GCC Indirect Tax News Roundup

Quarter Two 2026

PwC Middle East
Tax & Legal Services

First amendment to the GCC Unified VAT Agreement

The GCC VAT landscape continues to evolve as Member States work towards a more coordinated regional VAT framework for cross-border trade, imports, and information sharing.

The Saudi Council of Ministers has approved amendments to the GCC Unified VAT Agreement, as adopted in Saudi Arabia under Royal Decree No. M/51. The amendments relate to five articles of the Agreement and address the VAT treatment of intra-GCC supplies of goods, supplies to individuals and non-registered persons, VAT rates, import VAT, and access to information between the tax authorities of Member States.

Why this matters to businesses

Businesses operating across the GCC should monitor how the amendments may affect cross-border goods movements, imports, and supplies to non-registered customers once implemented locally. While the intra-GCC rules remain suspended for now, the changes signal a move towards more consistent VAT treatment, robust information exchange, and greater tax authority visibility across the region.

Key changes businesses should be aware of

The amendments introduce targeted changes in five key areas:

- **Intra-GCC supplies of goods:** The amendments introduce an enhanced mechanism for goods supplied in one GCC Member State and transported or sent to another Member State. The objective is to ensure VAT is accounted for in the appropriate Member State, generally where the goods are transported to or consumed.
- **Supplies to individuals and non-VAT registered persons:** The amendments clarify the treatment of certain cross-border GCC supplies made to individuals and non-registered persons. In some cases, the Member State in which the recipient resides, may collect VAT at the point of entry where there is no evidence that VAT was paid in the original Member State.
- **VAT rates:** Each GCC Member State may determine its own standard VAT rate under domestic law, provided the rate is not less than 5%, unless a zero rate or exemption applies. This aligns with the current position in Saudi Arabia and Bahrain, where the standard VAT rates are 15% and 10% respectively.
- **Import VAT:** The amendments address situations where goods enter through one GCC Member State but are destined for another. VAT may be collected at the first point of entry and later settled with the Member State of final destination. Member States may also allow VAT-registered importers to account for import VAT through their VAT returns, subject to local implementation.
- **Access to information:** GCC tax authorities are expected to have enhanced access to and exchange of information relating to intra-GCC supplies. This is expected to strengthen cross-border VAT compliance, transparency, and enforcement.

What this means for businesses

Businesses involved in cross-border GCC trade should monitor domestic implementation in each GCC country in which they operate, purchase from, or sell to.

As the amendments are implemented, businesses should consider reviewing:

- existing intra-GCC supply chains and movement of goods;
- supplies to individuals and non-VAT registered customers;
- import VAT treatment and customs processes;
- ERP tax codes and tax determination logic;
- VAT reporting and reconciliation procedures;
- documentation and evidence retained for cross-border supplies;
- potential cash-flow impacts arising from import VAT or settlement mechanisms; and
- governance processes for managing GCC-wide VAT compliance.

Further details, including our analysis of the amendments and their potential impact for businesses, are available in our official PwC publication through this link.

GCC signed FTA with the UK

On 20 May 2026, the Gulf Co-operation Council (GCC) and the United Kingdom (UK) signed a landmark Free Trade Agreement (GCC-UK FTA), the GCC's first agreement with a G7 country. This FTA introduces a modern and comprehensive trade framework covering goods, services, investment, and digital trade, with a strong emphasis on tariff reduction, customs simplification, and improved market access. The agreement is expected to significantly enhance trade flows, reduce barriers, and strengthen economic ties, while supporting supply chain integration between the GCC and UK.

Key highlights:

Tariff Liberalisation: Up to ~93% of GCC tariffs on UK goods will be eliminated over time, with around two-thirds removed upon entry into force.

Sector-Specific Benefits: Key sectors expected to benefit include automotive, advanced manufacturing, aerospace, electronics, and food & beverages, with many products becoming duty-free either immediately or over time.

- **Advanced manufacturing:** Immediate tariff-free access for turbojets, aerospace parts, machinery, and electronics, including internal combustion engines.
- **Automotive:** Full tariff elimination for all UK passenger car exports, with 90% of current exports (including hybrids) becoming tariff-free on entry into force. Electric vehicles and electric batteries will be tariff-free after 10 years.
- **Life sciences and healthcare:** Tariffs on medical devices, including surgical instruments and radiological devices, will be eliminated once the agreement is fully implemented.
- **Agri-food:** UK food and drink exports to the GCC, will benefit significantly. Products such as cheddar cheese (currently facing up to 6% tariffs), chocolate, biscuits, Scottish smoked salmon, pet food, and animal feed will all benefit from immediate tariff removal.
- **Personal care:** UK-made skincare, perfumes, and personal care products will benefit from the removal of duties.

Rules of Origin: The Rules of Origin (RoO) require goods to be either wholly obtained (fully produced in one country) or sufficiently transformed (meeting specific processing thresholds) to qualify for preferential tariffs. Businesses can source inputs globally but must ensure enough local processing takes place to meet the transformation criteria.

Faster Clearance Timelines: Targeted customs performance includes release of goods within 48 hours (or faster for certain shipments) where requirements are met.

What this means for businesses

- **Access lower duties:** Businesses can benefit from reduced/eliminated tariffs, lowering import costs and improving competitiveness in GCC–UK trade.
- **Check origin eligibility:** Companies must ensure products meet RoO requirements to qualify for preferential tariffs, especially where materials are sourced globally.
- **Prepare early for implementation:** Businesses should start reviewing HS classifications, contracts, and trade flows now, as benefits depend on proper structuring and compliance readiness.
- **Revisit supply chains:** Opportunity to optimize sourcing, manufacturing, and distribution models to benefit from tariff savings and improved access to UK and GCC markets.
- **Improve customs planning:** With faster clearance and simplified procedures, businesses should align documentation and processes to take advantage of reduced delays and lower compliance costs.

The full PwC alert can be accessed through this link.

