



## Dear Colleagues,

We are pleased to present the latest edition of our GCC Tax and Legal News Digest, bringing you the most important developments from across the region in March and April.

In the UAE, the Emirate of Dubai has approved an economic support package in the amount of AED 1 billion. Concurrently, Dubai Customs has issued two critical notices - Customs Notice No. 05/2026 and No. 06/2026 - introducing temporary facilitation measures aimed at safeguarding supply chains and enabling the movement of cargo via the ports and airports of Oman. Furthermore, the UAE has amended the Tax Procedures Executive Regulation effective as of 1 April 2026, advanced its

Advance Pricing Agreement regime, launched Phase 1 of the national R&D Tax Incentives Programme, and approved the Crypto-Asset Reporting Framework MCAA.

In Kuwait, new executive rules pertaining to a 5% tax retention mechanism and tax compliance requirements have been promulgated. Qatar has introduced a novel excise tax regime applicable to sweetened beverages and has enabled the direct application of double taxation avoidance agreements. Bahrain has issued updated versions of its VAT Real Estate Guide and VAT Healthcare Guide.

In this edition you will find updates on the following:



## UAE

- Dubai Approves an AED 1 Billion Package of Economic Support Measures
- Dubai Customs Issues Customs Notice No. 05/2026 on Temporary Facilitation Measures for Transit Declarations
- Dubai Customs Issues Customs Notice No. 06/2026 on Temporary Facilitation of the Movement of Cargo via Land from the Emirate of Dubai to the Rest of the World using the Ports and Airports of Oman
- UAE Amends the Tax Procedures Executive Regulation with Effect from 1 April 2026
- FTA Issues Decision No. 2 of 2026 on Tax Clarifications and Directives
- UAE Advances the APA Regime
- Ministry of Finance Launches Phase 1 of the UAE R&D Tax Incentives Programme
- EmaraTax Introduces a “Re-open” Feature for Inquiries and Complaints
- UAE Approves CARF MCAA for Crypto-Asset Reporting
- FTA Updates the Guide on VAT Refunds for UAE Nationals Building New Residences

## Kuwait

- Kuwait Issues New Executive Rules on 5% Tax Retention and Tax Compliance

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- Qatar Enables Direct Application of Double Taxation Avoidance Agreements

## Bahrain

- Bahrain Updates the VAT Real Estate Guide
- Bahrain Updates the VAT Healthcare Guide

*We hope you find this digest informative and remain available to discuss how these developments may impact your business.*



## United Arab Emirates

### Dubai Approves an AED 1 Billion Package of Economic Support Measures

On 30 March 2026, His Highness Sheikh Hamdan bin Mohammed Al Maktoum approved an AED 1 billion package of facilitation measures aimed at supporting Dubai's economy. The measures entered into force on 1 April 2026; the objective is to strengthen business resilience and reduce operational costs in key sectors.

One component of the package is customs-related: the preferential period for filing customs data was extended from 30 days to 90 days, aligning with the wider customs facilitation approach. The hospitality sector also received targeted support. Hotels may apply for a 100% deferment for three months in remitting certain sales-related charges and the Tourism Dirham. The package also allows a range of government fees to be paid with a three-month deferral, helping businesses preserve working capital. In addition, the administrative procedures for issuing and renewing residence visas were simplified.

The Dubai Department of Economy and Tourism confirmed the specific fees eligible for the three-month deferment from 1 April 2026. These include fees for amending a trade licence, advertising fees associated with trade licences, local fees related to trade licences, and fees for the registration and amendment of trade names.

On a side note, DIFC [introduced](#) a targeted package of temporary economic support measures to assist its business and retail community. The newly introduced measures allow businesses to spread licence renewal costs through instalment plans and deferring selected administrative payments related to leases and registrations. The Dubai Financial Services Authority is implementing temporary relief measures for both new authorization seekers and existing regulated firms within the DIFC.

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### Dubai Customs Issues Customs Notice No. 05/2026 on Temporary Facilitation Measures for Transit Declarations

Dubai Customs issued Customs Notice No. 05/2026, introducing temporary facilitation measures designed to support business continuity and trade flows during the current exceptional period. The central measure is the extension of the transit period to 90 days from the date of customs clearance. Under the notice, goods

under transit declarations must now be delivered within that 90-day period. The notice also provides that further extensions may be available, subject to Dubai Customs approval and depending on the company's operational circumstances.

