



GCC Indirect Tax News Roundup

Quarter One 2026



PwC Middle East
Tax & Legal Services

Introducing AI-driven solutions for tax

Indirect tax functions across the GCC are becoming increasingly data-intensive, real-time, and digitally driven, with organisations required to manage complex regulations, high transaction volumes, and frequent legislative changes.

In response, PwC is introducing its Tax AI Assistant, powered by Harvey, designed to support tax teams while also enhancing capabilities across broader functions including legal, deals, and consulting.

Why this matters to businesses

Indirect tax compliance now requires businesses to interpret **large volumes of regulatory guidance, manage transaction-level data, and respond quickly to evolving requirements**, such as eInvoicing and digital reporting frameworks.

In many cases, tax authorities are moving toward **real-time or near real-time visibility of transactions**, increasing the importance of data accuracy, consistency, and timely reporting. This places additional pressure on organisations to ensure that **tax logic is correctly embedded within systems and applied consistently across high volumes of transactions**.

At the same time, tax considerations are increasingly interconnected with **legal, operational, and commercial decisions**, such as contract structuring, supply chain design, and pricing models. As a result, businesses require solutions that can support **multiple functions, enable faster decision-making, and ensure alignment across tax, legal, and finance teams**.

Key Harvey capabilities to be aware of

- Supports monitoring of regulatory updates and guidance, helping teams stay up to date with frequent changes across GCC indirect tax regimes
- Assists in reviewing eInvoicing and digital reporting requirements, supporting interpretation of technical specifications and implementation approaches
- Helps analyse VAT treatment across supply chains, identifying areas where tax outcomes may depend on contractual or operational structures
- Enables more efficient review of contracts and commercial arrangements, highlighting potential tax implications that may require further assessment
- Supports preparation for audits and enquiries, by helping organise and interpret relevant documentation and positions
- Facilitates consistency in multi-jurisdictional VAT analysis, particularly for businesses operating across several GCC countries

What this means for businesses

PwC's Tax AI Assistant, powered by Harvey, enables organisations to strengthen their tax function by improving efficiency, consistency, and responsiveness in managing compliance and advisory requirements.

At the same time, its broader capabilities allow businesses to support **legal, finance, and deal teams**, creating a more integrated approach to managing regulatory and commercial challenges.

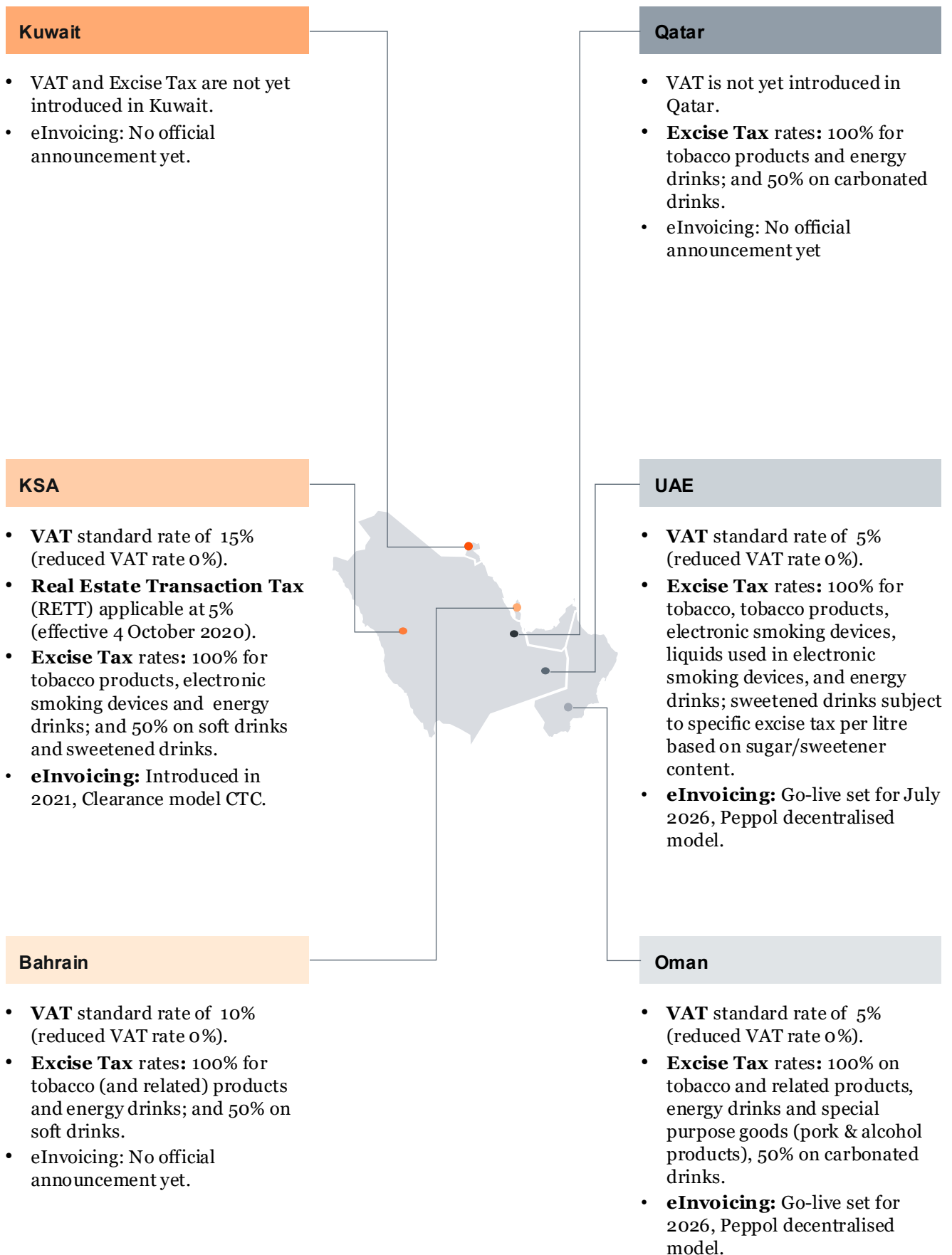
As organisations continue to navigate an increasingly complex environment, adopting AI-enabled solutions can help build **scalable, connected, and future-ready functions** across both tax and wider business operations.