Indirect Taxes in the GCC

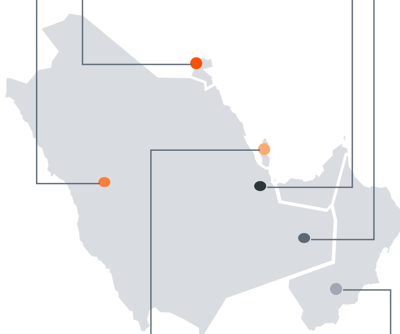
An overview of the current indirect taxes and eInvoicing regime applicable in the GCC

Kuwait

- **VAT** and **Excise Tax** are not yet introduced in Kuwait.
- **eInvoicing**: No official announcement yet.

Qatar

- **VAT** is not yet introduced in Qatar.
- **Excise Tax** rates**:** 100% for tobacco products and energy drinks; and 50% on carbonated drinks.
- **eInvoicing**: Legal framework including a draft law and executive regulations of the law is approved May 2026.



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.
- **eInvoicing:** Introduced in 2021, Clearance model CTC.

UAE

- **VAT** standard rate of 5% (reduced VAT rate 0%).
- **Excise Tax** rates**:** 100% for tobacco, tobacco products, electronic smoking devices, liquids used in electronic smoking devices, and energy drinks; sweetened drinks subject to specific excise tax per litre based on sugar/sweetener content.
- **eInvoicing:** Go-live set for January 2027, Peppol decentralised model.

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.
- **eInvoicing**: No official announcement yet.

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.
- **eInvoicing:** Go-live set for 2026, Peppol decentralised model.

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United Arab Emirates

Tax Procedures

Amendments to the Executive Regulations of the Tax Procedures Law

On 23 March 2026, the UAE Cabinet issued Cabinet Decision No. 17 of 2026, amending Cabinet Decision No. 74 of 2023 on the Executive Regulation of Federal Decree-Law No. 28 of 2022 on Tax Procedures. The amendments took effect from 1 April 2026. According to the Ministry of Finance, the amendments follow the changes made to the Tax Procedures Law that came into force on 1 January 2026 and are intended to improve clarity in tax procedures, enhance transparency, facilitate compliance, and safeguard taxpayers' rights.

Key highlights:

- **Additional record retention for pending refund claims:** A further two-year record retention period applies where a refund application remains pending and no decision has yet been issued by the Authority.
- **Voluntary disclosure rules clarified for incorrect refund applications:** Where an incorrect refund application arises due to an error in a tax return or tax assessment, a voluntary disclosure must be submitted within 20 business days if the excess amount exceeds AED 10,000. For excess amount equal to or less than AED 10,000, the error can be corrected in the next eligible tax return, or through a voluntary disclosure where no return is available.
- **Credit balance refund procedures expressly covered**: Article 26 has been updated to refer to refunds of taxpayer credit balances, while the 20-business day decision period and 5-business day repayment initiation period remain.
- **Stronger confidentiality framework for information sharing:** Disclosure of taxpayer information to competent government entities now requires an agreement with the Authority covering confidentiality, data protection, permitted use, and control procedures.
- **Potentially longer preservation or seizure during audits:** The Authority may extend the period for preservation or seizure of documents or assets for tax audit or examination purposes, with notice to the concerned person where possible.

What this means for businesses

- Businesses should review open refund claim files and retain supporting documentation for longer where a refund application remains pending.
- Taxpayers should refresh voluntary disclosure and refund correction procedures, including the AED 10,000 threshold and 20-business day timing.
- Finance and tax teams should update refund and reconciliation processes to distinguish credit balance refunds and ensure the relevant support is readily available.
- Businesses should assess audit readiness protocols, including document preservation, internal escalation procedures, and response plans for potentially longer document holds.
- Groups should review confidentiality and data governance controls for any tax authority or government information-sharing process.

For further details, please refer to the official PwC news alert available at the following link.

United Arab Emirates

Value Added Tax

FTA publishes new VAT Education Sector Guide

On 29 June 2026, the UAE Federal Tax Authority published the VAT Education Sector Guide | VATGED1, providing guidance on the VAT treatment of educational services and related supplies made by schools, universities and other education providers in the UAE.

The guide clarifies the conditions for applying the zero-rate to education, while confirming that many education-related supplies remain subject to VAT at 5%, exempt, or outside the scope depending on their nature.

Key highlights:

- **Zero-rating applies only where strict conditions are met:** Educational services may be zero-rated only, where supplied by a Qualifying Educational Institution and provided in accordance with a Qualifying Curriculum recognised by the relevant competent authority. Higher education institutions must also be government-owned or receive more than 50% of their annual funding directly from government sources.
- **Related supplies must be directly linked to qualifying education:** Goods and services may be zero-rated only where they are directly related to zero-rated education and are integral to delivering the qualifying curriculum. Examples may include qualifying reading materials, curriculum-linked field trips and activities provided for no additional fee.
- **Certain education-related supplies remain taxable**: The guide confirms that uniforms, electronic devices, food and beverages, recreational field trips, separately charged extracurricular activities and services supplied to prospective students generally do not qualify for zero-rating and may be subject to VAT at 5%.
- **Application and registration fees require careful treatment:** Application or registration fees charged before enrolment are generally subject to VAT at 5%. Where such amounts are later offset against zero-rated tuition, a tax credit note and revised tax invoice may be required.
- **Grants, research funding and sponsorships may create taxable supplies:** Funding arrangements must be reviewed to determine whether the funder receives a direct or valuable benefit. Naming rights, promotional benefits, IP rights or commercial exploitation rights may result in a taxable supply.

What this means for businesses

- Businesses should review open refund claim files and retain supporting documentation for longer where a Education providers should review whether they qualify as a Qualifying Educational Institution and retain supporting evidence, including licences, curriculum approvals and government funding documentation.
- Schools and universities should map all revenue streams, including tuition, application fees, transport, accommodation, events, grants and research income, to confirm the correct VAT treatment.
- Contracts for grants, sponsorships, endowments and research projects should be reviewed to identify whether any taxable benefit is provided to the funder.
- Input tax recovery methods should be reassessed where institutions make taxable, exempt and/or outside-scope supplies, particularly in relation to accommodation, transport, grants and entertainment-type costs.