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## **Dubai Customs Issues Customs Notice No. 06/2026 on Temporary Facilitation of the Movement of Cargo via Land from the Emirate of Dubai to the Rest of the World using the Ports and Airports of Oman**

Dubai Customs issued Customs Notice No. 06/2026, which introduces a temporary facilitation of the cargo via land from Dubai to the rest of the world through the ports and airports of Oman using a green corridor through the Hatta border crossing.

The Notice covers four main categories of transactions:

**01**

Sea cargo arriving from abroad or from Dubai free zones and then sent abroad through the seaports of Oman.

**02**

Sea cargo exported from Dubai local market and further routed through Omani seaports.

**03**

Air cargo arriving at Dubai airports from abroad or from free zones and then sent further abroad through Oman airports

**04**

Air cargo originating from the local Dubai market, handled through Dubai airports and further sent abroad through Oman airports.

All movements within this Notice must be made through a trusted bonded operator assigned by Dubai Customs. For sea cargo, the first such operator is DP World/DP World Logistics, and for air cargo - dnata.

The requirement for a cash deposit is canceled and replaced by a letter of guarantee if the transfer is carried out by a trusted bonded operator and covered by an appropriate customs guarantee.

The Notice applies to all types of goods except those listed in the annex to Notice No. 04/2026. The notice entered into force on April 4, 2026 and is valid temporarily during the current exceptional period.

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## **UAE Amends the Tax Procedures Executive Regulation with Effect from 1 April 2026**

The UAE Cabinet has issued Cabinet Decision No. 17 of 2026, amending Cabinet Decision No. 74 of 2023, which

is the Executive Regulation of Federal Decree-Law No. 28 of 2022 on Tax Procedures.

One of the most important changes concerns record retention - where a taxpayer has filed a refund application and the FTA has not yet issued a decision, the taxpayer must retain the books and records for an additional two years, provided that the refund claim was submitted within the statutory time limits.

A second major change relates to Voluntary Disclosure and the correction of tax errors. The amendment to Article 10 now distinguishes between errors

exceeding AED 10,000 and errors of AED 10,000 or less. If a taxpayer becomes aware that a tax return filed with the FTA or a tax assessment issued by the FTA is incorrect, and this error caused the payable tax to be lower than it should have been, the correction mechanism will now depend on the amount of the error.

Our team has prepared an [overview](#) on this update for your convenience.

[Read more...](#)

## **FTA Issues Decision No. 2 of 2026 on Clarifications and Directives**

The FTA issued Decision No. 2 of 2026, effective from 1 March 2026, replacing the earlier policy established by FTA Decision No. 5 of 2021 on clarifications and directives. This Decision is of particular importance since it introduces a revised and more formal administrative framework, i.e. a detailed framework for Advance Pricing

Agreements (APAs) and a new category of binding tax directives on tax transactions.

Our team has prepared a detailed [alert](#) on this amendment for your consideration.

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## **UAE Advances the APA Regime**

The Emaratax portal now allows taxpayers to submit a request for pre-filing consultation under the APA programme.

On 30 December 2025 the FTA published Corporate Tax Guide CTGAPA1, which describes four stages of the APA process: pre-filing consultation, formal application, evaluation and negotiation, and conclusion and signing. Then, with FTA

Decision No. 2 of 2026 entering into force on 1 March 2026, the unilateral APA mechanism acquired a formal regulatory basis within the FTA's updated policy on clarifications and directives, as described earlier.

The launch of the relevant functionality on Emaratax now makes the first procedural step operational.

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## Ministry of Finance Launches Phase 1 of the UAE R&D Tax Incentives Programme

The UAE Ministry of Finance announced on 18 March 2026 the launch of the first phase of the Research and Development Tax Incentives Programme. The incentive takes the form of a non-refundable tax credit of up to 50% of qualifying R&D expenditure, subject to a cap of AED 5 million per taxpayer per tax period.

This is a significant policy development because it indicates that the UAE is starting to complement its general corporate tax framework with targeted

incentives aimed at encouraging innovation and technology investment. The design of the incentive suggests that the government is particularly focused on encouraging private-sector investment into qualifying research activity while maintaining a cap to limit fiscal cost.

