



CONSULTING

TAX RECAP

GCC TAX AND REGULATORY OVERVIEW

February 2026



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TAX RECAP

GCC Tax & Regulatory Overview | February 2026

Message from Group CEO

February 2026 sets a decisive tone for the GCC tax landscape, reflecting a shift beyond incremental reform toward structural evolution. Across the region, regulatory frameworks are becoming more aligned, with increasing focus on transparency, digital reporting, and stronger governance through enhanced compliance mechanisms.

In the UAE, Corporate Tax refinements and enhanced transparency measures continue to strengthen the compliance framework. In Bahrain, strong VAT adoption alongside progress on the proposed Corporate and Withholding Tax regime signals a move toward a more structured tax landscape. In Qatar, recent updates including the implementation of Global and Domestic Minimum Tax provisions, increased regulatory vigilance, and participation in international tax forums highlight a clear shift toward global alignment and stronger oversight.

This evolving landscape reinforces a clear shift, compliance is no longer a reactive, year-end exercise. It requires forward planning, system readiness, transfer pricing alignment, and stronger governance frameworks. Organization's that invest early in documentation, automation, and cross-border structuring will be better positioned to navigate complexity and regulatory scrutiny.

At MMJS Consulting, our focus remains on enabling clarity in an increasingly evolving environment. We work closely with our clients to move beyond interpreting regulatory developments and translate them into actionable strategies. We envision to protect value, enhance efficiency, and build long-term resilience across the GCC and beyond.

From,

Surandar Jesrani

Managing Partner & Group CEO



United Arab Emirates

Corporate Tax

- UAE drops corporate tax for certain sports bodies under new law

Other Tax Update

- UAE's Framework for Information Exchange to Strengthen Tax Transparency

Excise Tax

- Updated and Comprehensive Taxable Persons Guide for UAE Businesses



Ankur Jain
Partner – Tax

The UAE is steadily advancing its VAT framework by introducing greater transparency and expanding information exchange through e-invoicing initiatives. As regulatory expectations continue to evolve, it is imperative for businesses to prioritize accurate reporting and implement robust compliance processes. Taking a proactive approach will not only help manage potential risks but also ensure readiness for increased regulatory scrutiny.



Aunali Merchant
Partner – Tax

The corporate tax regime in UAE is maturing at a steady pace with special tax regimes such as exemptions qualifying sports entities being introduced. We can expect the tax regulatory framework to become increasingly defined and principle-driven. Businesses in the UAE must track the evolving law to assess and adjust tax positions with confidence. It is evident that businesses should adopt a pragmatic approach for each tax year compared to routine compliance driven outlooks.



Tarun Grover
Director – Indirect Tax

The UAE has revamped its excise tax framework through recent amendments and guidance issued by the Tax Authority, particularly with the introduction of the volumetric model and enhanced clarity around natural losses. As the regime moves away from traditional flat ad valorem rate toward a more data-driven and measurement-based approach, it is vital for businesses to prioritize accurate product-level reporting, strengthen system capabilities, and maintain robust, defensible documentation.

Corporate Tax

UAE drops corporate tax for certain sports bodies under new law

In a notable fiscal and regulatory development, the United Arab Emirates Ministry of Finance has introduced a corporate tax exemption for certain sports entities under Cabinet Decision No. (1) of 2026. The reform forms part of the wider framework established by Federal Decree-Law No. 47 of 2022 on the taxation of corporations and businesses, reinforcing the UAE's ambition to strengthen its standing as a global sports hub while aligning with international tax standards.

Under the new decision, certain international sports organizations, national federations, and related supporting bodies that operate strictly on a non-commercial basis may qualify for a full exemption from corporate tax. This marks a significant shift from the UAE's standard corporate tax regime.



Eligibility is limited to entities whose primary purpose is the promotion, regulation, organization, or development of sport at regional or international levels, and which are formally recognized by the Ministry of Sports or another competent authority.

To meet the exemption criteria, organizations must operate exclusively for sporting purposes and refrain from engaging in unrelated commercial activities. All income and assets must be directed toward advancing their sporting objectives or covering necessary and reasonable operational expenses.

The Cabinet decision also introduces safeguards to prevent misuse. Profits or assets cannot be distributed for the personal benefit of members, founders, trustees, shareholders, or other stakeholders, except in limited cases involving approved public benefit entities, government bodies, or government-related organizations.

