Grant Thornton

Tax newsletter

September 2025

Landscape

In our September 2025 edition of Grant Thornton UAE's regional monthly tax newsletter, we provide the latest news updates affecting international tax, corporate tax, transfer pricing, and indirect tax in the UAE and across the Middle East region.

Contents

United Arab Emirates

Value-added tax (VAT)

The Federal Tax Authority (FTA) releases amendments the UAE VAT Executive Regulations, paving the way for the 2026 e-invoicing mandate

Effective from 29 September 2025, the FTA released Cabinet Decision No. 100 of 2025, introducing amendments to Article 59 and Article 60 of the UAE VAT Executive Regulations, reinforcing the e-invoicing mandate.

Key amendments include elimination of simplified invoices, mandatory e-invoicing for zero-rated supplies, revised requirement for tax credit notes and storage rules for electronically issued invoices.

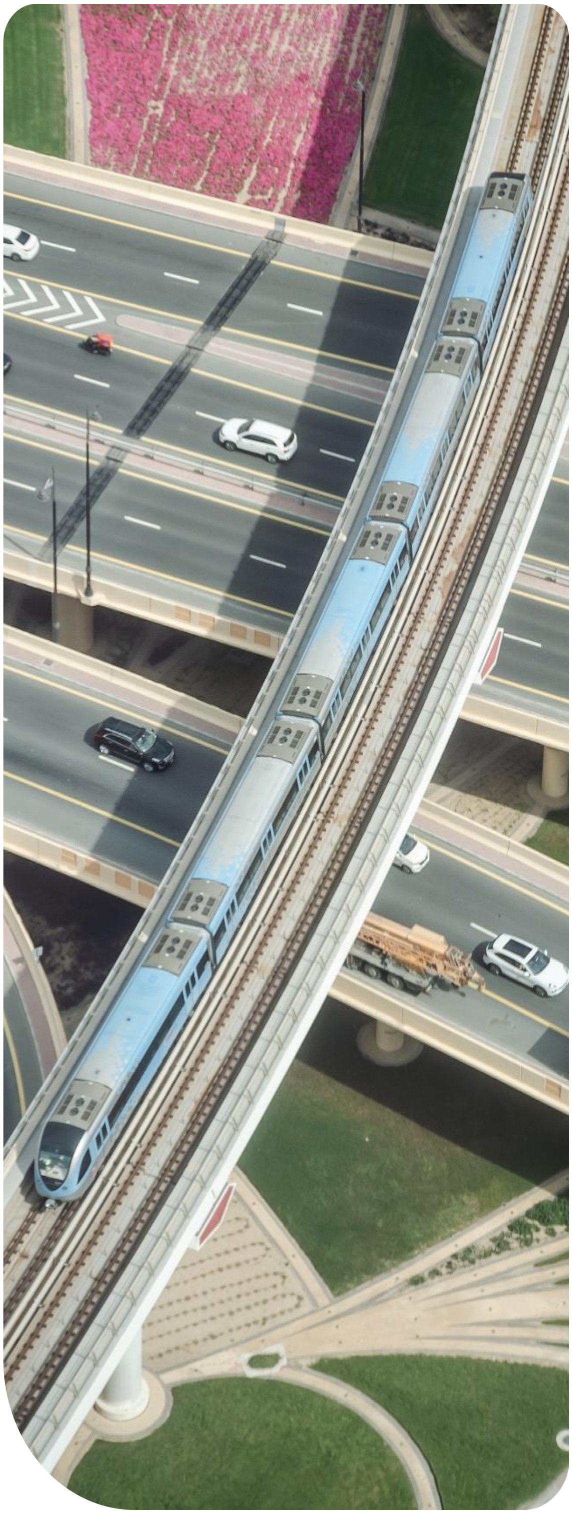
The FTA will no longer permit exceptions for the issuance of e-invoices or credit notes, meaning that previously granted administrative exemptions will be discontinued once the e-invoicing mandate takes effect.