Our team has prepared a detailed [overview](#) of the R&D incentive for your convenience.

[Read more...](#)

## EmaraTax Introduces a “Re-open” Feature for Inquiries and Complaints

The EmaraTax portal under the service for inquiries, complaints and suggestions now allows the taxpayers to reopen a closed complaint directly, without having to create a new application. This measure should reduce duplication of filings and make it easier to continue pursuing issues that were closed automatically or without substantive resolution.

## UAE Approves CARF MCAA for Crypto-Asset Reporting

On 29 March 2026 the UAE Cabinet approved the Multilateral Competent Authority Agreement (MCAA) for the automatic exchange of information under the Crypto-Asset Reporting Framework (CARF). The CARF MCAA provides the legal basis for participating jurisdictions to exchange tax-relevant information automatically regarding crypto-asset transactions, based on the OECD's reporting and due diligence rules. This follows an earlier UAE Cabinet decision in April 2025 authorising the signing of the

agreement and confirms the country's commitment to implementation. Under CARF, crypto-asset service providers such as exchanges, brokers and wallet providers will be required to identify users and report transactions including acquisitions, disposals and transfers.

It is expected that the UAE will implement CARF in time to launch the first information exchanges by 2028.

[Read more...](#)

## FTA Updates the Guide on VAT Refunds for UAE Nationals Building New Residences

The FTA has updated the VAT Refund for UAE Nationals Building New Residences Guide. The purpose of the guide is to explain the eligibility criteria and procedural requirements for UAE

nationals seeking a refund of VAT under the New Residences Refund Scheme.

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## Kuwait

### Kuwait Issues New Executive Rules on 5% Tax Retention and Tax Compliance

The Kuwait Ministry of Finance has issued new executive rules governing tax compliance and the application of the 5% retention mechanism (i.e. withholding tax at). The regulations came into effect on **1 April 2026**. The rules currently apply to public entities and government bodies acting as payers; however, it remains unclear whether their scope will be extended to private-sector entities in the future.

Key provisions:

- Exemption for certain MNE constituents – The 5% retention requirement does not apply to Kuwaiti Constituent Entities of a multinational enterprise, provided that such entities: (i) are registered under the MNE regime (i.e., treated as subject to the Domestic Minimum Top-up Tax), and (ii) hold a valid DMTT registration certificate. Nevertheless, exempted entities must still apply the retention mechanism when acting as payers to non-exempt parties.
- Remittance of withheld amounts – Amounts withheld under the 5% retention regime must be remitted to the Ministry of Finance after a period of five years.
- Tax clearance certificate requirement – Government entities are prohibited from providing services to closed shareholding companies or publicly listed Kuwaiti companies unless such companies present a valid tax clearance certificate confirming the absence of outstanding tax or zakat liabilities.
- Prohibition of gross-up clauses – Government contracts must not include tax gross-up clauses or any provisions under which the government bears the contractor's income tax or exempts the contractor from applicable tax obligations.

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### Qatar Introduces a New Excise Tax Mechanism for Sweetened Drinks

Qatar has adopted Law No. 2 of 2026, amending Law No. 25 of 2018 on Excise Tax, and introduced a new mechanism for excise taxation of sweetened drinks.

The key change is the move to a tiered excise model under which tax is calculated based on the sugar or sweetener content of the product. The scope of the excise regime is also expanded to include sugar-sweetened beverages, such as soft drinks and juices with added sugar, as well as products that can be converted into drinks and that contain sugar or

sweeteners, including concentrates, powders, extracts and similar items.

The law will come into force on 6 July 2026, which gives businesses a transition period to align their systems and operations. The General Tax Authority has also stated that businesses holding excise goods at the effective date will be required to submit stock declarations through the Dhareeba Tax Portal.

[Read more...](#)

### Qatar Enables Direct Application of Double Taxation Avoidance Agreements

The General Tax Authority has launched a service enabling the direct application of double taxation avoidance agreements. The purpose of the service is to allow eligible entities to obtain treaty benefits directly, using simplified procedures and clear criteria.