Overall, the measure is designed to ensure that only genuine, non-profit sports entities benefit from the exemption, while promoting transparency, accountability, and the public interest within the UAE's evolving tax framework.

The UAE's corporate tax regime already provides exemptions for various entities engaged in public benefit activities, such as educational, charitable, cultural, and healthcare organisations, under Article 9 of the tax legislation, subject to strict qualifying conditions. The introduction of the sports exemption aligns with this broader approach, extending tax relief to non-profit, purpose-driven entities whose operations are focused on serving the public interest rather than generating commercial profit.

Other Tax Update

UAE's Framework for Information Exchange to Strengthen Tax Transparency

The United Arab Emirates (UAE) has taken a significant step toward strengthening its tax transparency framework with the introduction of Cabinet Resolution No. 209 of 2025, which establishes a comprehensive system for the Exchange of Information (EOI) for tax purposes. This resolution updates and substantially expands the earlier framework introduced under Cabinet Resolution No. 17 of 2012, bringing the UAE's domestic legislation into closer alignment with international standards on tax transparency, cooperation, and cross-border enforcement.



The updated framework goes beyond a routine regulatory revision. Instead, it represents a major structural advancement in the UAE's international tax cooperation regime at a time when global attention on tax transparency, beneficial ownership disclosure, and access to financial information is increasing. As the UAE strengthens its role as a leading global business and financial center, maintaining strong regulatory credibility and adherence to international tax standards has become a key element of its broader economic strategy.

The UAE has played an active role in advancing global tax transparency initiatives. Through an expanding network of double taxation agreements (DTAs) and participation in multilateral tax cooperation frameworks, the country has demonstrated its commitment to maintaining international standards for transparency and the exchange of information. In recent years, the introduction of federal corporate tax, economic substance regulations, beneficial ownership requirements, and strengthened anti-money laundering measures has further reflected a wider regulatory transformation within the UAE's financial and tax landscape.

Excise Tax

Updated and Comprehensive Taxable Persons Guide for UAE Businesses

For UAE companies trading in excise-liable goods, 2026 represents more than a routine compliance cycle – it marks a fundamental shift. The excise framework is transitioning from price-based assumptions to a methodology grounded in measurable criteria: sugar concentration, product composition, volume, and verifiable evidence. This is not a superficial adjustment; it reshapes how excise tax is calculated, recorded, audited, and defended.

For manufacturers, importers, distributors, and retailers, compliance will increasingly hinge on technical precision rather than pricing strategy. The emphasis is moving away from margins and toward data reliability. Accurate product specifications and robust documentation will carry greater weight than commercial intent.

The most significant reform arises from Cabinet Decision No. 197 of 2025, which replaces the flat ad valorem excise duty on sweetened beverages with a tiered volumetric framework. Previously, excise tax was assessed as a percentage of the retail selling price. Under the revised approach, tax liability is determined by reference to sugar content per 100ml and the overall volume of the beverage.

The guide issued by the Federal Tax Authority sets out excise tax compliance requirements under the new framework, including mechanisms such as stockpiling and allowable deductions, specifically designed for UAE businesses transitioning to the updated regime. The guide addresses tangible risks identified through FTA clarifications, Cabinet decisions, and advisory guidance released up to 2025.



Kingdom of Bahrain

VAT

- Bahrain's VAT approach 'transparent and clear
- National Bureau for Revenue: Over 27,000 entities registered for VAT by end of 2025
- VAT Haul Grows Past BD 600m On Trade Activity

Other Tax Updates

- Key highlights of Bahrain's draft Corporate and Withholding Tax Law
- Debate set on exemption of low-income families from VAT



Rishabh Tandon
Associate Partner – Indirect Tax

Bahrain's VAT framework is steadily evolving toward greater transparency and enforcement, supported by strong adoption levels and increased regulatory clarity. As compliance expectations rise, businesses must move beyond basic filings and focus on data accuracy, timely reconciliations, and robust internal processes to effectively manage risk and sustain compliance in a more structured tax environment.



Sanjay Shukla
Director – Direct Tax

While the 10% regime is slated for FY 2027, the immediate priority for MNEs is the upcoming deadline for Economic Substance reports and finalization of financial statements for Domestic Minimum Top-Up Tax (DMTT) filings. This dual-track approach, preparing for future broad-based taxation while maintaining rigorous Pillar Two compliance, is defining Bahrain as a sophisticated, transparent hub.