Businesses should prepare for full compliance, as simplified formats and waivers will no longer be accepted. A formal list of Accredited Service Providers (ASPs) is expected to be published soon, along with comprehensive guidance on the implementation timeline, regulatory requirements, and transitional procedures.

Additional details of the update published by Grant Thornton UAE can be accessed **here**.

For further information on the above update, please click **here**.

Should you need any further clarifications and details regarding this information, please contact our Indirect Tax Partner – **Imran Mushtaq** or our Tax Director – **Harsh Bhatia**.



The Ministry of Finance (MoF) publishes Ministerial Decisions on e-invoicing

On 29 September 2025, the MoF issued Ministerial Decision No. 243 and 244, establishing the framework for e-invoicing applicable to all commercial transactions in the UAE, including those involving non-residents.

E-invoicing scope and exemptions in the UAE

Under the UAE's 2026 e-invoicing mandate, all businesses conducting commercial transactions, including non-resident entities, are required to issue electronic invoices, unless explicitly exempted by the FTA.

Key exemptions from e-invoicing requirements:

- Government entities acting in a sovereign capacity
- International airline services
- International transportation of goods
- VAT-exempt or zero-rated financial services
- Other transactions as designated by the ministry of finance

E-invoicing rollout timeline – UAE

- Pilot phase: Begins 1 July 2026 (invitation-only), with voluntary participation.
- Mandatory phases:
  - Large businesses (revenue ≥ AED 50 million): must comply by 1 January 2027.
  - Smaller businesses (revenue < AED 50 million): must comply by 1 July 2027.
  - Government entities: must comply by 1 October 2027.

For further information on the above update, please click **here**.

If you are interested to learn more about how we can assist you in matters related to e-invoicing, please click **here**.

Should you need any further clarifications and details regarding this information, please contact our Indirect Tax Partner – **Imran Mushtaq** or our Tax Director – **Harsh Bhatia**.

Excise tax

The Federal Tax Authority (FTA) releases Decision No. 6 on understanding the standards, controls and procedures for dealing with natural shortage of excise goods

Effective from 1 July 2025, the FTA has issued Decision No. 6 of 2025 to provide clear guidelines on handling natural shortages of excise goods within designated zones. This decision outlines the standards, controls, and procedures that warehouse keepers and taxable persons must follow to ensure compliance.

Key definitions:

- **Natural shortage:** A shortage in the quantity of excise goods during production, storage, or transportation within the designated zone, beyond the control of the taxable person due to the nature of the goods.
- **Independent Competent Entity:** Approved laboratories that determine the permissible percentage of natural shortage.

Standards and controls:

1. **Determination of permissible shortage:**
   - Each warehouse keeper or taxable person must determine the permissible percentage of natural shortage for each excise good within the designated zone.
   - A report from an Independent Competent Entity must be obtained and retained.
2. **Documentation requirements:**
   - Detailed explanations of the manufacturing process and stages where natural shortages may occur.
   - Production formulas, expected shortage percentages, and supporting documents for previous periods.
   - Manufacturing equipment data and operating manuals.
3. **Inspection and reporting:**
   - Requests for inspection by the Independent Competent Entity must cover at least six previous months.
   - Changes affecting the percentage of natural shortage must be reported within 20 business days.
4. **Validity and renewal of reports:**
   - Reports are valid for one year and must be renewed annually.
   - The percentage of natural shortage stated in declarations must not exceed the percentage in the valid report.

Procedures:

1. **Submitting requests:**
   - Warehouse keepers and taxable persons must submit requests to the Independent Competent Enti-ty with required documents.
   - Retain and submit documents proving natural shortage to the FTA.
2. **Notification and declarations:**

Notify the FTA of natural shortages through declarations, ensuring the percentage does not exceed the latest report.

Approval of independent competent entities:

- A committee within the FTA will review and approve entities to determine permissible natural shortage percentages.
- The FTA will publish a list of approved entities.

Transitional provisions:

Reports issued within six months from the effective date are valid for one year from the decision's effective date.

