



April 2025

GCC Indirect Tax News Roundup

Quarter One 2025

PwC Middle East
Tax & Legal Services



Impact of the recent US Tariff Decisions on Middle East businesses

President Trump issued an Executive Order on 2 April 2025 imposing a 10% customs duty on goods imported into the US from all countries, with higher duties of up to 50% on imports from specific countries. These tariffs take effect on 5 April 2025, for all countries, and on 9 April 2025, for countries with significant trade deficits with the US.

Implications for Middle East Countries:

- UAE and KSA: Subject to a 10% tariff.
- Jordan, Iraq and Syria: Face higher tariffs of 20%, 39% and 41% respectively.

The tariffs will apply from:

- 5 April 2025 – for all countries (baseline 10% tariff).
- 9 April 2025 – for select countries facing heightened tariffs.

These tariffs will likely have direct financial and operational impacts on exporters, manufacturers, and supply chain partners across the region, especially those with established U.S. trade relationships. Businesses should act promptly to assess risks, manage compliance, and explore mitigation strategies.

Recommended Actions for Middle East Businesses:

- Evaluate the Impact: Analyse how the new tariffs affect business models and sales, considering adjustments to manufacturing processes or sourcing strategies.
- Assess Customs and Trade Levers: Explore alternative valuation methods aligned with transfer pricing policies, review tariff classifications for potential exclusions, and utilise Free Trade Zones to improve cash flow.
- Monitor Trade Policy Developments: Stay informed about ongoing US trade policy changes to anticipate further impacts.
- Implement Trade Compliance Systems: Establish robust compliance and inventory management systems to adhere to evolving regulations.

Given the dynamic nature of international trade policies, businesses are advised to consult with our trade and customs team to navigate these changes effectively. For more information and detailed guidance, please access PwC's news alert through this [link](#).



Indirect Taxes in the GCC

An overview of the current indirect taxes applicable in the GCC

UAE

VAT standard rate of 5% (reduced VAT rate 0%).

Excise Tax rates:

100% for tobacco, tobacco products, electronic smoking devices and energy drinks; and

50% on carbonated and sweetened drinks.

KSA

VAT standard rate of 15% (reduced VAT rate 0%).

Real Estate Transaction tax (**RETT**) applicable at 5% (effective 4 October 2020).

Excise Tax rates:

100% for tobacco products, electronic smoking devices and energy drinks; and

50% on soft drinks and sweetened drinks.

Bahrain

VAT standard rate of 10% (reduced VAT rate 0%).

Excise Tax rates:

100% for tobacco (and related) products and energy drinks; and

50% on soft drinks.

Oman

VAT standard rate of 5% (reduced VAT rate 0%).

Excise Tax rates:

100% on tobacco and related products, energy drinks and special purpose goods (pork & alcohol products), 50% on carbonated drinks.

Qatar

VAT is not yet introduced in Qatar.

Excise Tax rates:




100% for tobacco products and energy drinks; and 50% on carbonated drinks.

Kuwait

VAT and Excise Tax are not yet introduced in Kuwait.



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01

UAE

Indirect Tax Updates





United Arab Emirates

Value Added Tax



New Cabinet Decision on implementing VAT through the Reverse Charge Mechanism for precious metals and stones in the UAE

The UAE Ministry of Finance has issued Cabinet Decision No. 127 of 2024 expanding the application of the reverse charge mechanism to include a broader range of precious metals and stones traded between taxable persons in the UAE. This decision, effective from 25 February 2025, aims to streamline VAT processes and enhance the competitiveness of the UAE's precious metals and stones market.

Key Highlights:

- **Expanded scope:** The reverse charge mechanism now encompasses transactions involving gold, silver, palladium, platinum, natural and synthetic diamonds, pearls, rubies, sapphires, and emeralds. This includes jewelry made from these materials, provided the value of the precious components exceeds that of other materials used.
- **Mechanism details:** VAT- registered suppliers are no longer required to charge and collect VAT on supplies of these goods to VAT- registered customers. Instead, the VAT- registered customers must calculate and declare the VAT on their purchases in their VAT returns.
- **Compliance requirements:** VAT- registered businesses dealing in the specified precious metals and stones should familiarise themselves with the new reverse charge mechanism and adjust their accounting practices accordingly. Proper documentation is essential to ensure compliance, including maintaining records of transactions and VAT calculations as per the new decision.

This amendment aligns with international best practices and supports the growth of the precious metals and stones industry in the UAE. Taxable persons involved in the supply of these goods should review their current VAT treatment and take necessary actions to comply with the new requirements by the effective date.

For more information about the cabinet decision, you may access PwC news alert through this [link](#).