Further information, including details on capabilities, use cases, and how the solution can support your organisation, is available on our [website](#).

Indirect Taxes in the GCC



An overview of the current indirect taxes applicable in the GCC





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United Arab Emirates Indirect Tax updates

01



Economic incentives

Government of Dubai introduces AED 1 billion economic incentives impacting tourism-related levies and fees

The Government of Dubai has announced an AED 1 billion economic stimulus package comprising a range of temporary relief measures aimed at supporting businesses impacted by recent regional disruptions, with a particular focus on the tourism and trade sectors.

Effective from 1 April 2026 for a period of three to six months, the measures include the deferral of tourism-related fees and selected government charges, as well as extensions to certain compliance timelines. These initiatives are intended to provide short-term liquidity relief and ease cash-flow pressures for affected businesses.

While the package does not introduce any direct amendments to VAT or customs legislation, it may give rise to indirect tax considerations, particularly in relation to the timing of tax-like charges, cash-flow management, and the accounting treatment of deferred government fees.

Key highlights:

- Extended customs data grace period:** Customs data grace periods will be extended from 30 days to 90 days, with the possibility of further extension, subject to compliance with applicable tax legislation.
- AED 1 billion temporary incentive package:** Dubai approved a package of economic incentives to be implemented from 1 April 2026 for 3 to 6 months, aimed at easing financial pressure on businesses and individuals across various sectors.
- Deferral of selected government fees:** The measures include the deferral of a range of government fees for 3 months, including allowing hotels to postpone payment of 100% of sales fees and Tourism Dirham for the same period.
- Streamlined residency permits:** The initiative will streamline the issuance and renewal of residency permits, making it easier for talent to live and work in Dubai.
- Virtual warehouses initiative for artwork imports:** The first phase will facilitate temporary imports into Dubai, including artwork, with exemption from customs duties and financial guarantees for artwork imports and suspension of duties on private artworks for 3 years.

What this means for businesses

- Businesses involved in imports should assess how **streamlined permitting processes may improve customs clearance timelines and reduce delays**.
- Organisations should consider the impact of enhanced trade facilitation on **supply chain routing and logistics planning**, particularly in the current environment.
- Companies should also evaluate the impact of **fee deferrals and postponed levies** on cash flow and financial planning.
- Businesses should prepare for the **reinstatement of standard processes and timelines** once the

The official announcement is accessible through this [link](#).



Tax Procedures

UAE FTA issues Decision No. 2 of 2026 on clarifications and directives

The UAE Federal Tax Authority (FTA) has issued Decision No. 2 of 2026 setting out its updated policy for the issuance of clarifications and directives. The decision introduces a more formal framework for how taxpayers may seek private clarifications and other forms of guidance from the FTA, and it also provides important detail on the treatment of directives on tax transactions, administrative exceptions, input tax apportionment, and advance pricing agreements. The decision was issued on **23 February 2026** and applies from **1 March 2026**.

Key highlights:

- Clarification requests limited to taxpayer-specific facts:** The decision confirms that a private clarification must relate to the applicant's own facts and circumstances and cannot be relied on by third parties. Applicants are expected to submit complete and accurate information, along with all relevant supporting documentation.
- Broader grounds for rejecting clarification requests:** The FTA may decline to issue a clarification in certain circumstances, including where the matter is already addressed in published guidance, the request is hypothetical, the issue is subject to an ongoing audit or assessment, or the matter may give rise to tax avoidance or evasion considerations.
- Public clarifications are not binding on the FTA:** The decision distinguishes between public clarifications and directives on tax transactions. While directives on tax transactions are stated to be binding, public clarifications and guides are not binding on the Authority.
- Clearer framework for directives:** The policy establishes a more structured approach by formally covering several categories of directives, including administrative exceptions, input tax apportionment decisions, advance pricing agreements, and directives relating to tax transactions.
- Defined procedural timelines:** The decision introduces or confirms a number of process deadlines, including timelines for completing draft applications, responding to FTA requests for information, and filing annual declarations in relation to Advance Pricing Agreements (APA).

What this means for businesses

- Businesses should assess whether reliance on public guidance remains appropriate in areas where a binding position may instead require a formal directive or taxpayer-specific clarification.
- Taxpayers submitting clarification requests should ensure that applications are fact-specific, complete, and robustly documented, as hypothetical or incomplete submissions may be declined.
- Groups with significant domestic related-party transactions should evaluate whether a unilateral APA (UAPA) has become relevant as part of their transfer pricing risk management framework.
- Tax and finance teams should closely monitor upcoming FTA announcements, particularly in relation to the potential future opening of cross-border UAPA applications.
- Internal governance, tax risk, and controversy management procedures may need to be updated to reflect the revised deadlines, documentation standards, and application thresholds introduced by the decision.

