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Non-Resident Investors

Cabinet Decision No. 35 of 2025 has been enacted, addressing non-resident investors in Qualifying Investment Funds (QIFs) and Real Estate Investment Trusts (REITs). This regulation sets out the circumstances under which non-resident juridical investors in QIFs or REITs are considered to have a taxable nexus in the UAE, thereby becoming subject to UAE tax obligations.

This new decision repeals Cabinet Decision No. 56 of 2023 and builds upon Cabinet Decision No. 34 of 2026 concerning Qualifying Investment Funds and Qualifying Limited Partnerships in relation to Federal Decree-Law No. 47 of 2022 on Corporate and Business Taxation.

The decision applies to non-resident juridical investors in QIFs and REITs, specifying that a taxable nexus arises if a QIF or REIT distributes 80% or more of its income within nine months from the end of its financial year—whether on the date of dividend distribution or the date the ownership interest is acquired. A nexus will also be established if a QIF does not meet the diversity of ownership requirements during the relevant tax period.

However, non-resident investors whose investments in QIFs and REITs comply with these conditions will not be regarded as having a taxable presence in the UAE.

Additionally, the UAE Federal Tax Authority (FTA) has issued Clarification CTP005 regarding the taxation of investors in a Real Estate Investment Trust (REIT) that qualifies for exemption from Corporate Tax as a Qualifying Investment Fund. This clarification details the types of income subject to tax for juridical persons investing in a REIT, as well as the relevant Tax Period during which such income will be taxed. It also outlines the compliance responsibilities of both the REIT and its investors.

When a REIT is exempt from Corporate Tax, the taxable income of a juridical person investing in the REIT is adjusted to include 80% of the prorated Immovable Property Income of the REIT. However, if the REIT distributes income within nine months from the end of its financial year and the investor has not received the dividend due to disposing of their entire ownership interest in the REIT, the investor will not be liable for Corporate Tax on the REIT's Immovable Property Income.

OECD Guidance

The UAE Ministry of Finance has officially adopted the Organisation for Economic Co-operation and Development (OECD)'s guidance on the Global Anti-Base Erosion (GloBE) Rules, also known as Pillar Two, through Ministerial Decision No. 88 of 2025. This decision relates to the Commentary and Agreed Administrative Guidance under Cabinet Decision No. 142 of 2024, which governs the imposition of a top-up tax on multinational enterprises.

By adopting the OECD's comprehensive guidance, the UAE aims to offer clarity and certainty to businesses as it prepares to implement its domestic top-up tax regime. The Ministry of Finance has confirmed that the newly adopted Ministerial Decision includes all administrative guidance and relevant commentary issued by the OECD up to January 2025.

Penalty Waiver

The UAE Ministry of Finance (MoF) and the Federal Tax Authority (FTA) have announced a waiver of administrative penalties for corporate taxpayers and certain exempt persons who did not submit their tax registration applications within the required deadline. To be eligible for this waiver, these taxpayers and exempt persons must file their tax return or annual statements within seven months from the end of their first tax period, as outlined in the Corporate Tax Law (Federal Decree-Law No. 47 of 2022).

Gold and Diamond Making Charges

Public Clarification VATP032 has been replaced by VATP043 issued by the Federal Tax Authority (FTA) to clarify the Reverse Charge Mechanism on Precious Metals and Precious Stones between registrants in the UAE for VAT purposes. Cabinet Decision No. 127 of 2024, which replaces Cabinet Decision No. 25 of 2018 regarding the application of VAT on gold and diamonds between registrants, expands the scope of goods subject to the domestic reverse charge mechanism.

In addition to gold, this decision now includes diamonds and jewellery made from these as well as other specified precious metals, precious stones, and jewellery made from them. The list of goods under the domestic reverse charge has been broadened to cover precious metals and stones where their value exceeds that of other components. The specified precious metals are gold, silver, palladium, and platinum, while the specified precious stones include natural and synthetic diamonds, pearls, rubies, sapphires, and emeralds.

Saudi Arabia

Customs Consulting

The Saudi Zakat, Tax and Customs Authority (ZATCA) has announced that individuals interested in customs consulting can now apply for a license to practice this profession in Saudi Arabia.