Should you need any further clarifications and details regarding this information, please contact our Tax Director – **Harsh Bhatia**.

Corporate tax

UAE Federal Tax Authority (FTA) clarifies corporate tax treatment of family wealth management structures

CTP008 provides guidance on how corporate tax applies to family wealth management structures in the UAE, including Single Family Offices (SFOs) and Multi Family Offices (MFOs). It outlines the tax treatment of entities commonly involved in such structures, such as Family Foundations, holding companies, Special Purpose Vehicles (SPVs), and the individual family members.

Family foundations and similar entities:

- May qualify for fiscal transparency under Article 17 of the Corporate Tax Law via an application to the FTA.
- Automatically considered tax transparent if lacking separate legal personality.
- Examples include trusts under ADGM or DIFC laws.
- A family wealth management vehicle that has a separate legal personality and does not meet the definition of Family Foundation under Article 17 of the Corporate Tax Law is taxable in its own right.

  Where such a vehicle is a Free Zone Person, it may benefit from a 0% Corporate Tax rate on Qualifying Income from Qualifying Activities e.g., the holding of shares and other securities for investment purposes.

  Additionally, it may benefit from exemption for domestic dividends or the participation exemption for foreign dividends and capital gains, subject to meeting the required conditions.

Holding companies and SPVs:

- May be treated as fiscally transparent if wholly owned and controlled by a tax-transparent Family.
- Foundation or similar entity, via an application to the FTA provided relevant conditions are met.

SFOs and MFOs:

Considered Taxable Persons and subject to corporate tax on their income.

Family members:

Income received by individual family members is generally not taxed if it qualifies as personal investment or real estate investment income.

Conditions for transparency:

- Structures must apply to the FTA for transparent treatment.
- Beneficiaries must be identifiable natural persons or public benefit entities.
- Annual confirmations may be required to maintain transparency status.

Implications:

- Tax transparency shifts tax liability from the entity to the beneficiaries.
- Impacts cash flow, group structuring, and governance.
- Requires strong documentation and compliance.

This clarification helps ensure proper tax compliance and planning for family wealth management structures under UAE Corporate Tax Law.

To access the public clarification, please click **here**.

Should you need any further clarifications or details regarding this information, please contact our International Tax team – Partner **Anuj R. Kapoor**, Tax Director **Isabel Rodriguez Alonso**, or Tax Managers **Gel Vallar** and **Tammy Jones**; and our Transfer Pricing team – Tax Director **Anna Nikolayko** and Tax Manager **Shiyu Renkey**.