The FTA Decision No. 2 of 2026 is accessible through this [link](#).



Value Added Tax

UAE issues VAT Guide on Profit Margin Scheme (VATGPM1)

The FTA has released in January 2026 a VAT Guide on the Profit Margin Scheme (VATGPM1), providing detailed clarification on the application of this special VAT mechanism. The guide does not introduce changes to the legislation but offers practical guidance on eligibility, calculation, invoicing, and reporting requirements, addressing areas that have historically involved interpretation in practice.

Key highlights:

- Clarification of eligibility conditions:** The guide confirms that the scheme may be applied where goods are acquired from non-registrants or suppliers applying the scheme, and in cases where input VAT recovery was blocked (e.g. certain motor vehicles).
- Scope expanded beyond second-hand dealers:** While commonly associated with second-hand goods, the guidance highlights that the scheme may also apply to business disposals of assets with blocked input VAT, making it relevant for a wider range of businesses.
- Detailed margin calculation methodology:** VAT is calculated only on the profit margin (selling price minus purchase price), with the margin treated as VAT-inclusive. The guide also clarifies treatment where goods are sold at cost or at a loss, confirming that no VAT is due in such cases.
- Strict invoicing requirements:** Where the scheme is applied, invoices must clearly state that the Profit Margin Scheme is used, and VAT must not be shown separately. Failure to comply may invalidate the use of the scheme for that transaction.

What this means for businesses

- Businesses should reassess the applicability of the Profit Margin Scheme to asset disposals and resale transactions, particularly in cases where input VAT was not recoverable at the time of acquisition.
- Existing invoicing templates and operational processes should be reviewed to ensure full compliance with the scheme's strict invoicing requirements.
- Organisations should enhance documentation and record-keeping practices, given that eligibility under the scheme is highly evidence-driven.
- In light of the FTA's focus on practical application, businesses should ensure the scheme is applied consistently and accurately across transactions to mitigate audit and assessment risk.

The VATGPM1 Guide is accessible through this [link](#).



eInvoicing

The UAE Ministry of Finance has released the Electronic Invoicing Guidelines (Version 1.0)

The UAE Ministry of Finance (MoF) has released on 23 February 2026 the Electronic Invoicing Guidelines (Version 1.0), providing a comprehensive framework governing the implementation of the UAE's electronic invoicing system. The Guidelines set out the scope, technical architecture, compliance requirements, and implementation approach, marking a key step in the UAE's transition toward a fully digital tax reporting environment.

Key highlights:

- Broad scope beyond VAT registration:** Electronic invoicing applies to any person conducting business in the UAE, regardless of VAT registration status, including free zone entities and non-resident persons required to issue UAE tax invoices.
- Coverage of most transaction types:** The requirement applies to B2B and B2G transactions, including taxable, exempt, and out-of-scope supplies. Limited exclusions apply (e.g. B2C transactions and certain non-business activities).
- Structured electronic invoices are mandatory:** Invoices and credit notes must be issued in a structured electronic format (XML-based) enabling automated processing, replacing traditional formats such as PDFs.
- Peppol-based five-corner model:** The UAE adopts a decentralised five-corner model, where invoices are transmitted through Accredited Service Providers (ASPs), with tax data reported to the FTA.
- VAT group and specific scenario clarifications:** A 24-month grace period applies to intra-VAT group transactions, and the Guidelines provide detailed treatment of advance payments, self-billing, and cross-border transactions.
- Detailed operational guidance and readiness framework:** The Guidelines include invoice categories, tax code application, system requirements, and appendices with readiness checklists, governance expectations, and roles of stakeholders.

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](#).



eInvoicing

UAE advances eInvoicing implementation with release of key technical documents

On 23 February 2026, the UAE MoF, in addition to issuing the electronic invoicing guidelines, released a set of foundational documents supporting the Electronic Invoicing System. These include the Accredited Service Provider (ASP) selection criteria and the mandatory invoice data requirements.

Together, these publications provide greater clarity on service provider selection and structured data obligations, signalling a clear shift toward the operational rollout of e-Invoicing in the UAE.

Key highlights:

- Mandatory use of Accredited Service Providers (ASPs):** Businesses must connect to the eInvoicing system through an ASP, which will handle invoice validation, transmission, and reporting.
- Defined ASP selection criteria:** The Ministry outlines key considerations including technical capability, Peppol integration, data security, service levels, and scalability, making ASP selection a critical decision.
- Structured invoice data requirements introduced:** Invoices must be issued in a standardised structured format, aligned with Peppol specifications, enabling automated processing and validation.
- Use of TIN as a core identifier:** A Tax Identification Number (TIN) will be required to identify transacting parties within the eInvoicing system.
- Detailed invoice and line-level data fields:** The framework introduces comprehensive invoice-level and line-level data requirements, covering transaction details, parties, tax treatment, and amounts.

What this means for businesses

- **Prioritise** ASP selection and onboarding
- **Assess** data readiness and perform gap analysis
- **Upgrade systems** for structured invoicing
- **Strengthen master data** and governance frameworks

For further details, please refer to the official PwC news alert available at the following [link](#).