United Arab Emirates

Value Added Tax



UAE Cabinet Decision No. 12 of 2025: Procedures for Government Entities in Tax Disputes

On 14 February 2025, the UAE Cabinet issued Decision No. 12 of 2025, establishing a framework for certain government entities to manage objections and appeals in tax disputes. Effective from 14 April 2025, this decision outlines specific procedures for government entities conducting activities in their sovereign capacity, excluding the FTA.

Key Highlights:

- **Specific Procedures for Government Entities:** Government entities must submit objections to the Tax Disputes Resolution Committee (TDRC) within 40 working days of receiving a decision from the tax authority. Notably, prepayment of disputed VAT and administrative penalties is not required when filing an objection.
- **Appeal Guidelines:** Appeals against TDRC decisions must be filed with the competent federal courts within 40 working days. However, entities are required to settle the disputed VAT before proceeding with the appeal, whereas administrative penalties become due only after the issuance of a final court ruling.
- **Mandatory Notification Requirements:** Federal entities must notify the Ministry of Finance within one week of filing an objection, while local entities must inform their respective Emirate's finance department within the same period. Although failure to notify does not invalidate the objection, compliance with this notification requirement is crucial for transparency.

These provisions reflect international best practices by clearly defining dispute-resolution processes tailored specifically to government entities. Governmental bodies impacted by this decision should proactively review and align their internal procedures to ensure compliance by the effective date.

For more information and detailed guidance, please access PwC's news alert through this [link](#).



United Arab Emirates

Value Added Tax



VAT Public Clarification VATP039 on the VAT Treatment for Cryptocurrency Mining

On 14 January 2025, the UAE FTA issued Public Clarification VATP039, clarifying the VAT implications of cryptocurrency mining activities. This follows the extension of VAT exemptions related to certain virtual asset activities, as outlined in Cabinet Decision No. 100 of 2024.

Key Highlights:

- **Exclusion from VAT Exemption:** Cryptocurrency mining activities are explicitly excluded from the VAT exemptions applicable to other virtual asset transactions.
- **Mining Services for Third Parties:** If mining services are performed on behalf of another party for a fee, these services constitute taxable supplies, subject to VAT at 5% or 0%, depending on the specific circumstances.
- **Self-Mining Activities:** Cryptocurrency mining activities undertaken independently, without a direct recipient of services, are not considered taxable supplies due to the absence of a direct link to payment or remuneration.
- **Input Tax Recovery Rules:** Entities performing taxable mining services can reclaim input VAT related to their expenses. However, miners conducting self-mining for personal benefit cannot recover input VAT on associated costs like equipment and electricity. Taxpayers should carefully assess their individual eligibility for input tax recovery.
- **Reverse Charge Application:** UAE-based recipients of mining services provided by non-resident miners must apply the reverse charge mechanism, thereby accounting for VAT themselves. Non-resident miners supplying mining services within the UAE are required to register for UAE VAT and meet their tax obligations.

Entities involved in cryptocurrency mining in the UAE should review this clarification carefully and evaluate their VAT compliance obligations accordingly.

The FTA Public clarification is accessible [here](#).



United Arab Emirates

Value Added Tax



VAT Public Clarification VATP040 on the amendments of the UAE VAT Executive Regulations

On 20 March 2025, the UAE FTA released Public Clarification VATP040, providing detailed guidance on the amendments to the UAE VAT Executive Regulations introduced by Cabinet Decision No. 100 of 2024, effective from 15 November 2024.

Key highlights:

- **Single composite supply:** Supplies must meet the updated criteria in Article 4(4) to be considered a single composite supply for VAT purposes.
- **Deemed supply exceptions:** If the AED 2,000 output tax threshold over a 12-month period is exceeded, only the excess amount is subject to VAT as a deemed supply.
- **Zero-rating of exports of goods:** Proper export documentation must be retained as evidence to qualify for zero-rating.
- **Zero-rating of exports of services:** The recipient's presence in the UAE within a rolling 12-month period may disqualify the supply from being zero-rated.
- **Input tax apportionment:** Businesses may continue using the simplified calculation method as per the Input Tax Apportionment VAT Guide. The FTA may prescribe specific apportionment methods based on the nature of the business.
- **Tax invoices:** Full tax invoices are required for reverse charge transactions. Simplified tax invoices are not permitted in such cases unless an exception is granted by the FTA

Businesses should carefully review the Public Clarification and assess the impact of these changes on their operations. This may require adjusting internal accounting and documentation procedures, reviewing zero-rating eligibility for exports, and ensuring proper tax invoice issuance under the reverse charge mechanism. To ensure full compliance and avoid potential penalties, it is advisable to consult with tax advisors or specialists familiar with UAE VAT legislation.