Value Added Tax

Bahrain's VAT approach 'transparent and clear'

Bahrain's strategy for managing Value-Added Tax (VAT) revenues is built on transparency, clarity and ongoing engagement with taxpayers, according to Finance and National Economy Minister Shaikh Salman bin Khalifa Al Khalifa. In a written reply to Parliament's services committee vice-chairman Abdulwahid Qarata, the minister revealed that VAT has contributed more than BD1.7 billion to the State Treasury since 2022. He explained that VAT administration and collection are handled through a fully integrated digital platform, enabling businesses to register, submit tax returns and pay their dues electronically.

This system helps minimise manual processes and reduce administrative errors. To encourage compliance, the Bureau issues comprehensive guidance materials, practical instructions and frequently asked questions, updating them regularly to reflect evolving practices and interpretations. Clear guidance, the minister noted, helps taxpayers better understand their responsibilities and supports voluntary compliance.

Regarding enforcement, he said a dedicated compliance and collections unit monitors payments, follows up on outstanding amounts and applies administrative measures in accordance with the VAT Law and its executive regulations. Each VAT-registered business is assigned an account manager to facilitate direct communication, while a specialised support team and a 24-hour call centre provide ongoing assistance.

The minister also confirmed that all VAT proceeds are transferred directly into the State's General Account through authorised payment channels.

Each VAT-registered business is assigned an account manager to facilitate direct communication, while a specialised support team and a 24-hour call centre provide ongoing assistance. The minister also confirmed that all VAT proceeds are transferred directly into the State's General Account through authorised payment channels.



Value Added Tax

National Bureau for Revenue: Over 27,000 entities registered for VAT by end of 2025

The National Bureau for Revenue (NBR) praised the strong level of compliance with VAT registration requirements, stating that the number of registered entities surpassed 27,070 by the end of 2025. This milestone highlights the commitment of businesses and economic operators to cooperate constructively in ensuring the effective implementation of VAT in the Kingdom of Bahrain.

The NBR explained that VAT registration is mandatory for entities engaged in economic activities whose annual taxable supplies exceeded, or are expected to exceed, BHD 37,500 within a twelve-month period. It urged all eligible businesses to complete their VAT registration to avoid administrative fines or criminal sanctions. Failure to register is treated as tax evasion under Article (63) of the VAT Law, with penalties under Article (64) that may include imprisonment of up to five years and fines of up to six times the amount of VAT evaded.

The Bureau further clarified that “economic activity” covers any activity conducted on a continuous and regular basis with the objective of generating profit. This includes commercial, industrial, agricultural, professional and service activities, as well as the use of tangible or intangible property and similar undertakings. Examples include legal services; licensed real estate professions such as brokerage, valuation, sales and property management; fashion design; beauty services; event management; vehicle maintenance and repair; manpower supply; and other comparable activities.



Value Added Tax

VAT Haul Grows Past BD 600m On Trade Activity

According to data released by the National Bureau for Revenue (NBR), Bahrain's annual VAT collections increased by approximately 10.2%, reaching BD 603 million in 2024, up from BD 547 million in 2022. This information was provided in a parliamentary response to MP Abdulwahid Qarata.

The NBR highlighted that VAT in Bahrain is managed through a fully digital system, covering registration, filing of returns, and payment of taxes. The wholesale and retail trade sector contributed the largest share of VAT revenue, followed by financial and insurance services, accommodation and food services, information and communications, professional, scientific and technical activities, and administrative and support services



Several sectors are zero-rated, including healthcare services, medicines and medical equipment, education, domestic and international transport, and services related to the construction of new properties. Many basic food items also fall under the zero-rated category.

The sale and lease of residential and commercial properties are exempt from VAT, while services provided by government entities for sovereign functions are outside the scope of the tax.



Other Tax Updates

Key highlights of Bahrain's draft Corporate and Withholding Tax Law

Bahrain is set to introduce a 5% withholding tax (WHT) on payments to non-resident entities alongside the planned 10% Corporate Income Tax (CIT), expected to take effect in 2027.

Despite the new measures, Bahrain's 10% headline CIT rate remains competitive in the GCC region. By comparison, the UAE applies 9% for profits above roughly BD 38,000, Qatar applies 10% on foreign-owned entities, Kuwait and Oman stand at 15%, and Saudi Arabia imposes 20% for foreign investors. The new law will also operate alongside the 15% Domestic Minimum Top-up Tax (DMTT), which applies to large multinational enterprises with global revenues exceeding €750 million.



