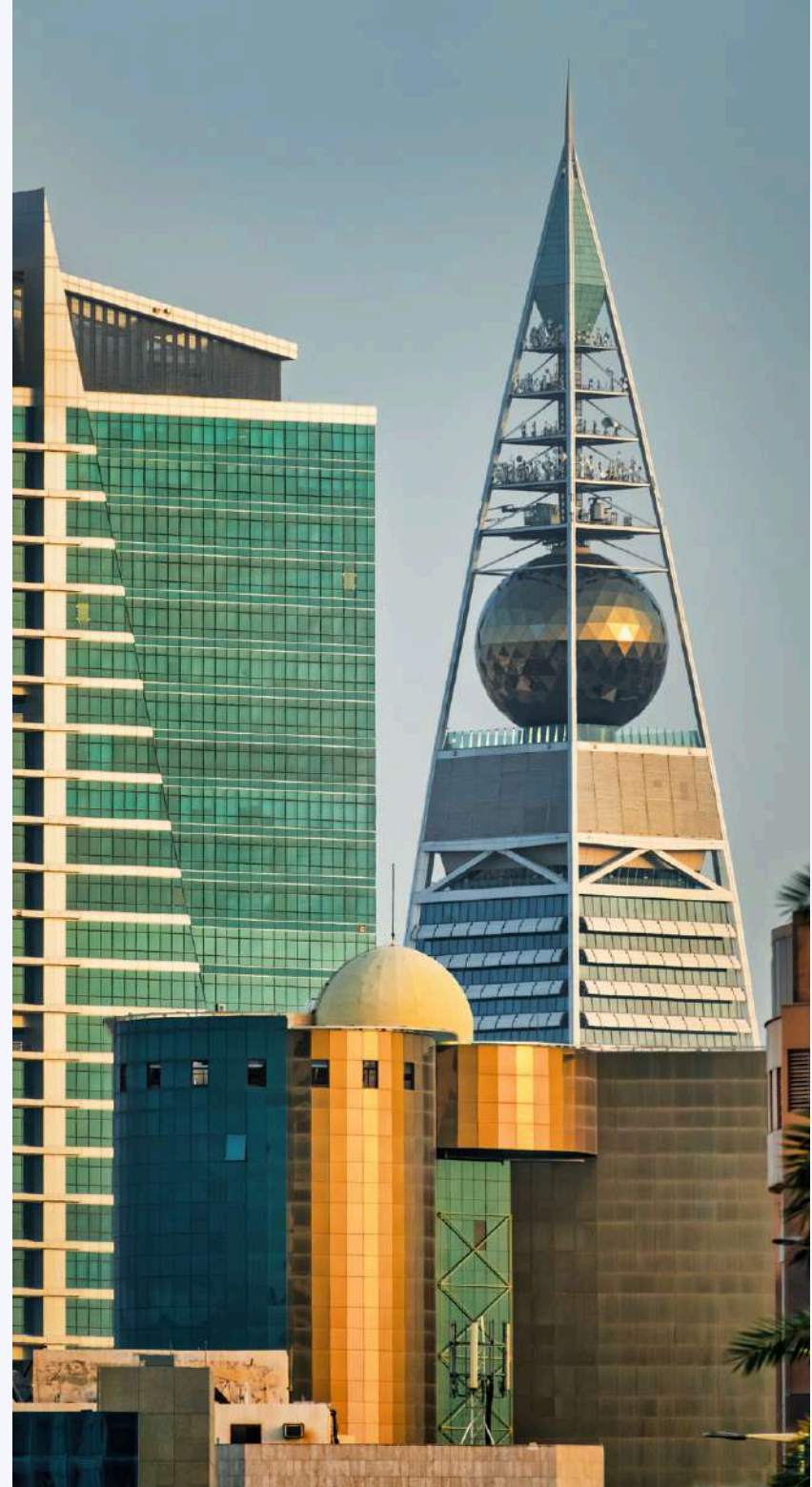
The event brought together 57 representatives from regional customs administrations and key entities like INTERPOL, the Financial Intelligence Unit, the GCC Customs Union, and the Saudi Central Bank.

Participants received training on advanced detection techniques, data analysis, and inter-agency cooperation strategies.

The workshop aims to strengthen operational capabilities, enhance integration across government sectors, and safeguard the national economy.

It reflects ZATCA's ongoing commitment to adopting global best practices in financial security and enforcement.

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Meet our Team of professionals:

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Why Choose Us for Your Financial Services:



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With a team of seasoned professionals who stay ahead of regulatory changes, We ensure that businesses remain fully compliant while optimizing their tax positions.

Whether it's navigating complex VAT frameworks, ensuring audit readiness, or providing strategic tax advisory, we deliver tailored solutions that align with each client's industry and growth goals.

Our reputation for accuracy, transparency, and proactive support makes us the preferred choice for companies seeking reliability and excellence in financial governance.



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