For more information about the cabinet decision, you may access the PwC news alert through this [link](#) and our webinar can be found [here](#).



United Arab Emirates

eInvoicing (1/3)



Upcoming eInvoicing (e-billing) mandate in the UAE – Latest updates

The UAE Ministry of Finance (MoF) has issued a **Public Consultation document** on the UAE eInvoicing framework, marking a major step towards nationwide adoption. This eInvoicing Public Consultation document outlines the proposed eInvoicing framework, including the PINT AE Data Dictionary, which standardises data elements across **16 common business cases** such as tax invoices and tax credit notes

The consultation period was open until 27 February 2025, allowing businesses, service providers, and stakeholders to provide feedback. The final framework of the data schema will be shaped based on these responses.

- **Introduction of a Peppol-Based System:** The UAE government is implementing a Peppol 5-corner Decentralised Continuous Transaction Control and Exchange (DCTCE) model, enabling real-time invoicing validation through a secure digital network.
- **Mandatory for All Businesses:** The new eInvoicing system will apply to all businesses in the UAE, covering taxable supplies, exempt supplies, and out-of-scope transactions, irrespective of VAT registration status.
- **Phased Implementation:** The roll-out will begin in Q2 2026, with detailed compliance deadlines and transition timelines to be announced in due course.
- **Standardised eInvoicing Format:** Businesses will be required to issue eInvoices in a machine-readable (encrypted XML) format, this XML format will be transmitted to clients through accredited service providers.
- **Accredited Service Providers (ASP):** Businesses must work with MoF-accredited service providers for invoice exchange and validation. Direct integration with the UAE eInvoicing platform, managed by MoF and FTA, will be exclusively available to ASPs for the purpose of transmitting the required data extracted from eInvoices.
- **Compliance with International standards:** Businesses operating in the UAE must comply with the UAE PINT AE specifications, which outline a structured set of mandatory, conditional, and optional data fields for eInvoicing.

For more information about the consultation paper, you may access PwC news alert through this [link](#).



United Arab Emirates

eInvoicing (2/3)



Upcoming eInvoicing (e-billing) mandate in the UAE – Latest updates

On 19 March 2025, the UAE Ministry of Finance issued **Ministerial Decision No. 64 of 2025**, outlining the **accreditation process and eligibility criteria for service providers** under the upcoming UAE eInvoicing system.

The decision sets the foundation for ensuring secure, compliant, and standardized eInvoicing services, aligned with the UAE's broader digital transformation and tax compliance goals.

The Ministerial Decision can be accessed [here](#).

Key Highlights

The accreditation requirements for eInvoicing service providers include:

- **Company registration:** Valid trade license, proof of paid-up capital, and Power of Attorney.
- **Peppol certification:** Including an openPeppol PKI certificate, service provider agreement, and proof of eInvoicing experience.
- **ISO standards compliance:** ISO 22301 for business continuity and ISO/IEC 27001 for Peppol Service Provider Product (PSP) information security.
- **Insurance coverage:** Professional indemnity, cyber fraud, and crime insurance.
- **Tax compliance:** Up-to-date with all UAE tax obligations.
- **Support commitments:** Demonstrated ongoing support and maintenance capacity.
- **Free services:** Minimum of 100 free eInvoices per year for exchange and reporting.

Once granted, accreditation will be **valid for two years**, subject to continued compliance and periodic reviews.

Why It matters

Although the decision directly targets service providers, **taxable businesses must ensure they engage Accredited Service Providers (ASPs)** who comply with these rules to avoid penalties and ensure smooth integration with the UAE eInvoicing platform.

For guidance or assistance in choosing an ASP or complying with the requirements, please contact our tax advisory team.

For more information about the eligibility criteria and accreditation procedure, you may access PwC news alert through this [link](#).



United Arab Emirates

eInvoicing (3/3)



Next steps for businesses

- **Assess readiness:** Review inbound and outbound invoicing processes, IT systems, Data completeness and quality, to ensure compliance with the UAE eInvoicing mandate.
- **Upgrade systems:** Ensure that ERP, accounting, and billing systems can integrate with Accredited Service Providers (ASPs) to support eInvoicing compliance.
- **Form an internal eInvoicing project team:** Involve finance, IT, accounting, tax and compliance departments to oversee the transition.
- **Develop a transformation roadmap:** Plan for a structured transition and select an Accredited Service Provider (ASP).
- **Ensure stakeholder awareness:** Train employees on the new eInvoicing framework and compliance obligations and maintain clear communication with customers and suppliers regarding upcoming changes.

