

W I L L O W

T A X & L E G A L

Dear Colleagues,

We are pleased to present the latest issue of our monthly digest of tax and legal news from the Gulf countries, covering the most significant developments across the region in May and June 2026.

In the UAE, the Federal Tax Authority opened registration for the Domestic Minimum Top-up Tax through Emaratax, while the Ministry of Finance updated the electronic invoicing guidelines and opened the CY2025 CRS/FATCA reporting period. The UAE also ratified the Annex amending the GCC Unified Excise Tax Agreement, and the FTA issued updated guidance on the Corporate Tax treatment of Family Foundations and VAT refunds for UAE nationals constructing new residences.

Saudi Arabia approved amendments to the GCC Unified VAT Agreement and issued important guidance on real estate transaction tax, VAT groups and general VAT compliance. Qatar announced developments relating to its tax treaties, while its Cabinet approved a draft law and executive regulations on electronic invoicing. Oman and Kuwait received OECD recognition for their domestic minimum top-up tax regimes, Kuwait approved accession to the BEPS Multilateral Instrument, and Bahrain issued new guidance on DMTT transfer pricing and computations and launched a new virtual customer service centre.



In this edition you will find updates on the following:

UAE

- FTA Opens EmaraTax Registration for the Domestic Minimum Top-up Tax
- Ministry of Finance Publishes an Updated UAE Electronic Invoicing Guide
- UAE Opens the CY2025 CRS/FATCA Reporting Period
- UAE Ratifies the Protocol Amending the GCC Unified Excise Tax Agreement
- FTA Updates the Corporate Tax Guide on Taxation of Family Foundations
- FTA Expands the Expenses Eligible for VAT Refunds for UAE Nationals Building New Residences

Saudi Arabia

- Saudi Arabia Approves Amendments to the GCC Unified VAT Agreement
- ZATCA Releases Version 6 of the Detailed Real Estate Transaction Tax Guideline
- ZATCA Issues the Third Version of the VAT Tax Groups Guideline
- ZATCA Issues an Updated General VAT Guide

Qatar

- Qatar and Austria Sign a Protocol Amending their Double Tax Agreement
- Cabinet approves e-invoicing draft law and executive regulations

Oman

- Oman DMTT Achieves Transitional Qualified Status under the OECD Framework

Kuwait

- Oman DMTT Achieves Transitional Qualified Status under the OECD Framework
- Kuwait Approves Accession to the BEPS Multilateral Instrument
- Kuwait DMTT Achieves Transitional Qualified Status and QDMTT Safe Harbour Recognition

Bahrain

- Bahrain NBR Publishes a Transfer Pricing Guide for DMTT Groups
- Bahrain NBR Publishes the DMTT Computation Guide
- Virtual Customer Service Centre has been launched by NBR

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

UAE Opens EmaraTax Registration for the Domestic Minimum Top-up Tax

The Federal Tax Authority has opened registration through EmaraTax for the UAE Domestic Minimum Top-up Tax (DMTT), marking an important operational step in the UAE's implementation of the OECD Pillar Two framework under Cabinet Decision No. 142 of 2024.

The UAE DMTT applies to UAE constituent entities of multinational enterprise groups whose consolidated annual revenue is at least EUR 750 million in at least two of the four fiscal years preceding the relevant fiscal year. The rules apply for fiscal years beginning on or after 1 January 2025. The in-scope entities must take steps to register.

Our team has prepared a more detailed [alert](#) on this portal update, covering:

The registration routes

Key steps

The registration Documents to prepare, and

Recommended way forward

Ministry of Finance Publishes an Updated UAE Electronic Invoicing Guide

On 1 June 2026, the UAE Ministry of Finance published Version 1.1 of the UAE Electronic Invoicing Guidelines, providing further practical guidance on implementation.

Key updates include:

- A 24-month transitional period from 1 January 2027 for business-to-business transactions between members of the same VAT group.
- Confirmation that records may be stored inside or outside the UAE, provided they remain secure, complete and promptly accessible to the FTA. Storage may be outsourced, but legal responsibility remains with the business.
- Clarification that "associated data" is limited to information required to support the integrity, authenticity and auditability of an Electronic Invoice or Electronic Credit Note, and does not generally extend to other commercial documentation.
- Clarification that a Tax Invoice must be issued upon receipt of an advance payment, with the final invoice covering only the outstanding balance.
- Guidance on invoicing retention amounts when they become due.
- Confirmation that, where the customer and ultimate beneficiary are the same legal entity, the customer's details may be repeated in the beneficiary fields.

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UAE Opens the CY2025 CRS/FATCA Reporting Period

The Ministry of Finance announced opening of the reporting period for submission of annual returns or nil returns and the Risk Assessment Questionnaire for calendar year 2025 through the UAE CRS/FATCA system. Reporting Financial Institutions are required to complete the relevant submissions by 30 June 2026.