Customs

Flexible Implementation of the Integrated Customs Tariff at the 12-Digit Level

Dubai Customs Notice No. 02/2026 announces the flexible implementation of the Integrated Customs Tariff at the 12-digit level, further extending the transition period previously announced under Customs Notice No. (10/2025)

Key highlights:

-  In response to stakeholder feedback and to facilitate continued trade operations, Dubai Customs confirms that the existing flexibility to use 8-digit HS Codes will remain in place. Accordingly, Dubai Customs will continue to accept all customs declarations submitted using 8-digit HS Codes until further notice, despite the formal introduction of the 12-digit Integrated Customs Tariff.
-  The notice also clarifies that all other terms and conditions set out in earlier customs notices remain unchanged, meaning that the extension applies solely to the use of HS codes, and does not affect other customs requirements or procedures.

What this means for businesses

- Businesses should use this extension period to continue operating with 8-digit HS Codes while actively preparing for the transition to the 12-digit Integrated Customs Tariff, rather than treating the flexibility as a permanent relief. Companies should review product classifications, assess gaps between existing 8-digit codes and the new 12-digit structure, and begin/continue updating ERP systems, customs master data, and broker instructions to avoid last-minute disruption once the flexibility is withdrawn.
- In parallel, businesses should engage with customs brokers and supply-chain partners to ensure consistent classification approaches across imports and exports and use the additional time to strengthen internal controls around HS classification accuracy, which will become increasingly important as Dubai Customs moves toward full enforcement of the 12-digit tariff framework.

Dubai Customs Notice No. 02/2026 is accessible through this [link](#).



Customs

Temporary customs facilitation for cargo destined to Jebel Ali Port and Free Zones in the Emirate of Dubai, as well as Khalifa Port in the Emirate of Abu Dhabi, through the Ports of Khorfakkan and Fujairah

Dubai Customs Notice No. 03/2026 and Abu Dhabi ports announce a temporary facilitation given the current exceptional circumstances affecting port operations in the region to facilitate the continued movement of cargo.

Key highlights:

Temporary Facilitation

Temporary facilitation for cargo destined for Jebel Ali Port and Free Zones (Dubai), as well as Khalifa Port (Abu Dhabi), through Khorfakkan and Fujairah ports, where containers may be transported by road directly to Jebel Ali Port and Free Zones (Dubai) and Khalifa Port (Abu Dhabi) without undergoing regular customs clearance procedures.

Operational Procedures

Establishes a bonded road transit mechanism whereby:

- Containers discharged at Khorfakkan or Fujairah are loaded directly onto trucks and transported by road to Jebel Ali Port or Dubai Free Zones (Dubai) and Khalifa Port (Abu Dhabi) under secure bonded movement.
- Upon arrival, containers are held in designated yard areas until completion of the applicable customs clearance procedures at the final destination.

Responsibilities

- DP World and Abu Dhabi Ports, in coordination with the relevant shipping line or agent, will manage and oversee the bonded transport of containers to Jebel Ali Port and Free Zones (Dubai) and Khalifa Port (Abu Dhabi).
- Shipping lines or agents must submit cargo manifests and issuing Delivery Orders through the Dubai Trade platform.
- The consignee or its authorized representative must file the customs declaration and complete final customs clearance in accordance with the applicable procedures prior to cargo final release. Manifest data must be integrated with Dubai Customs' and Abu Dhabi Customs' electronic systems using existing interfaces.

Validity

- These arrangements are effective from 8 March 2026 and requires all concerned parties to implement the measures within their respective scope of responsibility for the duration of the temporary facilitation.

Key takeaway:

Dubai Customs and Abu Dhabi Customs allow containers arriving via Khorfakkan and Fujairah to move under bond directly to Jebel Ali Port or Dubai Free Zones (Dubai) and Khalifa Port (Abu Dhabi) for final clearance, easing congestion and maintaining cargo flow during current operational disruptions.

Dubai Customs Notice is accessible through this [link](#).

Abu Dhabi Port Notice is accessible through this [link](#).



Customs

Activation of the Green Corridor between the Emirate of Dubai and the Sultanate of Oman for Diverted Shipments via Land Routes

Dubai Customs Notice No. 04/2026 announces the close coordination with the Sultanate of Oman on a temporary makeshift arrangement to enhance the smooth flow of trade and supply chains.

Key highlights:

Scope of Temporary Facilitation

Introduces a temporary Green Corridor between Dubai and the Sultanate of Oman to facilitate the movement of diverted shipments via land routes, covering:

- Containers diverted to Omani ports will move to Jebel Ali by bonded, sealed trucks after expedited Omani customs procedures.
- Air cargo diverted to Omani airports will be transported to Dubai Airports by bonded trucks under expedited Omani customs procedures.
- Import cargo from the Rest of the World entering via Oman will be transported by road into Dubai mainland.

Containers Destined for Jebel Ali Port from the Rest of the World

Sets out a bonded and sealed transit process for containers diverted to Omani ports and transported to Jebel Ali Port, including:

- Preparation of a customs transit declaration in Oman and completion of Omani clearance;
- Sealed movement via bonded trucks through Al Wajajah (Oman) and Hatta (UAE) border points;
- Document verification, seal inspection, and scanning at Hatta, with the right for Dubai Customs to inspect or reseal if tampering is suspected; and
- Completion of customs clearance at Jebel Ali Port in accordance with applicable regulations.

Airport to Airport Bonded Road Feeder Service Connecting Oman Airports to Dubai Airports

Establishes a similar bonded road feeder process for air cargo (ULDs or loose cargo) diverted to Omani airports, including:

- Transit declaration and sealing in Oman;
- Advance transmission of cargo manifest data;
- Sealed transport via the Green Corridor through Al Wajajah (Oman) and Hatta (UAE) border points;
- Verification, scanning, and risk-based inspection at Hatta (UAE) border point; and
- Delivery to a designated bonded warehouse at the destination Dubai airport, where seal verification and customs clearance are completed.