How Can PwC Help?

PwC offers comprehensive support to help businesses prepare for the UAE's eInvoicing transition, leveraging regional expertise, a global network, and proven eInvoicing implementation experience. Our services include:

- **Regulatory Guidance and Advisory:** Understanding compliance requirements and best practices.
- **Readiness assessment:** Covering impact assessment, business requirements identification and IT target models elaboration.
- **ASP selection and design support:** Assist in the ASP selection process through a tailored process to clients' needs and challenges, and in the design of the target inbound and outbound processes.
- **Implementation support:** Assisting in system upgrades and project management
- **Training and compliance monitoring:** Conducting training and post-implementation support



02

Saudi Arabia

Indirect Tax Updates



Saudi Arabia

Real Estate Transaction Tax

Saudi Arabia published a circular explaining RETT implications on Build, Own, Operate and Transfer (BOOT) Projects/Contracts

On 26 January 2025, ZATCA published a new circular on its official website. The circular outlines the tax treatment of real estate transactions under BOOT (Build, Own, Operate, Transfer) contracts.

The Circular clarifies the following:

- The tax is due upon the actual transfer of ownership or possession of the property.
- Transactions involving government entities are generally exempt from RETT with respect to BOOT contracts.

The Circular further provides definitions, examples, and specific scenarios to illustrate the application of RETT rules, ensuring compliance with the relevant regulations.

Further details are available in ZATCA's website that can be accessed via this [link](#).



Saudi Arabia

Real Estate Transaction Tax

Saudi Arabia published a new draft RETT Implementing Regulations for public consultation

The ZATCA has published the draft Implementing Regulations for the RETT. This follows the earlier issuance of the new RETT Law, which will take effect on 9 April 2025. These draft regulations were made available for public consultation on 15 February 2025, inviting stakeholders to provide feedback by 15 March 2025.

Key Highlights of the Draft proposed Regulations:

- **Definitions and scope:** The draft introduces new terminologies, including "Linked Transactions" and "Acting in Concert," to address complex real estate transactions.
- **Tax rate and calculation:** A 5% tax is imposed on real estate disposal transactions outlining calculation methods based on fair market value with different scenarios (e.g., transfers of shares, long-term usufruct rights, and BOOT real estate projects)
- **Exemptions:** Beyond the existing exemption framework, addition exemptions were added such as RETT on mergers and acquisition transactions, real estate transfers related to investment fund shares, transfers by licensed real estate developers (off-plan sales) and subscription to publicly offered securities of a real estate company etc.
- **Payment due date:** Specific deadlines are set for tax payments, including a 30-day window for certain transactions not documented through official channels.
- **Refund, rules and procedures of appeal process and penalties:** Additional provisions have been included to clarify the refund process, penalties for non-compliance, and the appeal and litigation procedures.

The enactment of the new RETT Law will mark a significant development in Saudi Arabia's regulatory landscape. As the draft Implementing Regulations are expected to become effective from the effective date of RETT law, stakeholders must prepare for the changes and understand the implications on their real estate transactions.

For more information about the draft regulations, you may access PwC news alert through this [link](#).



Saudi Arabia

EInvoicing

Electronic Invoicing Integration phase – 20th to 22nd wave

During Q1 2025, ZATCA announced the criteria for the Electronic invoicing (eInvoicing) Integration Phase waves 20 to 22. As per the announcement, VAT registered taxpayers with the following revenue thresholds must integrate their systems with ZATCA's FATOORA platform by the specified deadlines:

- **Wave 20:** Revenues exceeding SAR 1.5 million during 2022 or 2023 must integrate by **31 October 2025**.
- **Wave 21:** Revenues exceeding SAR 1.25 million during 2022, 2023 or 2024 must integrate by **30 November 2025**.
- **Wave 22:** Revenues exceeding SAR 1 million during 2022, 2023 or 2024 must integrate by **31 December 2025**.

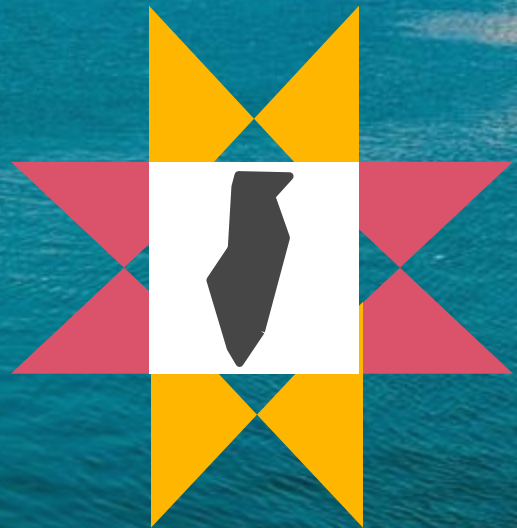
Further details on KSA eInvoicing guidelines are accessible [here](#).