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UAE Ratifies Amendments to the GCC Unified Excise Tax Agreement

Federal Decree No. 57 of 2026 was issued ratifying the Annex amending the GCC Unified Agreement on Excise Tax. The amendments:

- broaden the scope of excise goods to include products harmful to health or the environment, as well as luxury goods;
- allow excise tax to be imposed as a percentage of value, a fixed amount per unit, or a combination of both;
- clarify the determination of taxable value as based on the pre-tax retail selling price determined by the importer or producer, or an agreed reference price, whichever is higher, excluding excise tax and VAT; and
- permit each Member State to set its own payment deadlines and administrative procedures.

FTA Updates the Corporate Tax Guide on Taxation of Family Foundations

On 10 June 2026, the Federal Tax Authority issued an updated version of Corporate Tax Guide CTGFF1 on the taxation of Family Foundations.

Our team prepared a detailed [alert](#) on the material changes that the update has brought about, including:

- Revising earlier position and confirming that a judicial person jointly owned by multiple Family Foundations may qualify for fiscally transparent treatment, provided it is wholly controlled by a Family Foundation.
- Clarifying that family offices are generally subject to Corporate Tax, with the 0% Free Zone rate available only where the relevant qualifying activities are subject to appropriate regulatory oversight
- Confirming that an LLC cannot itself qualify as a similar entity for fiscally transparent treatment, although it may be held beneath a Family Foundation.
- Clarifying that if founder or settlor is a Related Party to the Foundation, contributions must meet the arm's length standard, and gains/losses may be taxable depending on the facts. However, where the transferor is a natural person contributing Personal Investments and/or Real Estate Investments, the transfer is not subject to Corporate Tax.

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FTA Expands the Expenses Eligible for VAT Refunds for UAE Nationals Building New Residences

On 9 June 2026, the FTA announced an initiative expanding the range of construction costs eligible for refund under the VAT refund scheme for UAE nationals building new residences. An updated version of VAT Guide [VATGRH1](#), reflecting these changes, was published on 10 June 2026.

Additional eligible items include qualifying staff accommodation for watchmen, drivers or domestic workers; home gyms and games

rooms; integrated security and smart-home systems; electronic or smart doors; swimming pools, fountains and indoor water features; landscaping; and complete reconstruction projects, including demolition and rebuilding costs.

The initiative applies to qualifying refund claims submitted on or after 1 January 2026.

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Saudi Arabia Approves Amendments to the GCC Unified VAT Agreement

The Saudi Council of Ministers approved the amendment to the GCC Unified VAT Agreement through Decision No. 887 dated 19 May 2026. The amendments revise five articles of the Agreement:

Article 12(4)

Where goods supplied without transport are later proven to have been moved to another Member State, the destination state may settle or recover the VAT from the origin state via the customs automated transfer mechanism, with the Ministerial Committee able to approve alternatives.

Article 13

A Member State may claim from another the VAT on intra-GCC supplies to individuals and unregistered persons above SAR 10,000 (settled via the customs transfer mechanism, or taxed at entry points absent proof of payment), with the Ministerial Committee able to approve alternative settlement arrangements.

Article 25(1)

Each Member State shall now apply its own domestic standard rate, subject to a 5% minimum.

Article 64

Import VAT is paid at the first point of entry, held in a dedicated account and transferred to the destination state. Member states may also permit deferral of import VAT for goods used in taxable business activities, subject to declaration and recovery rules.

Article 71(4)

Tax authorities of the states involved in an intra-GCC supply may access information on those supplies.

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ZATCA Releases Version 6 of the Detailed Real Estate Transaction Tax Guideline

ZATCA released Version 6 of its Detailed Real Estate Transaction Tax (RETT) Guideline in May 2026. The guide consolidates ZATCA's interpretation of the RETT Law and Implementing Regulations that took effect on 10 April 2025.

Key clarifications include:

- Indirect Transfers via Real Estate Companies will be taxable only when both the ownership interest and the transfer reach 30%+. A 3-year cumulative lookback catches staggered deals.
- Islamic finance like Murabha and finance-lease structures are taxed once, on the initial sale only.
- Capital increase is not a RETT event if the ownership percentages stay unchanged or if the new investors retain pre-increase interests for 5 years.
- Tax base is the higher of agreed price or Fair Market Value (FMV), excluding financing costs.
- There are 26+ exemption categories, including Waqf transfers, debt settlements, spousal transfers and gifts to relatives, up to 3rd degrees.
- The due date for tax payment differs based on the type of transaction.
- In case of Build-Own-Operate-Transfer (BOOT) Projects, taxable value is determined based on FMV on the date of actual ownership transfer, rather than the date of conclusion of the agreement.

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ZATCA Issues the Third Version of the VAT Tax Groups Guideline

ZATCA issued the third version of its Guideline on Tax Groups under the VAT provisions in May 2026. The updated guide reflects amendments made to the VAT Implementing Regulations in November 2024.

It covers:

The new condition stipulating that all legal persons intending to form a group must have the right to register as taxable persons

Stipulation that members licensed to operate in a customs-suspension/special zone can no longer form or join a group

Disqualification of persons eligible for VAT refund from membership, with two carve-outs: licensed real estate developers whose activity is limited to sale/transfer to their own employees, and donors in public-benefit projects

Mandatory requirement for Tax group agreement

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ZATCA Issues an Updated General VAT Guide

ZATCA released an updated General VAT Guide in May 2026. The third edition aligns the general guidance with the amendments to the VAT Implementing Regulations and developments in electronic invoicing requirements.