Import shipments from Rest of the World to Dubai transported by road from Oman to Dubai mainland

Defines clearance treatment at Hatta (UAE) border point for road imports from Oman:

- Non-special procedure shipments will be subject to declaration, scanning, and release.
- Special procedure shipments will be subject to declaration, scanning, sealing by Dubai Customs, bonded transfer to the Dry Port Customs Centre, and release following approvals.

Note: Certain prohibited or restricted HS Codes will be unable to utilize the Green Corridor.

Dubai Customs Notice is accessible through this [link](#).
The list of the prohibited/restricted HS Codes is accessible through this [link](#).



Customs

The UAE-Vietnam Comprehensive Economic Partnership Agreement (“CEPA”) entered into force on 3 February 2026.

The UAE-Vietnam CEPA deliver immediate and phased tariff reductions, with duty-free treatment covering the majority of the traded goods between the parties. Enhanced provisions of rules of origin (“RoOs”) and customs cooperation further streamline clearance procedures and reduce border costs.

Key highlights:

UAE-Vietnam CEPA

Area	High-level description
Trade in goods	<ul style="list-style-type: none">• Immediate elimination of duties on more than 95% on all qualifying goods made in Vietnam or in the UAE, including those from free zones.• UAE commits to eliminate tariffs on 99% of Vietnamese originating exports and Vietnam to remove tariffs on 98.5% of UAE originating goods.
Trade in services	<ul style="list-style-type: none">• New opportunities and provides greater certainty for service providers, including in sectors such as professional services, financial services, logistics, travel and tourism, transport services as well as telecommunication services.• Sets the rules for liberalising trade in services across all modes of supply, subject to listed exclusions. It guarantees Most-Favoured-Nation (MFN) and National Treatment, with market access limited only by each party’s scheduled reservations.• It also promotes transparent and fair domestic regulation and allows mutual recognition of qualifications. It also covers payments, monopolies, safeguards, and future review of commitments to support progressive services liberalisation.
RoOs	<ul style="list-style-type: none">• Be wholly obtained or produced in the territory of the contracting party; or• Have undergone sufficient working or processing as per the Product Specific Rules (“PSR”). The PSR may be expressed as a change in tariff classification and/or specific value added.

The full text of the UAE-Vietnam agreement is accessible through this [link](#).



Customs

Temporary extension of transit period to facilitate supply chain continuity

Dubai Customs has issued Customs Notice No. 05/2026, further to Dubai Customs Policy No. (35/2011) concerning goods in transit. This notice is issued within the framework of Dubai Customs' ongoing efforts to enhance customs facilitation for its customers, ensure the continuity of supply chains, and support the smooth flow of trade, particularly in light of the current operational challenges. Under this notice:

- Goods in transit must be transported and delivered to the relevant customs office (exit post) within a period not exceeding ninety (90) days from the date of clearing the customs declaration. This represents an extension from the previously applicable period of thirty (30) days.
- Customers may apply for an extension of the 90-day period, subject to the approval of Dubai Customs.

This notice comes into effect from the date of its issuance, being 31 March 2026, and shall remain effective until further notice.

Dubai Customs Notice is accessible through this [link](#).



Saudi Arabia Indirect Tax updates

02



Tax Amnesty

Saudi Arabia extends tax amnesty initiative until 30 June 2026

The Zakat, Tax and Customs Authority (ZATCA) has announced the extension of the “Cancellation of Fines and Exemption of Financial Penalties” initiative for an additional six months, now valid until 30 June 2026.

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

Key highlights:

- The amnesty initiative has been extended to cover the period from **1 January 2026 to 30 June 2026**, continuing relief measures introduced to support taxpayers in achieving compliance.
- The initiative applies broadly across multiple tax types, including **VAT, Corporate Income Tax, Withholding Tax, Excise Tax, and Real Estate Transaction Tax (RETT)**, allowing taxpayers to address exposures across different regimes.
- Relief is available for a wide range of penalties, including those arising from **late registration, late filing of returns, late payment of taxes, and corrections to VAT returns**, as well as certain eInvoicing-related violations.
- To benefit from the initiative, taxpayers are required to **be registered with ZATCA, submit all outstanding tax returns, and settle the underlying tax liabilities**, either in full or through an approved installment plan.
- Certain exclusions apply, including penalties related to **tax evasion violations**, fines that have already been settled prior to the initiative, and penalties relating to periods after **31 December 2025**. Taxpayers may also apply for **installment arrangements**, with relief from late payment penalties on future installments, provided that the payment plan is approved and adhered to.

What this means for businesses

- Businesses now have an extended window to **regularise historical tax positions and reduce exposure to financial penalties**. Timely action will be critical to ensure that all required filings and payments are completed before the **30 June 2026 deadline**.
- Organisations should review their historical compliance positions, identify any outstanding obligations, and assess whether corrections or voluntary disclosures are required to maximise the benefit of the initiative.
- Where cash flow constraints exist, taxpayers may consider applying for installment plans, ensuring strict adherence to avoid reinstatement of penalties.

For further insights refer to the Official ZATCA announcement accessible through this [link](#).







Value Added Tax

Saudi Arabia issues VAT guideline on deemed supplier rules for online marketplaces

The ZATCA has issued a new guideline clarifying the application of VAT rules for persons obligated to pay tax in special cases (deemed suppliers), particularly in relation to online marketplace (OMP) operators.