03

Bahrain

Indirect Tax Updates





Bahrain

Value Added Tax

Bahrain VAT Update

On 2 March 2025, Bahrain's National Bureau for Revenue (NBR) released version 1.4 of the Imports and Exports VAT Guide, which introduces important clarifications under section 1.2 "Exports of Goods." This update is also incorporated into the latest version (1.12) of the VAT General Guide (section 6.3.1).

Key Highlights

- **Export classification:** Direct exports (supplier-controlled exports directly to overseas customers) differ from indirect exports (exports arranged by third-party overseas customers who collect the goods).
- **Zero-rating conditions (Indirect exports):** To qualify for zero-rating, indirect exports must be arranged by a non-resident customer, suppliers must prove goods are not subject to prior local supply, and relevant export documentation must be obtained within 90 days of the supply date.
- **Multiple supplies in one export:** For exports involving multiple transactions, only the final supply qualifies for VAT zero-rating.

Businesses should carefully review these clarifications to ensure VAT compliance for their export operations. For further support, please contact our tax experts.



04

Oman

Indirect Tax Updates





Oman

Excise Tax

Digital Tax Stamps Implementation Postponed

On 29 January 2025, the Oman Tax Authority (OTA) announced updates to the implementation schedule and scope of the Digital Tax Stamp (DTS) scheme for excisable beverages. This scheme mandates the affixing of digital tax stamps on specific products to enhance regulatory control and compliance within Oman.

Revised Implementation Timeline:

- **Customs enforcement:** Effective 1 June 2025, all carbonated drinks, energy drinks, and alcoholic beverages entering Oman for local sale must bear activated digital tax stamps.
- **Local market enforcement:** Starting 1 August 2025, the distribution of these products without digital stamps within Oman's local market will be prohibited.

Scope Adjustments:

Notably, sweetened drinks have been excluded from the current DTS scheme until further notice. Conversely, alcoholic beverages have been added to the list of products requiring digital tax stamps.

Implications for Businesses:

Manufacturers and importers dealing with the specified beverages must:

- Coordinate with suppliers to ensure compliance with the DTS requirements by 1 June 2025.
- Be aware that products lacking the mandated digital stamps will not be cleared by Oman Customs for local distribution.

For more information, you may access PwC news alert through this [link](#).

Events



TLS Seminar Roadshow comes to an end for 2025

Our TLS Seminar Series **was brought to 9 cities** and we concluded in Egypt on February 13th, proudly hosting government officials and clients. This year we offered bespoke client sessions, panel discussions and networking booths to increase connectivity and collaboration.



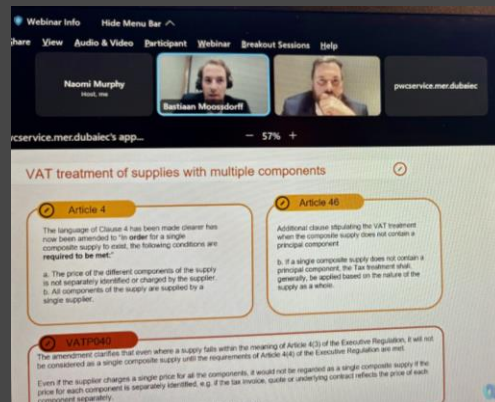
TAX AI officially launches in the UAE

Our exclusive workshops explored the **transformative role of Artificial Intelligence in revolutionizing tax functions**. Our clients discovered some cutting-edge innovations and practical applications of AI, as well as gained insights into our strategic partnerships.



Raising awareness about the UAE eInvoicing mandate

Our team has been promoting awareness about the UAE eInvoicing mandate. Our exclusive event provided insights on latest trends, regulatory developments, and strategic approaches shaping the future of eInvoicing and indirect tax compliance.



Our webinar on VATP040

These amendments, implemented following Cabinet Decision No. (100) of 2024, took effect from 15 November 2024. To help navigate these changes, we hosted a webinar on 24 March 2025, where our experts broke down the key updates, clarified the implications, and answered many questions from our 600+ strong attendees. The webinar recording can be found [here](#).

The takeaway

Taxpayers are now, more than ever, required to keep up with the pace of indirect tax changes in the region and stay future ready.

For a deeper discussion on various aspects listed in the publication that are applicable to your business, please get in touch.

www.pwc.com/me

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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Thank you

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