For further details, please refer to the official FTA Guide available at the following link.

United Arab Emirates

Value Added Tax

UAE VAT Guide on Refunds for Nationals Building Residences

On 10 April 2026, the UAE Federal Tax Authority (FTA) issued an updated VAT Guide on the VAT refund scheme for UAE nationals building new private residences.

The updated guide provides practical clarifications on eligibility conditions, qualifying and non-qualifying expenses, filing timelines, documentary requirements, and the refund submission process through EmaraTax and the Maskan app. It also includes additional examples and highlights common errors that may delay or impact refund claims.

Key highlights:

- **Eligibility requirements clarified:** The refund is available to UAE nationals who are natural persons and hold Family Data. The residence must be newly constructed and intended for occupation by the applicant or the applicant's family.
- **Definition of residence explained:** The guide clarifies that a qualifying residence must include sleeping quarters, a washroom, and cooking facilities. Certain extensions may qualify, subject to the relevant conditions.
- **Qualifying costs confirmed:** VAT may be refunded on construction materials and services that are incorporated into the building, provided the relevant conditions and documentation requirements are met.
- **Non-qualifying costs highlighted:** Items such as appliances, furniture, landscaping, swimming pools, and other non-structural or lifestyle items generally fall outside the refund scheme.
- **Claim timelines and retention payments addressed:** Applications must generally be submitted within 12 months from the date of completion of the residence. A separate claim may be submitted for retention payments, subject to the applicable deadline.
- **Common filing errors identified:** The FTA highlights issues such as missing bank letters, incomplete completion documents, data mismatches, and missing powers of attorney as common errors that may delay refund processing.

What this means for businesses

- Contractors, consultants, and suppliers involved in residential construction projects for UAE nationals should ensure tax invoices are complete, accurate, and issued in line with VAT requirements.
- UAE national applicants should maintain valid tax invoices, proof of payment, completion certificates, and other supporting documents throughout the construction process.
- Applicants should identify non-qualifying costs early, including movable items, appliances, furniture, landscaping, pools, and similar expenses, to reduce the risk of adjustments or delays.
- Applicants should monitor the 12-month filing deadline from completion of the residence and separately track any retention payment deadlines.

For further details, please refer to the official PwC news alert available at the following link.

United Arab Emirates

eInvoicing - Extension of timeline to appoint an ASP

On 11 May 2026, the UAE Ministry of Finance, in collaboration with the FTA and Dubai Chambers, hosted its second awareness event on the UAE eInvoicing system. The session was attended by senior officials from the Ministry and the FTA, together with more than 500 representatives from private sector companies, reflecting the increasing focus on business readiness ahead of implementation.

The awareness session provided businesses with an update on the latest developments in the UAE eInvoicing programme, including the objectives of the system, the practical steps required to join the new digital ecosystem, and the readiness actions businesses should begin taking. The session also covered the process for selecting Accredited Service Providers through the EmaraTax platform, integration requirements, and the planned transition towards the pilot phase in July 2026.

The Ministry of Finance highlighted that the eInvoicing system is expected to support the UAE's digital transformation agenda by improving efficiency, transparency, and accuracy in financial transactions, while also strengthening tax compliance. Businesses were encouraged to follow official communication channels and begin preparing for onboarding, system integration, and testing ahead of the relevant implementation deadlines.

The awareness event follows recent amendments to the eInvoicing decisions, including the extension of the deadline for certain businesses to appoint an Accredited Service Provider (ASP) from 31 July 2026 to **30 October 2026**.

- **Pilot phase to begin in July 2026:** The UAE is set to launch the pilot phase of the eInvoicing system in July 2026, marking the move from readiness planning to practical implementation. The pilot phase will allow selected businesses to test application requirements and prepare for integration through a phased approach.
- **ASP appointment deadline extended for large businesses:** Businesses with annual revenue of AED 50 million or more must now appoint an Accredited Service Provider by 30 October 2026, instead of the earlier deadline of 31 July 2026.
- **Mandatory implementation for large businesses from January 2027:** Businesses with annual revenue equal to or exceeding AED 50 million are expected to implement the Electronic Invoicing System from 1 January 2027.
- **Timeline for businesses below AED 50 million remains July 2027:** Businesses with annual revenue below AED 50 million must appoint an Accredited Service Provider by 31 March 2027 and implement the eInvoicing system from 1 July 2027.
- **Government entities to implement from October 2027:** In-scope government entities must appoint an Accredited Service Provider by 31 March 2027 and implement the system from 1 October 2027.
- **4-Corner model activated ahead of full 5-Corner model:** The UAE has activated the 4-Corner model, enabling businesses to exchange invoices electronically through Accredited Service Providers. This forms part of the final UAE 5-Corner Model, with the fifth corner expected to be introduced in a later phase.

For further details, please refer to the official Ministry of Finance eInvoicing portal through this link .

United Arab Emirates

eInvoicing - Updated Guidelines

On 1 June 2026, the UAE Ministry of Finance released Version 1.1 of the UAE Electronic Invoicing Guidelines. The updated guidelines do not change the core eInvoicing framework, scope, or implementation timelines. The overall approach remains aligned with the earlier February 2026 release. The updated guidelines provide additional practical guidance for businesses as they progress from planning to implementation. In particular, the update focuses on data storage and retention responsibilities, Accredited Service Provider obligations, financial record transmission, transaction logs, advance payments, and retention arrangements.