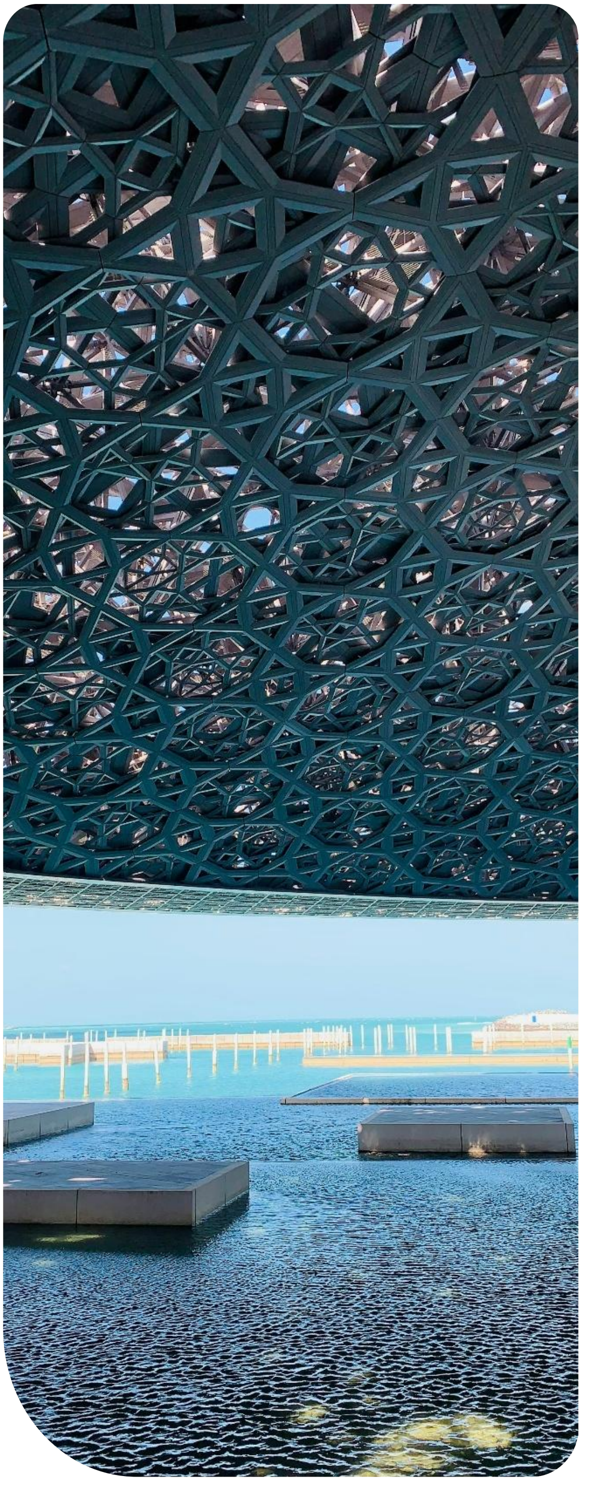
UAE consulting on implementation of the Crypto-Asset Reporting Framework (CARF)

The UAE Ministry of Finance (MoF) has officially signed the Multilateral Competent Authority Agreement for the automatic exchange of information under the Crypto-Asset Reporting Framework (CARF). This follows the Ministry's earlier announcement in November 2024 regarding its intention to adopt the framework.

CARF is set to be implemented in the UAE by 2027, with the first exchange of crypto-related tax information expected in 2028. The framework aims to promote global tax transparency while offering regulatory clarity to the crypto-asset sector.

To support the rollout, the Ministry has launched a public consultation inviting feedback from stakeholders such as advisory firms, intermediaries, custodians, traders, and crypto exchange platforms.

The consultation, which began on 15 September 2025, will remain open until 8 November 2025. Its goal is to gather expert insights to help shape effective and market-aligned regulatory guidelines for CARF implementation.



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UAE Ministry of Finance (MoF) updates resolution on qualifying and excluded activities for Qualifying Free Zone Persons

The UAE Ministry of Finance (MoF) issued Ministerial Decision No. 229 of 2025, updating the rules on qualifying and excluded activities for Qualifying Free Zone Persons. This decision replaces Ministerial Decision No. 265 of 2023, expanding the definition of qualifying commodities. Under the new decision, qualifying commodities now include metals, minerals, industrial chemicals, energy, agricultural products, and related by-products provided they have a quoted market price.

Additionally, environmental commodities such as carbon credits and renewable energy certificates are now included. It should also be noted that the trading of commodities that is a qualifying activity for corporate tax purpose requires that such activity is not conducted by a Qualifying Free Zone Person whose Revenue from distribution, warehousing, logistics or inventory management functions constitutes 51% (fifty one percent) or more of their Revenue for the relevant Tax Period.

The decision also broadens the scope of what constitutes trading in qualifying commodities. It now covers physical trading, financial derivatives used for hedging, and structured commodity financing activities like prepayment, factoring, Islamic trade finance, and more provided these activities are not primarily driven by distribution, warehousing, or logistics functions.

Complementing this, Ministerial Decision No. 230 of 2025 lists recognised price reporting agencies for determining quoted prices. Both decisions are effective from 1 June 2023.

To access the updated Ministerial Decision, please click **here**.