The guidance follows recent amendments to the VAT Implementing Regulations and provides practical clarification on when platform operators may be treated as suppliers for VAT purposes, with the relevant provisions effective from **1 January 2026**.

Key highlights:

-  The guideline introduces clarification on the concept of an **online marketplace**, defining it broadly as a digital platform that facilitates transactions between buyers and sellers through technological infrastructure.
-  It confirms that, in certain circumstances, the operator of an online marketplace may be treated as a **deemed supplier**, meaning the platform assumes VAT obligations that would otherwise fall on the underlying supplier.
-  The rules are intended to apply where the platform plays a key role in facilitating the transaction, shifting responsibility for **VAT collection, reporting, and compliance** to the marketplace operator.
-  The clarification aligns with broader international VAT principles, where intermediaries in digital commerce may be required to account for VAT to enhance compliance and transparency in cross-border and e-commerce transactions.

What this means for businesses

- Online marketplace operators should assess whether their activities fall within the scope of the deemed supplier rules and evaluate the resulting **VAT registration and reporting obligations**.
- Businesses selling through such platforms should review their contractual arrangements and transaction flows to understand how **VAT liabilities may shift** under the new framework.
- Organisations operating digital platforms will need to ensure that systems, invoicing processes, and data capture mechanisms are aligned to support **VAT compliance as a deemed supplier** from 2026 onwards.

The deemed supplier rules for online marketplace guide is accessible through this [link](#) (available only in Arabic).







Excise Tax

Saudi Arabia amends Excise Tax Implementing Regulations impacting sweetened beverages

ZATCA has issued amendments to the Implementing Regulations of the Excise Tax Law, following a GCC-level decision to revise the taxation of sweetened beverages.

The amendments, published on 29 December 2025 and effective from 1 January 2026, introduce a new methodology for calculating excise tax, marking a significant shift in how sweetened beverages are taxed in the Kingdom.

Key highlights:

-  **Introduction of a tiered, sugar-based excise tax model:** Excise tax on sweetened beverages is now calculated based on sugar content per 100 ml, replacing the previous flat 50% tax on retail selling price.
-  **Four-tier tax structure introduced:** Beverages are classified into tiers based on sugar concentration, with:
 - 0% tax for sugar-free and low-sugar drinks
 - Higher fixed rates per liter for medium and high sugar content products
-  **Shift to a volumetric (per liter) tax basis:** Tax is now applied as a fixed amount per liter, rather than a percentage of price, increasing reliance on product composition rather than pricing.
-  **Expanded scope of sweetened beverages:** Carbonated drinks are now included within the broader “sweetened beverages” category, which also covers concentrates, powders, gels, and extracts.

What this means for businesses

- **Reassess product classification and sugar content:** Accurate measurement and documentation of sugar concentration is critical under the new model.
- **Evaluate pricing and commercial impact:** The shift to a volumetric tax may require pricing adjustments and margin reassessment.
- **Update systems and reporting processes:** Businesses must ensure systems can capture product composition data and apply the correct tax tier.
- **Review supply chain and product strategy:** Manufacturers may consider reformulation toward lower-sugar products to reduce tax exposure.

The announcement of amendments to the excise tax implementing regulations are accessible through this [link](#).



Customs

Saudi Arabia introduces Voluntary Disclosure program with full waiver of customs violations

Published in the Official Gazette on **30 January 2026**, the newly introduced Voluntary Disclosure (“VD”) program by ZATCA enable taxpayers to proactively disclose customs violations, errors and post-entry adjustments before detection by ZATCA, allowing for a potential full waiver of penalties, subject to meeting specified conditions.

The VD program specifically applies to violations falling under Article 141 of the GCC Unified Customs Law, including **(i) errors related to tariff classification, (ii) customs valuation, (iii) country of origin, and (iv) data elements in import and export declarations**. Certain violations, such as smuggling offences, are expressly excluded from eligibility under the VD program.

Key highlights:

- To qualify for the waiver, businesses must ensure that:
 - The VD application is submitted promptly upon identification of errors, omissions, or violations and prior to any detection, audit, or enforcement action initiated ZATCA.
 - The VD application includes complete, accurate, and duly substantiated information relating to the error, including relevant customs declaration data, a description of the violation, supporting documentation, and quantification of any financial impact, where applicable.
 - Any customs duties or financial differentials resulting from the disclosure are settled within 30 days from the date of receipt of the relevant assessment or demand notice.

- Following submission of the VD, ZATCA will issue a decision on complete applications **within 30 days**.

- The VD application must be submitted by the **taxpayer, or an authorised representative**, via the authority’s electronic platform, using the prescribed disclosure form and accompanied by all required supporting documentation.

What this means for businesses

Businesses seeking to benefit from the new VD program should **proactively review** their customs historical positions and liabilities to identify and correct any historical errors, thereby mitigating potential financial exposure and legal risks.

Businesses should also ensure that **internal processes** are appropriately updated to enable effective use of the VD program, in line with international best practices promoting transparency and compliance with customs regulations.

The Official ZATCA guidelines are accessible through this [link](#).



Bahrain Indirect Tax updates

03



Value Added Tax

Bahrain publishes updated VAT guides (General Guide v1.14, Real Estate Guide v1.6, Imports & Exports Guide v1.5 and Financial Services Guide v1.3)

The National Bureau for Revenue (NBR) has released updated versions of several VAT guides, including the VAT General Guide (v1.14), VAT Real Estate Guide (v1.6), VAT Financial Services Guide (updated), and the Imports and Exports VAT Guide (v1.5).