Under this new service, authorised entities may apply a reduced withholding tax rate or a withholding tax exemption when making payments to non-resident beneficiaries, provided that the conditions of the relevant tax treaty between Qatar and the beneficiary's state of tax residence are met.

Eligible taxpayers may apply for Trusted

Entity status through the Dhareeba platform using approved forms. Eligible applicants include ministries and government entities, public authorities and institutions, financial institutions, and companies listed on the Qatar Stock Exchange. The Authority will determine the criteria for Trusted Entity status, including minimum thresholds relating to the number or value of withholding tax transactions during the previous tax year.

The GTA already published withholding tax application forms for direct treaty benefit access, as well as the relevant approval form.

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## Bahrain NBR Updates the VAT Real Estate Guide

Bahrain's National Bureau for Revenue (NBR) released Version 1.6 of the VAT Real Estate Guide, updated on 15 March 2026. The guide includes a new section, Section 2.4, which deals with lease incentives and refers to Article 68(C) of the Executive Regulations. It explains that a lease incentive is an additional monetary or non-monetary benefit provided by a landlord to encourage a tenant to enter into a new lease, renew an existing lease or remain in occupation (e.g. fit-out contributions, rent reductions, rent-free periods, etc.).

The important VAT point is that, under Bahrain VAT legislation, the sale, lease or licence of real estate located in Bahrain is generally treated as an exempt supply of real estate, whether the property is residential, commercial

or land. Therefore, rent reductions and rent-free periods follow the VAT treatment of the underlying exempt lease and do not create separate VAT consequences. However, fit-out contributions may, in some circumstances, amount to a separate taxable supply, particularly where the tenant incurs the relevant costs in its own name and then recharges those costs to the landlord. In that case, the reimbursement may be treated as a separate supply of goods or services by the tenant and may be subject to VAT at the applicable rate, assuming the tenant is a taxable person and the underlying supply is within Bahrain VAT scope.

[Read more...](#)

## Bahrain Updates the VAT Healthcare Guide

NBR issued Version 1.2 of VAT Healthcare Guide dated 31 March 2026 and clarified the VAT treatment of medicines, medical equipment and other medical products.

The guide now confirms that the supply of medicines, medical equipment and other medical products included on the list available on the NBR website is zero-rated throughout the supply chain in Bahrain. Their importation into Bahrain from outside the territory of the Implementing States is exempt from VAT, meaning no import VAT applies. By contrast, supplies or imports of medicines, equipment or other medical products that are not included in the official lists are subject to VAT at the standard rate of 10%. The most important clarification concerns cases where such products are provided together with non-qualifying medical services. The guide states that medicines, medical equipment and other medical products forming an integral part of a non-qualifying medical service are subject to VAT at 10%, even where those products would ordinarily be zero-rated if supplied separately. This includes situations involving rejuvenation, wellness or enhancement services, such as energy-boosting treatments. The guide therefore requires taxpayers to analyse whether the arrangement is a single composite supply or multiple supplies, and this must be assessed case by case.

[Read more...](#)

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**02.**

**Correcting UAE Corporate Tax returns when an error does not change Due Tax**

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**Applying the New Late-Payment Penalty to Pre-Effective Date VAT: Immediate Effect or Retroactivity?**

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**FTA public clarifications and tax guides: formally non-binding, yet capable of constraining the Authority**

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**UAE Unincorporated Partnerships and Pillar Two: is there an "Entity" at all?**

**06.**

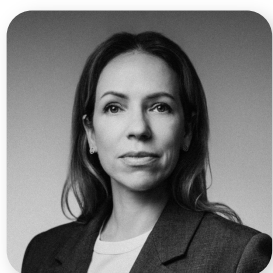
**UAE Unincorporated Partnerships and Pillar Two: is being an "Entity" enough?**

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Best regards,

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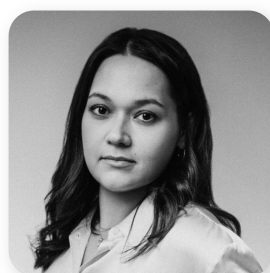
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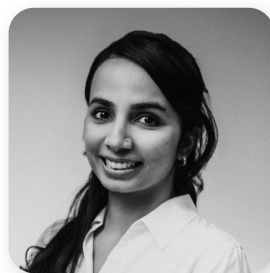
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