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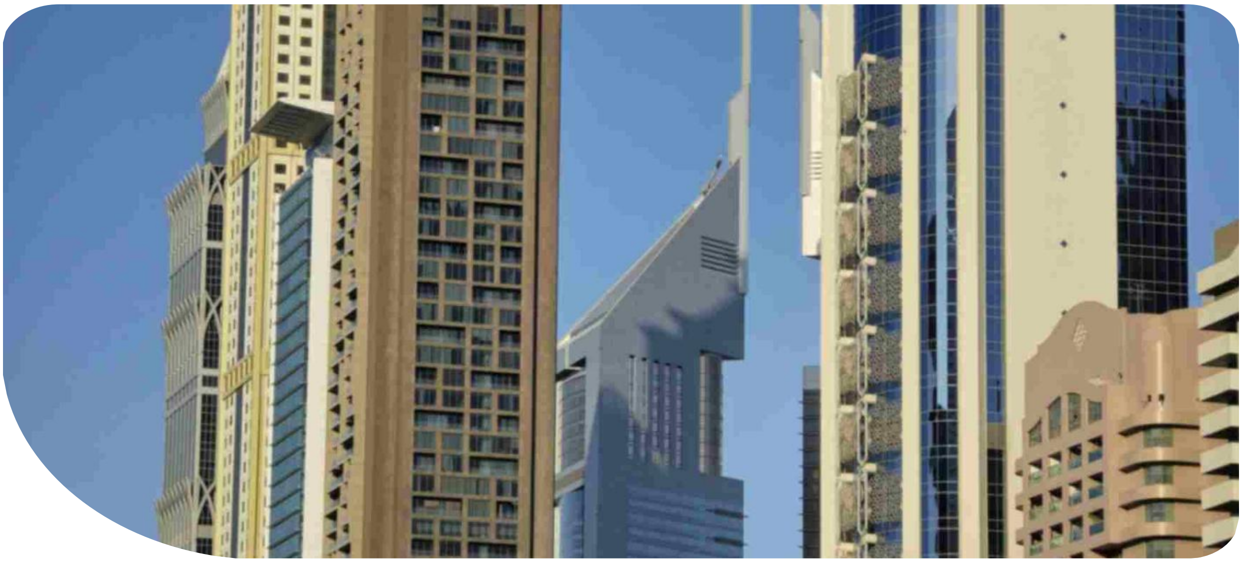
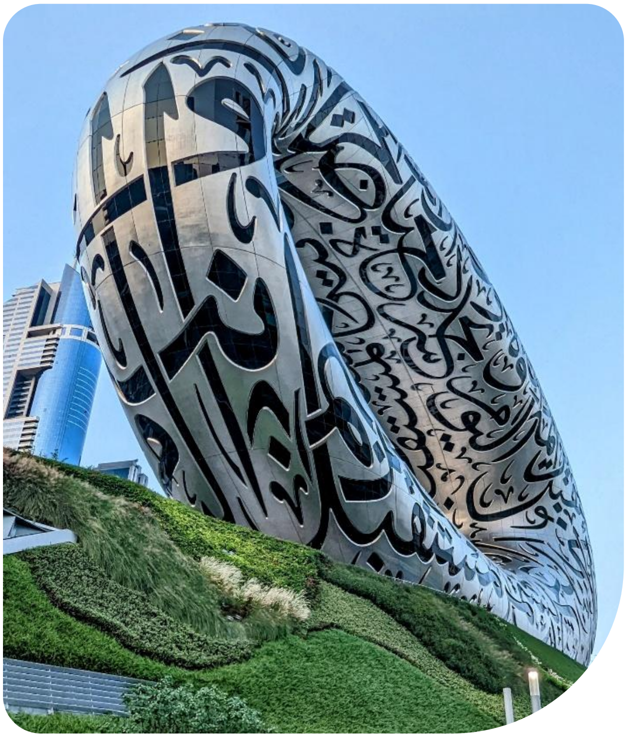


UAE Federal Tax Authority (FTA) emphasises need for corporate taxpayers to retain records and documentation to ensure accurate tax return information



On 27 August 2025, the FTA reiterated the importance of maintaining accurate records and documentation for all Taxable Persons subject to Corporate Tax. These records are essential for verifying the accuracy of Tax Returns and determining taxable income.