The updates introduce additional interpretive guidance across a number of areas, including manpower services, lease incentives, outsourcing arrangements, and VAT treatment of import deposits, reflecting the NBR's continued focus on clarifying practical application of VAT rules.

Key Highlights:

- General Guide v1.14 – manpower services:** The updated guidance introduces clarification on the VAT treatment of manpower supply arrangements, distinguishing these from employment relationships. Where personnel are supplied by one entity but operate under the direction and control of the customer, the arrangement is treated as a taxable supply of services, with VAT due on the full consideration charged. This clarification is particularly relevant for staff secondment and labour supply models.
- Real Estate Guide v1.6 – lease incentives:** New guidance has been introduced on the VAT treatment of lease incentives (such as rent-free periods, fit-out contributions, or cash incentives). The updates clarify how such incentives should be treated for VAT purposes, including whether they constitute a reduction in consideration for the lease or a separate taxable supply, depending on the structure of the arrangement.
- Financial Services Guide v1.3 – outsourcing arrangements:** Clearer eligibility rules and step-by-step guidance for forming or joining a VAT group. The guidance includes clarification on outsourcing arrangements within financial services, confirming that outsourced services are generally treated as taxable supplies, even where the underlying activity may be VAT exempt (e.g. financial services). This reinforces that VAT exemption does not automatically extend to outsourced or support functions.
- Imports & Exports Guide v1.5 – VAT deposits on imports:** The updated guide introduces a new section on the VAT treatment of amounts paid as deposits at import, providing clarification on how such amounts should be accounted for and recovered, particularly where there are differences between estimated and final import VAT liabilities.

What this means for businesses

- Review arrangements involving **manpower supply, lease incentives, and outsourcing**, particularly where current treatment relies on interpretation.
- Reassess VAT positions for **staff secondment and labour supply models**, ensuring alignment with the clarified distinction from employment.
- Evaluate real estate contracts to determine the correct VAT treatment of **lease incentives and related adjustments to consideration**.
- Ensure appropriate processes are in place to track, account for, and recover VAT paid at import, especially where deposits or adjustments arise.

The updated VAT Guides are accessible on the official NBR website through this [link](#).



Oman Indirect Tax updates

04



eInvoicing

eInvoicing project (Fawtara) implementation

As part of the Oman Tax Authority (OTA) e-Invoicing (Fawtara) implementation plan, the OTA has issued several announcements outlining key aspects of the programme's rollout.

- **The Official Launch of 'Fawtara' portal:** the OTA announces the official launch of the first release of the Fawtara platform. This release introduces the service provider registration feature in the platform.
- **Service Provider Registration User Manual:** the OTA has published version 1.0 of the Service Provider Registration User Manual (Arabic & English). It provides guidance on how organizations apply for and manage the Service Provider Accreditation process through the Fawtara Portal of the OTA. Also, explains how authorized users access the portal, interact with the system, and complete the required accreditation procedures.
- **Service Providers workshops:** The OTA listed the details of the upcoming workshops designed for service providers in its website.

The Official Launch of 'Fawtara' portal – release 1

The OTA announces the official launch of the first release of the Fawtara platform. This release introduces the service provider registration feature in the platform.

The portal includes 'Submit Service Provider Application', which allows the interested prospective service providers to submit their application for OTA review to commence the process of becoming an accredited service provider.

Selection for participation in Phase Two

The OTA has commenced notifying selected taxpayers of their inclusion in Phase Two of the eInvoicing implementation programme, which is expected to commence during the first quarter of 2027.

The OTA has indicated that the official go-live date and the detailed compliance and technical requirements for Phase Two will be announced at a later stage through its official communication channels.

As part of the preparatory process, the OTA has requested that selected taxpayers complete an eInvoicing readiness survey. The purpose of this survey is to gather key information regarding the organisation's existing systems, IT landscape, and overall technical readiness to support the implementation of the eInvoicing framework.

The OTA recommends that the survey be completed by the relevant IT and/or systems teams within the organisation and submitted no later than 2 April 2026.

For further details, please refer to the official PwC news alert available at the following [link](#).



Customs

The Oman-India Comprehensive Economic Partnership Agreement (“CEPA”) signed on 18 December 2025, ratified in February 2025, and will enter into force soon.

The Oman-India CEPA aims to significantly eliminate (or reduce) tariffs across all industries, facilitate goods and services trade and address other key areas, such as rules of origin (“RoO”), customs procedures and trade facilitation, technical barriers to trade (TBT), e-commerce/digital trade and intellectual property (IP) rights, marking a major step forward in strengthening the bilateral economic relationship between the two countries.

Key highlights:

Oman-India CEPA

Area	High-level description
Trade in goods	<ul style="list-style-type: none"> Under the CEPA most of the originating goods will be subject to 0% customs duties when imported to Oman. Some tariff lines will access complete customs duty elimination immediately upon entry into force, others will be eliminated over a period of up to 10 years, and the rest will be reduced, as compared to the existing customs duty rates. The tariff elimination/reduction schedules and timelines vary depending on the nature of the goods. In addition, some tariff lines are excluded from the preferential treatment, prohibited or included in the special goods category.
Trade in services	<ul style="list-style-type: none"> Both parties agreed to grant services provided by entities in the other party’s territory open and non-discriminatory environment for cross-border trade. Amongst other benefits, parties agreed not to maintain or implement measures that limit the services provided by the other party and agreed to work towards mutual recognition of some professional license or certifications such as professional services, computer services, education, health, and audiovisual services.
RoOs	<ul style="list-style-type: none"> Be wholly obtained or produced in the territory of the contracting party; or Have undergone sufficient working or processing as per the Product Specific Rules (PSR). The PSR may be expressed as a change in tariff classification and/or specific value added.