QATAR

Qatar and Austria Sign a Protocol Amending their Double Tax Agreement

On 3 May 2026, Qatar and Austria signed a protocol amending provisions of their agreement for the avoidance of double taxation and prevention of fiscal evasion in relation to taxes on income and capital.

The protocol revises Article 8 on international maritime and air transport, Article 10 on

dividends and the scope of qualifying government entities, and Article 27 on exchange of information. The amendments are intended to align the treaty more closely with current international standards on transparency and administrative cooperation.

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Cabinet approves e-invoicing draft law and executive regulations

On 6 May 2026, Qatar's Cabinet approved a draft law on electronic invoicing together with its executive regulations, prepared by the Ministry of Finance in coordination with the General Tax Authority. The step forms part of Qatar's wider effort to modernize tax administration and align with international best practice.

The proposed framework is intended to govern the issuance, storage and management of invoices in electronic form, giving the authorities greater oversight of commercial transactions while simplifying tax administration.

OMAN

Oman DMTT Achieves Transitional Qualified Status under the OECD Framework

On 18 May 2026, the OECD updated its Central Record to confirm that Oman's Domestic Minimum Top-Up Tax (DMTT) has been officially recognized as a Qualified Domestic Minimum Top-Up Tax (QDMTT) and QDMTT Safe Harbour under the OECD/G20 Inclusive Framework.

We have dealt with this update, and what this means in practise in more detail in our [alert](#).

[Read more...](#)

KUWAIT

Kuwait Approves Accession to the BEPS Multilateral Instrument

On 25 May 2026 Decree No. 62 of 2026 was signed approving Kuwait's accessing to the OECD Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (MLI). This has resulted in completion of its domestic ratification process.

The MLI enables participating jurisdictions to modify covered bilateral tax treaties in a coordinated manner. This approval demonstrates Kuwait's efforts to strengthen tax transparency, address harmful tax practices, and align its framework with international standards developed by the OECD.

The domestic approval should not be confused with the date on which individual treaties are modified. The MLI will affect a Kuwait treaty only after Kuwait deposits its instrument with the OECD, and the applicable entry-into-effect conditions are met by both treaty partners.

Kuwait DMTT Achieves Transitional Qualified Status and QDMTT Safe Harbour Recognition

The OECD's updated Central Record of 18 May 2026 confirms that Kuwait's DMTT has completed the transitional qualification process as a QDMTT and for purposes of the QDMTT Safe Harbour.

The recognition provides greater certainty on the ordering of Pillar Two taxing rights and may reduce the risk that top-up tax attributable to Kuwait is collected in another jurisdiction under the Income Inclusion Rule or Undertaxed Profits Rule.

The status remains transitional pending a full legislative review and ongoing monitoring.

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BAHRAIN

Bahrain NBR Publishes a Transfer Pricing Guide for DMTT Groups

On 7 June 2026, the National Bureau for Revenue published a general guide on the application of the arm's length principle to related-party transactions of multinational enterprise groups subject to Bahrain's DMTT.

The guide follows the OECD Transfer Pricing Guidelines and addresses the analysis and documentation of controlled transactions. It also explains the master file and local file requirements. In-scope groups should ensure that their Bahrain DMTT calculations, accounting outcomes and transfer pricing documentation are consistent.

[Read more...](#)

Bahrain NBR Publishes the DMTT Computation Guide

The National Bureau for Revenue also published Version 1.0 of its DMTT Computation Guide in June 2026. It provides detailed guidance on the calculation of the DMTT

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Virtual Customer Service Centre has been launched by NBR

The NBR launched the Virtual Customer Service Centre on 01 June 2026 on its website. This has been done as part of the Government's efforts to improve and re-engineer the quality of its services.

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ARTICLES

01.

[UAE Corporate Tax treatment of founder's endowment to a UAE Foundation](#)

02.

[UAE Corporate Tax and IFRS Case Study: correction of pre-tax closing balance](#)

03.

[Stellantis Portugal: TP adjustments, reimbursements and VAT](#)

04.

[Good faith in the United Arab Emirates. The New UAE Civil Code. Note No.1](#)

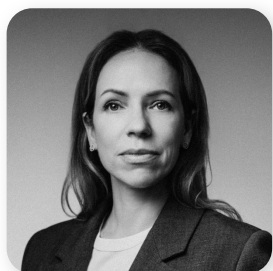
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[RCM and zero-rated services in GCC](#)

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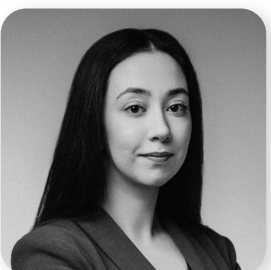
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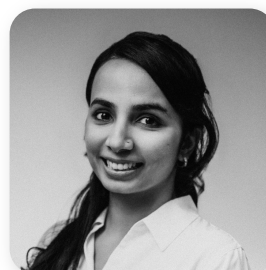
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