While the required documentation may vary depending on the nature of the business, key records include transaction histories, asset and liability details, and information on shareholdings at the end of the tax period. Failure to maintain these records may result in administrative penalties under the Tax Procedures Law and Corporate Tax Law.

The FTA also reminded taxpayers to file their Corporate Tax Returns and pay any due amounts within nine months from the end of their tax period to avoid late payment penalties. Exempt Persons must also retain records to support their exemption status and submit annual declarations within the same timeframe.

For example, a business with a fiscal year ending 31 December 2025 must file its return and settle the tax by 30 September 2026. All Corporate Tax services, including registration, filing, and payment, are available digitally through the EmaraTax platform, with support from registered tax agents listed on the FTA website.

Please click **here** to access FTA's official website.

Should you need any further clarifications or details regarding this information, please contact our International Tax team – Partner **Anuj R. Kapoor,** Tax Director **Isabel Rodriquez Alonso**, or Tax Managers **Gel Vallar** and **Tammy Jones**; and our Transfer Pricing team – Tax Director **Anna Nikolayko** and Tax Manager **Shiyu Renkey**.

Tax treaties

Tax treaty between Greece and the UAE renewed

The renewed application of the 2010 tax treaty between Greece and the United Arab Emirates officially came into effect on 18 September 2025. The treaty had originally expired on 18 December 2024, as per its termination clause (Article 30), which limited its duration to 10 years.

However, both countries agreed in May 2025 to reinstate the treaty retroactively from the date it lapsed, and to extend its validity indefinitely.

With the exchange of notes now finalised, the treaty is once again in force, effective from 18 December 2024.

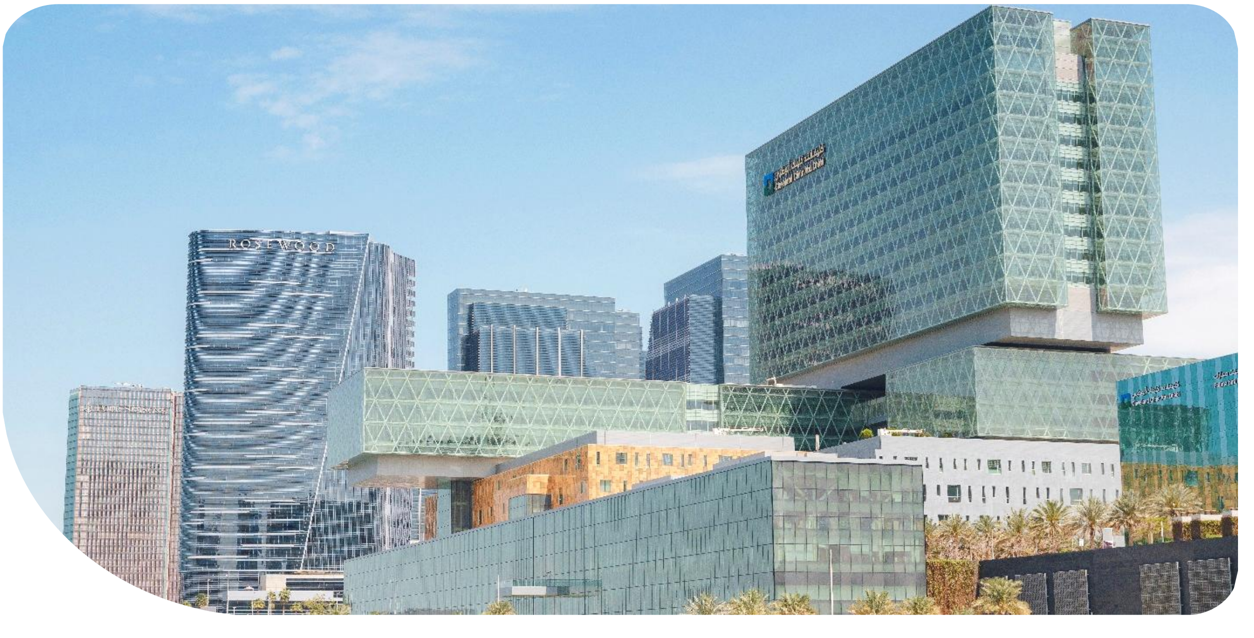
Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner **Anuj R. Kapoor**, Tax Director, **Isabel Rodriquez Alonso**, or Tax Manager **Gel Vallar** and **Tammy Jones**.