Key highlights:

- **No change to the core eInvoicing framework:** The updated guidelines do not introduce changes to the scope, framework, or implementation timelines for UAE eInvoicing.
- **Storage and retention responsibilities clarified:** Taxpayers remain responsible for retaining Electronic Invoices, Electronic Credit Notes, and related associated data, in line with applicable tax record retention requirements.
- **Use of Accredited Service Providers addressed:** Businesses may contract with an Accredited Service Provider for storage or related services. However, this does not transfer the taxpayer's legal record retention obligation to the service provider.
- **ASP transaction logs explained:** Accredited Service Providers are expected to retain transaction logs, including transaction identifiers, routing information, and transmission status.
- **Transmission confirmations clarified:** Accredited Service Providers should inform taxpayers without undue delay that Electronic Invoices or Tax Data Documents have been successfully transmitted to the Authority.
- **Storage architecture remains flexible:** The guidelines confirm that there is no prescribed storage layer or location for eInvoicing records, provided records can be retrieved and remain available to the FTA upon request.

What this means for businesses

- **Accelerate implementation:** planning Businesses should align with the phased rollout timeline and initiate onboarding with an ASP.
- **Review transaction flows and scope:** Organisations must assess all business transactions, including non-taxable and intercompany flows, to determine eInvoicing obligations.
- **Upgrade systems and data structures:** ERP systems must support structured XML invoicing, integration with ASPs, and real-time reporting.
- **Strengthen governance and compliance controls:** Clear processes for invoicing, validation, exception handling, and data accuracy will be critical.
- **Prepare for operational transformation:** eInvoicing represents a shift to a continuous transaction control model, increasing transparency and tax authority visibility.

The UAE MoF eInvoicing guidelines are accessible through this link.

United Arab Emirates

Customs

UAE CEPAs with Azerbaijan and South Korea have come into force

The UAE has recently brought into force two Comprehensive Economic Partnership Agreements ("CEPAs") with Azerbaijan (15 April 2026) and South Korea (1 May 2026), helping expand trade beyond traditional markets and support its role as a regional trade and re-export hub. From a customs perspective, these agreements go beyond tariff reductions, they simplify customs procedures, clarify rules of origin, and make it easier to move goods across borders. They also open more direct trade routes into Central Asia and Asia's manufacturing hubs, giving UAE-based companies better access to new suppliers, customers, and more efficient supply chains.

Key highlights:

Tariff Liberalisation & Market Access: These CEPAs significantly reduce/eliminate customs duties and expand market access across key sectors, enabling more cost-efficient trade flows:

- **Azerbaijan:** 95%+ of goods benefit from tariff elimination/reduction, including free zone goods, with up to 99% tariff removal on Azerbaijani exports.
- **South Korea**: Around 91% of tariff lines are liberalised over up to 10 years, supported by removal of non-tariff barriers and national treatment.

RoO: Both CEPAs provide clear and flexible RoO frameworks allow businesses to access preferential tariffs:

- **Azerbaijan:** Origin is met if goods are wholly obtained or sufficiently transformed through a change in tariff heading (4-digit) or ≥40% value-add (FOB), with certain products subject to specific processing or value rules under HS-level Product-Specific Rules ("PSRs").
- **South Korea:** Origin is granted where goods are wholly obtained or meet sufficient processing (tariff shift or ~40% value-add (FOB)), with additional product-specific rules depending on the HS classification.

Sector Coverage & Market Opportunities: Both CEPAs extend beyond goods into priority sectors supporting trade and investment.

- **Azerbaijan:** Focus on logistics, manufacturing, digital trade, tourism, and fintech sectors.
- **South Korea:** Focus on energy, advanced industries, healthcare, ICT, and transport sectors.

What this means for businesses

- **Assess eligibility:** Businesses should review RoO upfront to confirm whether their products can meet wholly obtained, sufficient transformation/tariff shift requirements, PSRs (where applicable) before relying on duty savings.
- **Ensure accurate product classification:** Maintain a robust approach to HS classification, as this underpins customs treatment, eligibility, and correct application of preferential tariffs.
- **Structure supply chains:** Consider adjusting sourcing or manufacturing (e.g., adding processing or local inputs) to meet origin thresholds and unlock preferential access.
- **Prepare documentation:** Put in place processes to obtain and retain Certificates of Origin and supporting documents, as customs verification can deny benefits if documentation is incomplete.

United Arab Emirates

Customs

Pay Customs Duties in Instalments and Extend Guarantees under Dubai Customs' New Relief Measures

Dubai Customs issued Notice No. (12/2026) granting a 120-day extension on the customs guarantees for goods under key customs suspension regimes such as (i) import for re-export, (ii) temporary admission, and (iii) transit (in all its forms). In addition, businesses are allowed to apply for instalment-based settlement of customs duties on a case-by-case basis, providing further financial flexibility alongside the extension. The measure is aimed at easing cash flow and operational pressures linked to delayed movements of goods

Key highlights:

- **Extension of duty suspension across key regimes:** Applies to import for re-export, temporary admission, and all transit movements, which typically rely on suspended duty treatment. Ensures goods can remain under these regimes for a longer period without triggering customs guarantees or compliance breaches.
- **Applies to declarations nearing or reaching expiry:** Covers existing declarations within specified expiry windows in 2026 (27 February 2026, and up to 31 July 2026).
- **Optional instalment mechanism for duty settlement:** Businesses can request to settle customs duties in instalments, subject to Dubai Customs approval.

What this means for businesses

- **Enhanced cash flow management and funding flexibility:** Businesses can defer immediate customs guarantees through the 120-day extension, or alternatively spread payments over time via instalment arrangements. Particularly beneficial for high-value shipments or businesses with large volumes under suspended duty regimes.
- **Opportunity to optimise and prioritise existing exposures:** Businesses should conduct a portfolio review of all suspended duty declarations approaching expiry. Enables prioritization of high-risk or high-value cases for action (e.g., re-export, settlement, etc.).
- **Need for proactive engagement and planning:** Early coordination with Dubai Customs is key to secure instalment approvals where needed. Businesses should also plan for post-extension actions, as obligations may resume once the relief period ends.

United Arab Emirates

Customs

Temporary ban on export of certain industrial waste

Dubai Customs has issued Customs Notice No. 13/2026, introducing a temporary prohibition on the export of certain industrial-use waste and scrap materials, **effective from 10 June 2026 to 8 October 2026**.