Other Tax Updates

Debate set on exemption of low-income families from VAT

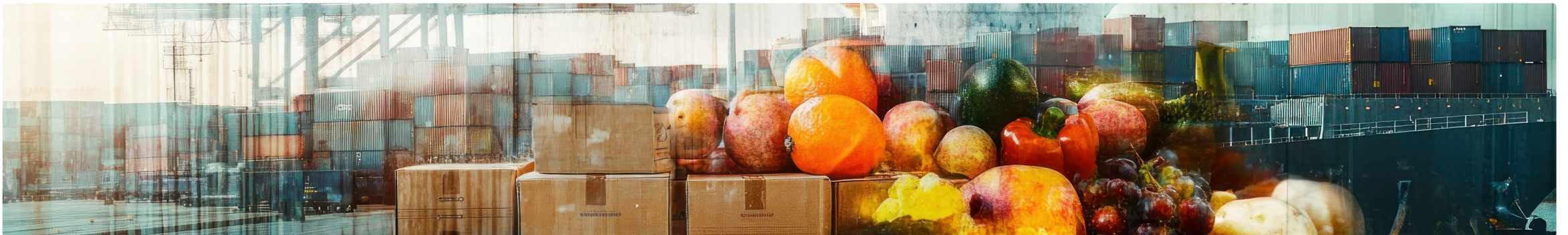
A proposal to exempt low-income Bahraini citizens from Value Added Tax (VAT) is set to be discussed in Parliament, even though the government has recommended reconsideration due to potential technical and economic challenges. The draft legislation, initiated by MPs and prepared by the government, aims to relieve cost-of-living pressures by exempting Bahraini residents earning less than BD 600 per month from VAT.

Initially, the bill sought to exempt citizens from all types of taxes, but the financial and economic affairs committee amended it to focus exclusively on VAT, following concerns that a broad tax exemption could be legally problematic and conflict with existing tax laws.

Committee chairman Ahmed Al Salloom noted that the revisions balance social objectives with legal feasibility. "We carefully considered the government's observations and technical advice," he said. "Limiting the exemption to VAT ensures it directly addresses household spending and daily consumer costs."

"He emphasized that the bill reflects Parliament's commitment to improving citizens' living standards. "Enhancing quality of life while safeguarding citizens' gains is a top priority in the Government Programme and parliamentary agenda," Mr. Al Salloom said. "Exempting low-income Bahrainis from VAT is a practical way to keep basic necessities affordable."

Under the amended draft, a low-income individual is defined as a Bahraini national earning less than BD 600 per month, with the Finance and National Economy Minister responsible for issuing the necessary regulations to implement the law.



Kingdom of Saudi Arabia

Tax Updates

- Saudi Arabia introduces Voluntary Disclosure controls with full waiver of customs violations

Special Economic Zone

- Draft economic substance regulations issued for Special Economic Zones
- Saudi Arabia introduces exemption mechanism to the RHQ requirement for government contracting



Abdullah Alsudais
Country Partner – KSA

Saudi Arabia continues to strengthen its regulatory framework through initiatives such as the Voluntary Disclosure programme, encouraging transparency and proactive compliance. With increasing emphasis on governance and alignment with international standards, businesses should adopt a forward-looking approach to compliance, ensuring accuracy in customs reporting and readiness for evolving regulatory expectations.



Anas Salhieh
Managing Partner – KSA

With the introduction of economic substance requirements for Special Economic Zones and the operationalisation of the RHQ exemption mechanism, Saudi Arabia is further refining its investment and regulatory landscape. Businesses must carefully evaluate their operational structures, governance frameworks, and substance alignment to effectively leverage these developments while maintaining long-term compliance and strategic positioning in the Kingdom.

Tax Updates

Saudi Arabia introduces Voluntary Disclosure controls with waiver of customs violations penalties

Published in the Official Gazette on 30 January 2026, the new Voluntary Disclosure (VD) regulations introduced by the Zakat, Tax and Customs Authority (ZATCA) allow taxpayers to voluntarily report customs violations before they are identified by the authority. By doing so, taxpayers may qualify for a full waiver of penalties, provided they meet certain specified conditions.

This initiative supports ZATCA's broader objective of promoting transparency, compliance, and smoother trade processes, while also aligning with the principles of the Gulf Cooperation Council (GCC) Unified Customs Law and practices with international standards.