Egypt ratifies pending protocol to tax treaty with the UAE

On 17 September 2025, Egyptian President Abdel Fattah el-Sisi issued Decree No. 211 of 2025, approving the ratification of a protocol amending the 2019 income tax treaty with the United Arab Emirates.

Signed on 11 February 2024, this is the first protocol to modify the existing treaty. It will take effect once both countries exchange the ratification instruments.

Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner **Anuj R. Kapoor**, Tax Director, **Isabel Rodriquez Alonso**, or Tax Manager **Gel Vallar** and **Tammy Jones**.



Kingdom of Saudi Arabia

Tax treaty

Saudi Arabia's Ministry of Investment consults on draft rules regulating the licensing and supervision of regional headquarters

On 9 September 2025, Saudi Arabia's Ministry of Finance launched a public consultation on draft regulations governing the licensing and oversight of regional headquarters (RHQs) for multinational companies.

This follows the approval of the RHQ regime in late 2023, which offers generous tax incentives including a 0% corporate income tax and 0% withholding tax on dividends and related payments for a renewable 30-year period from the date of licensing. The Saudi Zakat, Tax, and Customs Authority (ZATCA) has already issued guidance on the tax and substance requirements under this regime.

The draft rules, issued by the Ministry of Investment, focus primarily on the licensing and regulatory framework for RHQs. They outline criteria for licence applications, required documentation, incorporation standards, permitted and mandatory RHQ activities, staffing requirements, and procedures for monitoring, evaluation, and handling non-compliance.

The consultation period runs from 10 September to 9 October 2025, offering stakeholders an opportunity to provide feedback and help shape the final regulations.

For further information, please click **here**.

Should you need any further clarification and details regarding this update, please contact our GT KSA Tax team – Head of Tax **Adel Douglas** or Tax Director **Mohammad Huwitat**.

Tax treaty between Croatia and Saudi Arabia in force

The income and capital tax treaty between Croatia and Saudi Arabia came into effect on 24 June 2025, following its signing on 4 December 2024. This is the first such agreement between the two countries.

The treaty applies to Croatia's profit tax, income tax, local income tax, and related surcharges, as well as Saudi Arabia's income tax and Zakat.

Permanent establishment

A permanent establishment is considered to exist if a company provides services in the other country for over 183 days in a 12-month period, or engages in natural resource activities for more than 30 days. Activities by related entities are also taken into account.

Withholding tax rates

- Dividends: 5%
- Interest: 5%
- Royalties: 10%

Capital gains

The treaty allows taxation of gains from:

- Immovable property located in the other country
- Movable property tied to a permanent establishment
- Shares deriving over 50% of their value from immovable property in the other country
- Other capital gains are taxable only by the resident country.

Double taxation relief

Both countries will use the credit method to avoid double taxation.

Entitlement to benefits

Treaty benefits may be denied if it's determined that the main purpose of a transaction was to obtain those benefits, unless doing so aligns with the treaty's intent.

The treaty applies from 1 January 2026.

Should you need any further clarification and details regarding this update, please contact our GT KSA Tax team – Head of Tax **Adel Douglas** or Tax Director **Mohammad Huwitat**.