The measure is implemented pursuant to Cabinet Resolution No. 105 of 2026 and applies to specific waste and scrap items classified under the GCC Unified Customs Tariff, including iron, copper and aluminum scrap.

The restriction forms part of the UAE's broader policy to regulate the movement of industrial raw materials and ensure adequate domestic supply.

Key highlights:

Temporary export prohibition introduced: Export of specified industrial-use waste and scrap materials is prohibited for a period of four (4) months, from 10 June 2026 to 8 October 2026, with the possibility of extension unless formally revoked.

Applies to specific HS-classified goods: The restriction applies to products falling under identified tariff classifications, including:

- **Iron and steel scrap** (HS 7204 series)
- **Copper scrap** (HS 74040000)
- **Aluminum scrap** (HS 76020000)

Scope defined at detailed tariff level: The Customs Notice includes detailed 8-digit and 12-digit HS codes, meaning applicability is strictly determined based on tariff classification.

Exemptions subject to approval: Limited exemptions may be granted, including:
Iron and steel scrap (HS 7204 series)

- Shipments under international contracts concluded prior to the issuance of the notice
- Other cases approved by the Ministry of Foreign Trade, subject to review

What this means for businesses

- **Immediate impact on export operations:** Businesses exporting scrap metals must halt or reassess shipments falling within the specified HS codes, unless an exemption is secured.
- **Increased importance of HS classification:** The measure is strictly tariff-driven, requiring businesses to validate product classification at a granular level to determine applicability.
- **Contractual and commercial implications:** Companies should review existing contracts and commitments, particularly those concluded prior to June 2026, to assess eligibility for exemptions or potential exposure.
- **Documentation and approval requirements:** Where exemptions are sought, businesses will need to prepare robust supporting documentation and submit applications through the relevant authority.
- **Supply chain realignment:** The restriction may require companies to re-route materials domestically or adjust trading strategies in line with the temporary ban period.

For further details, please refer to the official Customs Notice through this link.

Saudi Arabia Indirect Tax updates

02

Saudi Arabia

Tax Amnesty

Saudi Arabia extends tax amnesty initiative until 31 December 2026

The Zakat, Tax and Customs Authority (ZATCA) has announced the extension of the Cancellation of Fines and Exemption of Financial Penalties Initiative for a further six-month period, ending on 31 December 2026, applicable to tax liabilities that became due before 30 June 2026.

The extension provides taxpayers with an opportunity to regularise their tax affairs and obtain relief from certain penalties, subject to meeting the prescribed conditions.

Key highlights:

- **Extended penalty relief period:** The initiative has been extended for a further six months, covering the period from 1 July 2026 to 31 December 2026, allowing taxpayers additional time to regularise their tax affairs and benefit from financial penalty exemptions.
- **Broad application across tax types:** The initiative applies to multiple taxes, including Value Added Tax, Withholding Tax, Excise Tax, Corporate Income Tax, and Real Estate Transaction Tax, providing taxpayers with a wide opportunity to address historic non-compliance.
- **Relief from key administrative penalties:** Eligible taxpayers may benefit from relief from penalties relating to late registration, late filing of tax returns, late payment of taxes, and corrections to VAT returns, subject to meeting the relevant conditions.
- **Compliance conditions must be satisfied:** To benefit from the initiative, taxpayers must generally register with ZATCA, submit all outstanding tax returns, disclose any undeclared tax liabilities, and settle the principal tax due, either in full or through an approved installment plan.
- **Certain penalties remain excluded:** The initiative does not apply to tax evasion penalties, fines already paid before the initiative's effective date, or penalties relating to tax returns due after 30 June 2026. Relief under installment arrangements is also conditional on adherence to the approved payment schedule.

What this means for businesses

- Businesses now have an extended opportunity to review and regularise historical tax positions while reducing exposure to financial penalties.
- Taxpayers should assess whether there are any unfiled returns, unpaid tax liabilities, incorrect VAT returns, or registration gaps that may fall within the scope of the initiative.
- Where immediate settlement of tax liabilities is not feasible, businesses may consider applying for ZATCA-approved installment plans, provided they can comply with the agreed payment schedule.
- Timely action is critical, as failure to meet the conditions before 31 December 2026 may result in penalties continuing to apply or previously exempted penalties being reinstated.

The Official ZATCA announcement is accessible through this link.

Saudi Arabia

Customs

Transit operations allowed without bank guarantees or transit plates

On 5 April 2026, ZATCA announced the removal of the bank guarantee requirement for transit transport activities as part of its ongoing efforts to enhance customs clearance procedures and increase supply chain efficiency across the KSA's land, sea, and air ports. The measure is intended to facilitate trade flows, improve the movement of goods through customs ports, and enhance the flexibility of logistics operations. In addition, ZATCA also removed the requirement to issue metal transit plates for goods transported under the domestic transit system between air and sea ports.

Key highlights:

- **Removal of bank guarantee requirements for transit operations:** Transit transport activities may now be conducted without providing a bank guarantee as part of ZATCA's efforts to enhance customs clearance procedures and improve supply chain efficiency.

- **Simplified domestic transit procedures:** Goods transported under the domestic transit regime between air and sea ports are no longer required to obtain transit metal plates.

- **Enhanced customs facilitation measures:** The initiative is intended to streamline transit procedures and facilitate the movement of goods across Saudi Arabia and other regional countries, particularly given the current volatility in the region.

What this means for businesses

- Reduced financial burden resulting from the removal of bank guarantee requirements for eligible transit operators.
- Simplified customs transit procedures may contribute to faster cargo movements and reduced administrative processing.
- Businesses utilizing KSA as a regional distribution hub should assess opportunities to optimize logistics and transit operations.
- The measures further support KSA's ambition to become a regional logistics gateway, potentially enhancing supply chain connectivity across the region.

The Official ZATCA guidelines are accessible through this link.