Applications for the Customs Consulting License can be submitted through the E-Services section on ZATCA’s website (zatca.gov.sa). Applicants must fulfill all the necessary conditions and criteria to qualify for the license, as outlined in Saudi Arabia Ministerial Decision No. 3/1446, which regulates the licensing requirements for the customs consulting profession.

For further inquiries, applicants can contact ZATCA’s 24/7 unified call centre at 19993, reach out via the “Ask ZATCA” account on X (@Zatca_Care), send an email to info@zatca.gov.sa, or use the live chat feature on the ZATCA website.

VAT Changes

The Saudi Zakat, Tax and Customs Authority (ZATCA) has issued important amendments to the VAT Executive Regulations under Saudi Arabia Administrative Decision No. 3839/1438. These amendments introduce new procedures and controls concerning tax groups, the cessation of economic activities, and VAT refunds to tourists. Tax groups registered prior to these changes have been granted a 180-day grace period to comply with the updated provisions set out in Article 10 of the Administrative Decision.

Oman

VAT and Armed Forces

An amendment to the Omani VAT regulations (Oman Decision No. 53 of 2021) has been introduced, enabling the country’s armed and security forces to claim VAT refunds on specific purchases under Oman Decision No. 81 of 2025. This update permits the armed forces to recover VAT on expenses related to military operations, including equipment, weapons, ammunition, transport vehicles, spare parts, and accessories. The amendment expands the VAT refund eligibility, which was initially established in 2020, to now cover six categories of entities. According to the new regulations, these entities can submit VAT refund claims every three months, provided the refund amount reaches at least 15 Rials.

Freezones

Oman Sultani Decree No. 38 of 2025, concerning the issuance of the

Law on Special Economic Zones and Free Zones, has been enacted, repealing Oman Sultani Decree No. 56 of 2002. This new legislation establishes the framework for the creation, management, and operation of special economic and free zones, offering various incentives, exemptions, and facilities to promote investment within these areas. The law aims to attract foreign investment to Oman by providing tax exemptions, simplifying customs procedures, and allowing full ownership of businesses by non-Omanis within these zones. Additionally, a single-window system will be introduced to facilitate and streamline administrative processes. The implementing regulations for this law are expected to be issued within approximately one year.

Kuwait

Customs Plans

The Acting Prime Minister of Kuwait has announced initiatives to upgrade the country’s border crossings through the integration of advanced technology. These plans include strengthening security measures and refining customs inspection procedures to ensure smoother and more secure transit. The use of smart technology will modernize border control systems and enhance the efficiency of customs clearance.

Tax Treaty Updates

Bahrain

- The Bahrain Shura Council has given its approval to a double tax agreement with Guernsey.

Qatar

- The Norwegian Parliament has approved the Protocol amending the 2009 double tax treaty between Norway and Qatar.

United Arab Emirates (UAE)

- Bahrain has officially ratified the double tax agreement with the UAE.

Oman

- Luxembourg has approved the double tax treaty with Oman, which was finalized in 2024.

Other Key Developments

United Arab Emirates (UAE)

- The UAE Federal Tax Authority (FTA) has released public clarification VATP041 regarding the VAT treatment of financial institutions using SWIFT services.

Gulf Cooperation Council (GCC)

- The GCC has initiated its final review of anti-dumping duties imposed on ceramic tile imports originating from China and India.

Abu Dhabi

- Abu Dhabi has passed a law to restructure the General Administration of Abu Dhabi Customs.

Bahrain

- Bahrain’s National Bureau of Revenue (NBR) has published an updated edition of the Imports and Exports VAT Guide.
- The Bahrain Shura Council has rejected a proposal to impose a 2% tax on outbound remittances.



Disclaimer:

The information contained in this newsletter is intended for general informational purposes only and does not constitute official guidance or advice from any government authority or regulatory body in the GCC region. While every effort has been made to ensure the accuracy and completeness of the information provided, it is based on our interpretation of publicly available sources as of the date of publication. Readers are advised to consult official publications and guidance issued by the relevant governmental and regulatory authorities for authoritative information on tax and regulatory matters. CNK UAE accepts no liability for any errors, omissions, or misinterpretations in this newsletter.

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