Additionally, it aligns with the goals of Saudi Vision 2030 by encouraging voluntary compliance and reducing administrative and financial pressures on businesses. The VD framework applies to violations outlined in Article 141 of the GCC Unified Customs Law, which covers errors related to:

- commodity classification,
- Customs valuation,
- country of origin,
- inaccuracies in import or export declaration data.

However, certain violations, including smuggling offenses, are not eligible for the voluntary disclosure program. To benefit from the penalty waiver, businesses must submit a voluntary disclosure before ZATCA initiates any enforcement action, ensuring that the submission is complete and supported by appropriate documentation.

The VD controls is available in Arabic language and can be accessed through the ZATCA's website:

https://zatca.gov.sa/ar/RulesRegulations/Taxes/Documents/Voluntary_disclosure_of_customs_violations.pdf

The VD service portal can be accessed through the ZATCA's website:

<https://zatca.gov.sa/en/eServices/Pages/VoluntaryDisclosure.aspx>

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Businesses, especially importers and exporters, are urged to revisit their historical transactions and conduct checks to ensure proper Customs declaration and reporting were followed and benefit from the new VD controls in case of required adjustments or corrections.

Special Economic Zone

Draft economic substance regulations issued for Special Economic Zones

Overview

The ZATCA published draft Economic Substance Requirements Regulations for the Special Economic Zones in King Abdullah Economic City, Ras Al-Khair, Jazan, and the Cloud Computing SEZ. The draft was released for public consultation through the Istitlaa platform until 3 March 2026.

Background

The draft regulations are intended to prescribe the economic substance requirements applicable to investors operating in the SEZs and the related provisions. Under the draft, investors would be required to satisfy the economic substance requirements annually, starting from the first financial year in which qualified activities are carried out.

Key Features

Annual economic substance requirements

The draft requires investors to maintain an appropriate level of substance within the relevant zone. In particular, investors must have adequate premises and assets in the zone, employ an adequate number of full-time employees physically present in the zone, incur operating expenditure within the zone commensurate with the

qualified activities and ensure that such activities are directed and managed from within the zone.

Key Features (cont'd)

Direction and management within the zone

The draft also introduces governance-related requirements. These include having at least one director responsible for managing the qualified activities who is resident in the KSA, ensuring management has the necessary qualifications, and holding a sufficient number of board or equivalent meetings in the KSA at which strategic and actual decisions are taken and properly documented.



Additional conditions for intellectual property activities

For intellectual property activities, additional conditions are proposed. These include requiring at least 50% of the directors managing the relevant qualified activities to be resident in the KSA, maintaining a detailed business plan supporting the commercial rationale for holding the IP in the zone, providing detailed employee information, and ensuring that strategic decisions and risk management relating to the IP take place within the zone. The draft further states that tax and customs exemptions and incentives would not apply to income from IP activities related to marketing intangibles.

Special Economic Zone

Draft economic substance regulations issued for Special Economic Zones

Compliance

The draft requires submission of annual return in the form prescribed by ZATCA to verify compliance with the economic substance requirements. In addition, the draft provides that penalties would apply in cases of non-compliance.

The ZATCA is expected to issue further guidance on economic substance filing.

Practical Implications

Businesses currently operating in, or considering entry into, the four SEZs should review whether their proposed operating model meets the potential requirement such as sufficient number of personnel, premises, expenditure, and governance substance within the relevant zone.

Particular attention may be required for structures involving IP-related activities, lean in-zone staffing, or governance arrangements managed substantially outside the zone. This is an inference from the draft requirements and the enhanced rules applicable to IP activities.

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The draft indicates a clear policy direction toward a more formal substance-based compliance framework for SEZ investors. While the consultation period has already closed, the proposed framework is an indication that investors benefiting from the SEZ regime should expect increased focus on demonstrable operational presence and governance in the relevant zone.



Special Economic Zone

Saudi Arabia introduces exemption mechanism to the RHQ requirement for government contracting

Saudi Arabia has operationalized an exemption mechanism allowing government entities to seek approval to contract with foreign companies that do not maintain a regional headquarters (RHQ) in the KSA. The mechanism is now available through the Etimad platform and appears intended to balance the RHQ procurement policy with practical procurement needs for specialized, urgent, or highly price-competitive projects.