Saudi Arabia

Customs

The Economic Cities and Special Zones Authority (ECZA) proposed Special Economic Zones Regulations

On **24 April 2026**, ECZA published four draft regulations for public consultation through the "Istitlaa" platform, covering the Special Economic Zones (SEZs) of Ras Al-Khair, Jazan, King Abdullah Economic City (KAEC), and Cloud Computing & Informatics. The consultation period remained open until **8 May 2026**. The proposed regulations aim to establish a comprehensive governance framework for the management and operation of SEZs, including licensing requirements, real estate registration procedures, security and safety requirements, and the establishment and operation of bonded zones.

Key highlights:

The draft regulations propose a framework governing the management and operation of SEZs, including:

- Licensing requirements and procedures.
- Real estate registration and related processes.
- Security and safety requirements within the zones.
- Establishment and operation of bonded zones.

The proposed regulations aim to enhance the competitiveness and attractiveness of SEZs while supporting the growth of strategic sectors in Saudi Arabia.

What this means for businesses

- Businesses operating in, or considering investment within, KSA's SEZs may benefit from greater regulatory clarity regarding licensing, real estate, security and bonded zone requirements.
- The proposed framework is expected to streamline regulatory processes and provide investors with increased certainty over compliance obligations and operational requirements within the SEZs.
- Businesses with operations or planned investments in the affected zones should monitor the final regulations and assess any potential impact on their licensing, operational, and compliance frameworks.

The draft proposal can be accessed on the Istitlaa platform through this link.

Saudi Arabia

Customs

ZATCA approves amendments to the Customs Procedure Controls

On 18 June 2026, **ZATCA issued Decision No. (13-99-1448) approving amendments to the Controls Regulating Customs Procedures**. The amendments update the customs framework governing customs declarations, import documentation, customs clearance, inspection procedures, transit requirements, deferred customs duty collection, and the treatment of goods under customs control. The decision was published on 26 June 2026 and became effective upon publication.

Key highlights:

- Updates to customs declaration and import documentation requirements.
- New rules for customs inspections, declaration cancellation, and transit procedures.
- Changes to deferred customs duty collection and customs processes for goods moving to and from duty-suspended zones.
- Enhanced powers for ZATCA to request supporting documentation and strengthen customs oversight.

What this means for businesses

- Businesses should review their customs declaration, documentation, and clearance procedures.
- Importers, exporters, customs brokers, and logistics providers should assess whether internal customs processes comply with the amended rules.
- Companies should ensure systems and documentation requirements are updated to reflect the new customs procedures.

The amended Controls Regulating Customs Procedures are available through this link.

Saudi Arabia

Customs

ZATCA approves amendments to the Bonded Zone Rules

On 18 June 2026, **ZATCA approved amendments to the Rules of Bonded Zones in Saudi Arabia** through Governor Decision No. (13-99-1448). The amendments update the regulatory framework governing licensed bonded zones, introducing changes to licensing requirements, permitted activities, storage periods, inventory management, goods movement, reporting obligations, operator responsibilities, and ZATCA's inspection and compliance powers, with the aim of enhancing governance and operational efficiency within bonded zones.

Key highlights:

- Updated licensing requirements and permitted bonded zone activities.
- New provisions relating to storage periods, inventory management, and goods admission and removal procedures.
- Enhanced operator obligations for reporting, compliance, and inventory controls.
- Expanded inspection and supervisory powers for ZATCA over bonded zone operators.

What this means for businesses

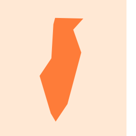
- Businesses operating bonded zones or using bonded storage facilities should review their operating models and compliance processes.
- Companies should assess the impact on inventory management, record-keeping, reporting obligations, and operational procedures.
- Operators should ensure compliance with the revised licensing and governance requirements.

The amended Rules of Bonded Zones are available through this link.

Bahrain Indirect Tax updates

03

Bahrain



Value Added Tax

Bahrain NBR updates VAT Healthcare Guide: expanded guidance on medicines and medical products

On 31 March 2026, Bahrain's National Bureau for Revenue published Version 1.2 of its VAT Healthcare Guide. The updated guide provides additional clarification on the VAT treatment of healthcare services, medicines, medical equipment, and other medical products in Bahrain.

The key update in Version 1.2 is the expanded guidance on the VAT treatment of medicines, medical equipment, and other medical products, including how the zero-rate applies and when the standard VAT rate may apply instead.

Key Highlights:

- **Expanded guidance on medicines and medical products:** The updated guide provides further explanation on the VAT treatment of medicines, medical equipment, and other medical products supplied in Bahrain.
- **Zero-rating linked to NBR-approved lists:** The guide clarifies that the zero-rate applies to medicines, medical equipment, and other medical products that are included in the relevant lists available on the NBR website. Items not included in these lists are generally subject to VAT at the standard rate of 10%.
- **Zero-rate applies across the supply chain:** Where qualifying medicines, medical equipment, or other medical products are listed by the NBR, the zero-rate applies to supplies throughout the Bahrain supply chain.
- **Imports of listed items addressed:** The updated guide explains that imports of qualifying medicines, medical equipment, and other listed medical products from outside the territory of the Implementing States are exempt from import VAT.
- **Treatment where products are supplied with non-qualifying services:** The guide clarifies that medicines, medical equipment, or other medical products supplied as part of a non-qualifying medical service may be subject to VAT at the standard rate, even if the product would otherwise be zero-rated when supplied on a standalone basis.

What this means for businesses

- **Review VAT treatment of medical products:** Healthcare businesses should confirm whether medicines, medical equipment and related products are included in the NBR-approved lists and apply the correct VAT treatment.
- **Reassess mixed supplies:** Businesses should review cases where medical products are supplied together with healthcare, cosmetic, wellness or other non-qualifying services to determine whether zero-rating or the standard rate applies.
- **Monitor compliance risk:** Hospitals, clinics, pharmacies, importers and medical suppliers should assess whether the updated guidance affects existing VAT positions, contracts or VAT return reporting.

For further details, please refer to the official NBR VAT Healthcare Guide available at the following link.

Bahrain

Customs

Bahrain tightens customs rules on imports and low-value shipments

Bahrain's Decree No. 23/2026, issued on 18 May 2026, introduces significant updates to its customs framework, aligning domestic regulations more closely with the GCC Common Customs Law while tightening controls on import procedures, valuation, and duty collection. The changes primarily address gaps in low-value shipments and enhance compliance requirements across the import supply chain.