For further details, please refer to the official PwC news alert available at the following [link](#).



Customs

In light of the ongoing logistics and trade flow disruptions, Oman Customs has introduced the following facilitation measures for transit goods destined to GCC countries:

- **Advance submission** of the **transit manifest** by the shipping agent prior the vessel's arrival.
- **Acceptance of a written guarantee** as an alternative to a financial guarantee.
- **Acceptance of the shipping agent's seal** on transit containers.
- **Priority customs clearance** for perishable goods, refrigerated cargo, good products, and medical supplies.
- Transit containers may **be transferred or unloaded onto trucks or stored in free zones and customs warehouse.**

Oman Customs has also implemented a **significant reduction of the permitted timeframes for goods stored** in customs yards, warehouses, and departments. This initiative is intended to accelerate trade flows and enhance the operational efficiency of the Sultanate's logistics ecosystem. Key changes under the revised framework include:

- Goods imported via seaports and land border crossings: **90 days** instead of 180 days;
- Goods imported via air: **45 days** instead of 90 days; and
- Abandoned or unclaimed goods: **60 days** instead of 90 days.

The Oman Customs Notice is accessible through this [link](#).

A selection of PwC ME events



PwC Oman Tax Workshop – Muscat, February 2026

An insightful workshop hosted by PwC in collaboration with the Oman American Business Council, bringing together tax professionals and business leaders to discuss key developments in Oman’s evolving tax landscape. The session covered updates on eInvoicing implementation, VAT and DTAA developments, and strategic tax planning, including implications of the upcoming Personal Income Tax (PIT). The workshop provided practical guidance and facilitated meaningful discussions on navigating regulatory changes in Oman.



PwC at RLC Global Forum – Riyadh, February 2026

PwC Middle East participated as a knowledge sponsor at the 2026 RLC Global Forum in Riyadh, continuing a long-standing partnership spanning more than a decade. As part of the event, PwC contributed to plenary sessions covering key themes shaping the retail sector, including consumer competitiveness, the evolving GCC visitor economy, and emerging trends in beauty, fragrance, and food services. PwC also played a leading role in the “Tax Crossroads” executive roundtable, facilitating discussions on strategic tax considerations impacting the sector.



PwC Dubai Customs Tax Workshop – Dubai, January 2026

A focused workshop with Dubai Customs, covering the customs valuation and transfer pricing, two areas that are becoming increasingly interconnected in today’s global trade environment. The workshop explored the critical interplay between customs valuation and transfer pricing, examining how these disciplines intersect and why alignment between them is essential for multinational businesses operating across borders. The session covered recent regulatory updates, compliance considerations, and practical implications for businesses operating in Dubai, while customs authorities and tax administrations worldwide paying closer attention to related-party transactions.



PwC at the Disputes Summit and Awards 2026 forum – Dubai, February 2026

PwC shared perspectives on tax disputes and litigation in the UAE, an area evolving rapidly as the tax framework matures and enforcement, governance, and dispute resolution mechanisms continue to advance. The discussions underscored the importance for businesses of adopting a proactive and strategic approach to tax controversy management, combining technical rigor with a nuanced understanding of local practice, regulatory expectations, and litigation dynamics.

A selection of PwC ME events (cont'd)

PwC webinars series | Q1 2026

PwC hosted a series of webinars during Q1 2026 aimed at raising awareness of recent tax developments and regulatory updates. The sessions focused on evolving regulatory requirements and practical implementation considerations, while highlighting emerging trends impacting businesses across the GCC and providing a platform for knowledge sharing and collaboration.

A selection of webinar held in Q1 2026:

- Global eInvoicing and eReporting webinar – 26 February 2026
- KSA Digital Marketplace Rules: Tax Implications & Practical Considerations webinar – 15 February 2026
- Navigating E-invoicing in the Middle East webinar – 12 February 2026



PwC tax roundtables series | Q1 2026

PwC hosted a series of tax roundtables across the GCC, bringing together tax leaders and industry professionals from a broad range of sectors. The sessions focused on recent regulatory developments, sector-specific challenges, and practical implementation considerations, while highlighting emerging trends impacting businesses across the region and fostering meaningful dialogue, knowledge sharing, and collaboration among participants.

A selection of tax roundtable events held in Q1 2026:

- Energy, Utilities and Resources (EU&R) Industry Tax Roundtable – Abu Dhabi, 10 February 2026
- Consumer Markets (CM) Roundtables – Riyadh, 3-4 February 2026
- Financial Services and Insurance (FSI) Industry Tax Roundtable – Dubai, 29 January 2026



PwC masterclasses | Q1 2026

PwC Middle East Tax Masterclasses in the UAE and KSA designed to translate complex tax concepts into practical, actionable insights that participants can apply immediately. Delivered by experienced PwC practitioners and industry specialists, these sessions equip attendees with robust tools, frameworks, and real-world perspectives across Transfer Pricing, UAE eInvoicing.

A selection of PwC ME masterclasses held in Q1 2026:

- UAE eInvoicing masterclass – Dubai, 16 February 2026
- Transfer Pricing masterclass – Dubai, 28-29 January 2026
- Transfer Pricing masterclass – Riyadh, 21-22 January 2026



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

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