Background

The KSA's RHQ-linked procurement framework generally restricts government entities from contracting with foreign companies that do not have an RHQ in the KSA. The underlying controls already carve out certain cases, including works and procurements executed outside the Kingdom and contracts with an estimated cost not exceeding SAR 1 million.

They also permit such companies to participate in public tenders, but award is limited to specific cases, including where there is no more than one technically acceptable bid, or where the relevant bid is among the best technically and is at least 25% lower in price than the second-best offer.

Key Development

The recent development is the activation of a dedicated Etimad service through which government entities may submit exemption requests. Based on the applicable controls, an exemption may be sought for a specific project, a group of projects, or a defined period, subject to approval by the competent committee and compliance with the prescribed conditions and procedures.

Practical Implications

This development should not be viewed as a removal of the RHQ requirement. Rather, it introduces a clearer administrative pathway for exceptions where procurement needs justify such treatment. For foreign groups that do not yet have an RHQ in Saudi Arabia, this may create access to selected government contracting opportunities, although the RHQ regime remains the principal framework for long-term participation in government business.

” MMJS Insights

The exemption represents a procedural refinement rather than a policy shift. It supports greater flexibility in government procurement while preserving the broader policy objective of encouraging multinational groups to establish RHQs in the KSA.

Sultanate of Oman

Tax Updates

- Oman’s Tax Authority 2026 Compliance Push: What It Means for Your Business After RO 1.373 Billion Revenue in 2025
- Tourist VAT refunds to be rolled out soon
- Oman's tax revenues exceed 1.3 billion Omani rials.



Aunali Merchant
Partner – Tax

Oman’s evolving tax landscape reflects a clear shift toward strengthening fiscal sustainability and transparency supported by consistent revenue growth and a more structured compliance framework. As the framework continues to mature, businesses should focus on aligning tax positions with regulatory obligations and preparing for the long-term evolution of domestic tax regime in line with international best practices.



Nasser Al Khamisi
Country Partner – Morison Muscat, Oman

In line with Oman Vision 2040, the tax authority is prioritizing digitalization and transparency. To stay ahead of regulatory shifts and initiatives, businesses should invest in robust compliance systems and processes at the earliest. Early preparation ensures businesses are well-positioned to navigate an evolving tax landscape and support long-term growth.



Ankur Jain
Partner – Tax

With the introduction of initiatives such as tourist VAT refunds and a continued focus on improving compliance processes, Oman is enhancing both the efficiency and accessibility of its indirect tax framework. Businesses should ensure readiness through accurate reporting, streamlined processes, and strong internal controls to adapt to these evolving requirements.

Tax Updates

Oman's Tax Authority 2026 Compliance Push: What It Means for Your Business After RO 1.373 Billion Revenue in 2025

The Oman Tax Authority ('OTA') began 2026 by reaffirming its commitment to simplifying tax filing procedures, improving the clarity of tax information, and maintaining consistent communication with the public.

OTA held its first media briefing to strengthen cooperation with national media outlets, share key updates, and raise public awareness about tax-related matters. During the opening remarks, Nasser Khamis Al Jashmi, Chairman of the Tax Authority, stressed the important role of the media as a strategic partner in conveying tax information to the public.

He noted that transparency and continuous engagement are essential for improving awareness and promoting voluntary compliance among taxpayers.

Al Jashmi described taxation as a core component of fiscal sustainability and a critical mechanism for maintaining balance in the national budget. He emphasized that tax revenues support the funding of public services, social protection initiatives, and major infrastructure projects.

Senior officials also presented the Authority's strategic objectives, which align with Oman Vision 2040 and focus on improving institutional performance while enhancing services provided to taxpayers. Additionally, the Director General of Operations and Tax Services stated that the Authority successfully met its 2025 targets, with total tax revenues estimated at approximately RO 1.373 billion.



Tax Updates

Tourist VAT refunds to be rolled out soon

Muscat – Oman is preparing to launch a value-added tax (VAT) refund program for tourists after reaching a final agreement with service providers regarding applicable fees and refund rates. The initiative is expected to enhance the country's attractiveness as a regional tourism destination.

OTA, explained that the scheme will be implemented once contractual arrangements with the operating companies are completed. These agreements will determine the service charges and the proportion of VAT that will be refunded to international visitors. However, a specific launch date has not yet been confirmed.

The program will align Oman with other regional markets that provide VAT refund mechanisms for foreign tourists, a policy widely viewed as a way to encourage higher visitor spending while maintaining the country's indirect tax system.