Key Highlights:

- **Minimum threshold introduced**: Introduction of a BHD 100 threshold, above which shipments are subject to customs duty, including personal consignments. In practice, shipments meeting or exceeding this value will be assessed based on CIF value (including freight and insurance), with customs duty applied first and VAT calculated on top of the duty-inclusive value, increasing the final landed cost for importers and consumers.

- **Low-value exemptions removed:** Removal of previous low-value shipment gaps, particularly affecting e-commerce and parcel imports, as shipments at or above BHD 100 now consistently trigger customs duties. The rules also clarify that gifts are not exempt, and customs authorities may review shipment values and aggregation practices, limiting the ability to structure shipments to avoid duties.

- **IoR accountability strengthen:** Reinforced Importer of Record (IOR) obligations, including responsibility for customs declaration accuracy, duty payment, HS classification, valuation, and ensuring all required permits and certificates are in place. The IOR must also be properly registered and acts as the legally liable party in the customs process, meaning any errors or omissions in declarations remain the responsibility of the importer even when agents are involved.

- **Documentation requirements tightened:** Tighter customs documentation and procedural requirements (e.g. commercial invoice, packing list, airwaybill/bill of lading, customs declaration form filled electronically, certificate of origin), and other documentation as applicable (e.g., import license or permit, health certificate, importer's commercial registration, product specific-permits, etc.).

What this means for businesses

- **Declare accurate values:** Ensure the shipment value is correctly declared, as customs may review and adjust it. Incorrect values can lead to higher duties, penalties, or delays.
- **Plan for duty payments:** Shipments above BHD 100 will require duty to be paid before clearance, so businesses should plan ahead to avoid goods being held at customs.
- **Clarify IoR Responsibility:** Clearly define who is acting as the IoR, as this party is responsible for all declaration filings, payments, and compliance.
- **Prepare complete documentation:** Make sure commercial invoices, packing lists, transport documentation, certificate of origin, and any other relevant supporting documents are accurate and complete to ensure smooth and faster clearance.
- **Avoid splitting shipments:** Do not divide shipments to reduce declared value, as customs may treat related shipments as one and apply duty on the combined value.

Oman
Indirect Tax updates

04

Oman

eInvoicing

The Oman Tax Authority (‘OTA’) has issued guidance, run a workshop and made some clarifications on the Oman eInvoicing Project (Fawtara) implementation plan. At a glance:

- **Peppol PINT guide for Oman:** the OTA, through OpenPeppol, has published initial Peppol International ("PINT") Oman specifications. This allows businesses to take further steps on their eInvoicing implementation plans.

- **eInvoicing rollout checks:** the OTA has launched a new feature on their website for businesses to check where they are on the eInvoicing rollout period or phase, using their taxpayer identification numbers or VATINs.

- **Rollout 1 workshops:** multiple workshop sessions for taxpayers selected in rollout 1 of the eInvoicing implementation, with a number of valuable insights shared and guidance provided.

- **Technical clarifications:** a number of application, tax and practical points relating to the eInvoicing rollout and implementation have been made clearer.

Peppol PINT guide for Oman

The draft Peppol PINT Oman specifications (PINT OM Billing Process v1.0.0), marks a significant milestone in the rollout of eInvoicing in Oman. The release covers:

- PINT model for billing defines the standardised data model and structure for electronic billing under the Peppol framework in the Sultanate.
- Invoice transaction specifies the required data elements and rules for issuing compliant Oman electronic invoices.
- Credit note transaction outlines the structure and validation rules for processing credit notes in Oman within the PINT framework.
- PINT compliance requirements: detail the technical and business validation rules needed to ensure adherence to PINT specifications locally.
- Release notes for PINT Oman billing: summarises key updates, changes, and Oman-specific enhancements introduced in the latest release.

What this means for businesses

The draft framework provides organisations with an opportunity to begin early alignment with the upcoming mandate while streamlining their data flows and invoicing processes.

What does this mean for ASPs?
For Accredited Service Providers (ASPs), this serves as a key enabler to design and align invoice and tax data structures in accordance with PINT specifications. This alignment will support seamless data exchange between business systems, ASPs, and the OTA.

What are the next steps?
The draft PINT specifications are currently open for public consultation and will be finalised based on stakeholder feedback.

Oman

eInvoicing

eInvoicing rollout checks

The OTA has launched a new feature on their website for businesses to check where they are on the eInvoicing rollout period/phase using their VATIN. This is a welcome development, as many businesses have apparently not been sure about where they stand (and whether participation in the Fawtara rollout had been communicated to them).

Now businesses in Oman can enter a full VATIN (starting with the OM prefix) to confirm where they stand in relation to rollout periods or phases

Rollout 1 workshops

Virtual workshop sessions were recently conducted for taxpayers selected in Rollout 1 of the eInvoicing implementation. The sessions aimed to provide direct support and address inquiries by taxpayers, including:

- The early preparation actions to be taken by the selected taxpayers to ensure full readiness
- Further guidance on project timelines.
- On B2C transactions explanation of the dedicated approach introduced by OTA, including PINT and QR code requirements.
- The announcement noted above on Oman Peppol PINT specifications – to be reviewed and for which feedback was sought.

Technical Clarifications

The OTA has clarified a number of points and approaches, including:

1. **Decimal places**: the PEPPOL framework apparently currently supports only two decimal places. The enhancement to support three decimal places is expected in future. The OTA confirmed that business should continue current invoicing process in parallel to eInvoice until this is fixed. This may allow business to process AP invoices based on current invoicing process.
2. **Exempt supplies**: from a technical scope perspective in eInvoicing, the OTA has confirmed that exempt supplies are currently outside the scope of eInvoicing implementation, although the OTA noted that their inclusion may be considered at a later stage.
3. **B2C transactions**: the OTA has confirmed that taxpayers currently issuing invoices within 15 days of the date of supply will be allowed to continue to do so and there is no change in requirement related to timing of invoice.