Oman

Tax treaty

Tax treaty between the Czech Republic and Oman to be signed

On 15 October 2025, the Czech government approved the signing of a new income tax treaty with Oman. Although an initial agreement was reached and initialed back in 2012, it was never finalised. Fresh negotiations resumed and were completed in May 2025, following earlier discussions that concluded in August 2023. The treaty will come into effect once it is officially signed and ratified by both countries.

Azerbaijan and Oman consider signing tax treaty

On 8 October 2025, officials from Azerbaijan and Oman met to explore opportunities for strengthening economic and investment ties, including discussions on establishing an income tax treaty. The initial round of negotiations took place in early 2024. If finalised, this would mark the first tax treaty between the two nations, requiring formal signing and ratification before it can take effect.

Oman ratifies pending tax treaty with Kazakhstan

On 4 September 2025, the Sultan of Oman issued a royal decree ratifying the pending income tax treaty with Kazakhstan. Signed on 29 May 2025, this is the first such agreement between the two countries. The treaty will enter into force once both parties exchange the ratification instruments.

Tax treaty between Iraq and Oman signed

On 3 September 2025, officials from Iraq and Oman signed an income tax treaty. The treaty is the first of its kind between the two countries and will enter into force after the ratification instruments are exchanged.

Oman ratifies pending tax treaty with Bahrain

On 2 September 2025, the Sultan of Oman issued a royal decree ratifying the pending income tax treaty with Bahrain. Signed on 15 January 2025, this is the first such agreement between the two nations. The treaty will enter into force following the exchange of ratification instruments and will be applicable from 1 January of the year after it becomes effective.

Should you need any further clarification and details regarding this update, please contact our Head of Advisory - GT Oman **[Badar Al Hashmi](#)**.

Kuwait

Tax treaty

Kuwait ratifies pending tax treaty with Qatar

On 5 October 2025, Kuwait officially published Decree-Law No. 142 of 2025 in its Official Gazette, confirming the ratification of the pending income tax treaty with Qatar. Signed on 1 June 2025, this marks the first tax treaty between the two nations. The treaty will take effect once both countries exchange the necessary ratification instruments.

Should you need any further clarification and details regarding this update, please contact our GT Kuwait Tax Team – Tax Partner **Hazem Al-Agez** or Tax Manager **Karim Ezz El-Din**.

Qatar

Corporate tax

Qatar extends application deadline for financial penalty exemption initiative

The General Tax Authority of Qatar has extended the deadline for its penalty exemption initiative, originally launched on 1 March 2025. The new deadline is now 31 December 2025, extended from the previous 31 August cutoff.

This initiative offers a 100% waiver of financial penalties for taxpayers who correct their tax compliance status. To qualify, taxpayers must register on the Dhareeba Tax Portal, update their information, and submit all required tax returns and financial statements.

Additionally, participants must maintain full compliance for the next three years, 2026, 2027, and 2028 to retain the exemption. The extension provides more time for taxpayers to benefit from the initiative and align with Qatar's efforts to enhance tax compliance and transparency.

Qatar's General Tax Authority has reported strong results from its penalty exemption initiative, which began on 1 March 2025. Over 7,000 taxpayers have benefited from financial penalty exemptions exceeding QAR 1.6 billion, and more than 56,000 tax returns have been submitted, including overdue filings dating back to 2014. This has significantly boosted overall tax compliance across the country.

The initiative saw high engagement from companies and business owners across various key sectors, highlighting its broad impact on the national economy.

The Authority continues to encourage taxpayers to take advantage of the initiative through the Dhareeba platform, which offers a 100% exemption from penalties related to late registration, filing, or payment, subject to specific conditions.

The program has been praised for promoting voluntary compliance and strengthening trust between taxpayers and the Authority, while enhancing the efficiency of Qatar's tax system.

Should you need any further clarifications and details regarding this information, please contact our International Tax Team – Partner **Anuj R. Kapoor**, Tax Director, **Isabel Rodriquez Alonso**, or Tax Manager **Gel Vallar** and **Tammy Jones**.

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