Oman's tax revenues exceed 1.3 billion Omani rials.

The OTA announced that it successfully met its 2025 revenue targets for the units of the State's administrative apparatus within the country's general budget. Total revenues were estimated at approximately 1.373 billion Omani riyals.

Nasser bin Khamis Al Jashmi, Chairman of the OTA, stated that taxation represents a key pillar of financial sustainability and serves as a fair mechanism for generating the resources needed to fund public services, support comprehensive development, and strengthen the government's capacity to respond to global economic challenges.

He also highlighted that Oman was upgraded in 2025 to a "highly compliant" rating in the global assessment of transparency and the exchange of tax information, reflecting the country's strong commitment to international tax standards.



State of Kuwait

2026 Tax Highlights

- Kuwait expects a record jump in non-oil revenues, boosted by increased taxes and fees
- Kuwait mulls new taxes to lower its growing budget deficit



Jikku Luke
Chief Services Officer

Kuwait's fiscal direction reflects a clear intent to reduce reliance on oil revenues and build a more sustainable, diversified revenue base. As the government evaluates new taxes and fee structures, businesses should treat this as a strategic inflection point—embedding tax planning into broader financial and operational decision-making rather than approaching it as a compliance exercise.



Anas Salhieh
Managing Partner - KSA

Kuwait's fiscal direction highlights a growing focus on reducing reliance on oil revenues and building a more sustainable, diversified economy. As new taxes and fee structures are being considered, this is a good moment for businesses to step back and rethink their approach such as integrating tax into broader financial and operational planning, rather than viewing it purely as a compliance requirement.

2026 Tax Highlights

Kuwait expects a record jump in non-oil revenues, boosted by increased taxes and fees

Kuwait is expected to achieve a record level of non-oil revenues in the 2026–2027 fiscal year, supported by government plans to introduce new taxes on companies and increase public service fees. This reflects the country’s ongoing efforts to diversify income sources and reduce its reliance on oil revenues.

According to the Kuwait Ministry of Finance, which recently submitted the draft 2026–2027 budget to the Cabinet for approval, non-hydrocarbon revenues are projected to rise by about 19.6% compared with the current fiscal year. Data published on the ministry’s website indicates that these revenues could reach around \$11.5 billion starting April 1, representing the highest level recorded in this category.

In comparison, non-oil revenues in the 2025–2026 budget were estimated at approximately \$9.45 billion, which was a record at the time and reflected the growing contribution of this revenue stream. The ministry expects further growth in the coming years as a result of tax reforms and increases in government service fees, many of which have remained unchanged for decades.

Director of the Kuwaiti Climate Center for Economic Consultations, noted that non-oil revenues are likely to continue rising in the future, highlighting the government’s apparent commitment to modernizing its tax framework and broadening the base of fees and charges.





2026 Tax Highlights

Kuwait mulls new taxes to lower its growing budget deficit

The growing budget deficit in Kuwait comes at a critical stage in the country's efforts to reform its financial system. A significant portion of oil revenues is currently allocated to government salaries and commodity subsidies, creating pressure on public finances, particularly during periods of oil price volatility. As a result, the government faces increasing pressure to reassess its spending priorities, which may lead to the introduction of new taxes and adjustments to public services such as education and healthcare to maintain the sustainability of the economic system.

The draft budget for the 2025–2026 fiscal year projects that the deficit will rise by 11.9% to approximately 6.31 billion Kuwaiti dinars (around \$20.5 billion). This increase is mainly attributed to an anticipated decline in oil revenues, despite efforts to curb current spending. According to a report published by Bloomberg on February 2, this situation highlights a structural challenge in Kuwait's fiscal framework, where fuel subsidies and public sector salaries may become more susceptible to reform as financial pressures intensify.

The report also noted that while Kuwait is working to diversify its revenue streams, the economy remains heavily dependent on oil. Consequently, any fall in oil prices can limit the government's fiscal flexibility, potentially forcing it to rely on borrowing or withdrawals from sovereign wealth funds to maintain existing subsidy levels.

State of Qatar

Tax Updates

- General Tax Authority warns public against fake tax refund or data update messages
- The General Tax Authority Announces the Implementation of the Global and Domestic Minimum Tax in Line with the Latest International Standards
- State of Qatar Participates in the Sixth Meeting of the Global Forum on VAT in Paris



Jikku Luke
Chief Services Officer

Qatar's recent developments show a clear move toward stronger regulation and closer alignment with global standards. With measures like the Global and Domestic Minimum Tax, along with greater focus on taxpayer awareness and fraud prevention, the direction is toward a more transparent and resilient tax environment. Businesses that proactively strengthen their governance and risk management will be better placed to adapt and move forward with confidence in future.