Qatar
Indirect Tax updates

05

Qatar

eInvoicing

Qatar eInvoicing: Law and regulations approved

On 6 May 2026, the Qatar Cabinet approved a draft law on eInvoicing together with its executive regulations. The draft law was prepared by the Ministry of Finance in coordination with the General Tax Authority and represents an important step towards the introduction of a formal eInvoicing regime in Qatar.

The approved framework is expected to establish the legal basis for issuing electronic invoices, electronic credit notes and electronic debit notes. While the detailed technical and operational requirements have not yet been released, the development signals Qatar's continued focus on tax digitalisation, transparency, and enhanced compliance.

Key Highlights:

- **Legal framework approved:** The Qatar Cabinet has approved a draft law and executive regulations for eInvoicing, marking a key milestone in the development of Qatar's digital tax framework.
- **Scope expected to cover electronic tax documents:** The framework is expected to govern the issuance of electronic invoices, as well as electronic credit and debit notes.
- **Technical details not yet released:** No official technical specifications, eInvoicing model, data requirements, integration process, or go-live timeline have been published at this stage.
- **Potential reporting and validation requirements:** Based on regional and international trends, businesses may be required to issue invoices in a standardised electronic format and report or share invoice data with the tax authority.
- **Phased rollout likely:** A phased implementation approach is expected, allowing businesses time to assess system requirements, update processes, and prepare for compliance once further guidance is issued.
- **Possible broad transaction coverage:** The final regime may potentially apply to B2B, B2C and B2G transactions, although the exact scope remains subject to the final legislation and technical specifications.

What this means for businesses

- **Assess invoicing processes:** Businesses in Qatar should begin reviewing current invoicing, credit note and debit note processes to identify areas that may require change.
- **Review system readiness:** ERP, billing, point-of-sale and accounting systems should be assessed for their ability to generate, store and transmit structured electronic invoice data.
- **Evaluate data quality:** Businesses should review customer, supplier, tax, product, and transaction master data to ensure it is accurate, complete and capable of supporting future eInvoicing requirements.
- **Monitor future guidance:** Businesses should closely monitor the release of the final law, executive regulations, technical specifications, implementation timelines and any phased rollout requirements.

For further details, please refer to our official PwC publication through this link.

A selection of PwC ME events

Tax Tech & e-Invoicing Summit – Dubai, May 2026

An engaging panel discussion at the Tax Tech & e-Invoicing Summit on the Middle East's journey from digital tax mandates to practical execution. Ishan Kathuria, Partner and UAE e-Invoicing Lead, joined the panel discussion on May 14 to discuss how AI, automation and connected tax processes can support more efficient, accurate and compliant tax functions. The conversation explored how businesses can better manage risk and build future-ready tax teams with the right technology, skills and mindset to keep pace with the region's evolving digital tax landscape.

PwC Comarch eInvoicing CUG Conference – Kraków, May 2026

Abhinav Mangla represented PwC Middle East at the Comarch e-Invoicing CUG Conference in Kraków, Poland, delivering a session on "e-Invoicing in the GCC: The Next Frontier of Tax Transformation." The session shared PwC Middle East's perspectives on the evolving e-Invoicing landscape across the GCC and the role of tax technology in driving digital transformation. It highlighted the growing advisory opportunities emerging from new compliance frameworks, while strengthening PwC Middle East's visibility within the global tax technology ecosystem.

E-invoicing marks the next chapter in UAE's digital journey

The e-invoicing initiative brings the UAE's business infrastructure into lockstep with the direction of its rapidly evolving digital economy.

Featuring Ishan Kathuria on UAE eInvoicing journey

Ishan Kathuria, Tax Partner and UAE e-Invoicing Leader, shared his views with Khaleej Times on the UAE's e-Invoicing journey.

Read the full article here to learn more about how e-Invoicing is shaping the next chapter of the UAE's digital transformation.

Consumer Markets TLS Roundtables – Riyadh & Dubai, May 2026

PwC Middle East hosted focused executive roundtables in Riyadh and Dubai for CFOs, Heads of Tax and Finance Directors from the Consumer Markets sector.
The sessions explored key tax developments in Saudi Arabia and the UAE, including Corporate Tax, VAT and Zakat, Customs, Transfer Pricing, Pillar Two implications, tax accounting considerations and broader regulatory changes.

A selection of PwC ME events (cont'd)

PwC webinars series | Q2 2026

UAE Tax Controversy and Dispute Resolution webinar

PwC hosted a webinar on UAE Tax Controversy and Dispute Resolution on 14 April 2026. The session focused on key aspects of tax disputes in the UAE, including practical considerations for managing controversy matters and navigating dispute resolution processes.

Non-resident VAT Refunds in the Middle East webinar

PwC hosted a webinar on Non-resident VAT Refunds in the Middle East on 28 April 2026. The session focused on what businesses need to know and do in relation to non-resident VAT refund claims across the Middle East, including relevant practical considerations and compliance requirements.

Qatar e-Invoicing: Preparing for What's Next – Webinar

PwC Middle East recently hosted a webinar on Qatar's e-Invoicing journey, following the Qatar Cabinet's approval of a draft eInvoicing law on 20 May 2026.

Our tax and e-Invoicing specialists led the session, providing early insights into the potential implications of the proposed framework for businesses operating in Qatar. Drawing on regional experience from Saudi Arabia, the UAE, Oman, Jordan, and Egypt, the discussion highlighted key considerations and practical steps that organisations can begin evaluating as they prepare for the upcoming transition.

The takeaway

Staying ahead of change is no longer optional. Taxpayers are now, more than ever, expected to keep pace with the rapid evolution of indirect tax regulations across the region and ensure they remain fully compliant and future-ready. Proactive monitoring and timely action are critical to mitigating risks and seizing opportunities in this dynamic environment.

If you would like to explore how these developments impact your business or discuss the key insights highlighted in this publication, please reach out to us for a deeper conversation.

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