Anas Salhieh
Managing Partner - KSA

With the introduction of Global and Domestic Minimum Tax rules and increased engagement in international tax forums, Qatar is strengthening its alignment with global tax standards. Businesses should prioritise robust data frameworks, cross-border structuring, and compliance readiness to ensure accurate reporting and manage the impact of these evolving regulatory requirements.

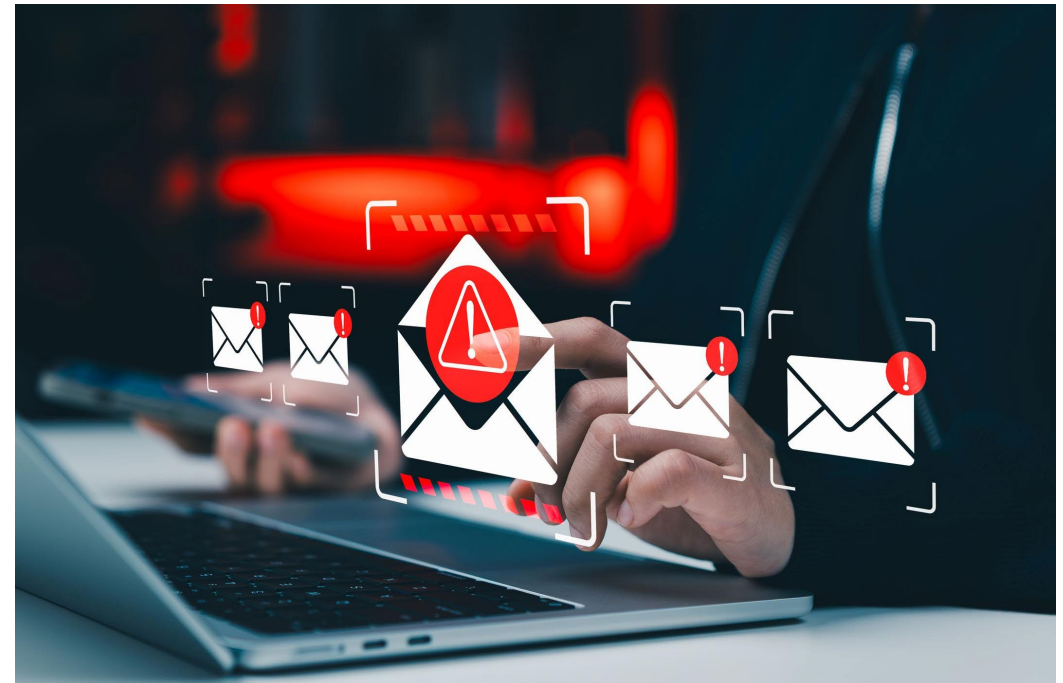
Tax Updates

General Tax Authority warns public against fake tax refund or data update messages

The General Tax Authority has warned taxpayers about fraudulent emails and text messages circulating that falsely claim to be from the Authority. These messages often include suspicious links that promise tax refunds or request updates to personal information.

The Authority emphasized that taxpayers should avoid opening such messages or clicking on any links, noting that it never requests confidential numbers or personal information through email or SMS. It further clarified that all tax-related services and procedures are conducted exclusively through the Dhareeba Platform and other officially authorized channels.

The Authority also urged the public to remain vigilant, confirm the authenticity of any communication through official sources, and report any suspected fraud attempts to the relevant authorities.



Tax Updates

The General Tax Authority Announces the Implementation of the Global and Domestic Minimum Tax in Line with the Latest International Standards

As part of its continued efforts to align the national tax framework with global standards, the General Tax Authority announced the start of implementing Chapter Seven (Repealed and Re-enacted) of the Income Tax Law issued under Law No. (24) of 2018 and its amendments. This chapter establishes the rules for applying both the global minimum tax and the domestic minimum tax, reinforcing transparency and fairness within the tax system.



The measure forms part of the implementation of Pillar Two of the global initiative led by the Organisation for Economic Co-operation and Development (OECD) and the Group of Twenty (G20) to address tax challenges resulting from the digitalization of the global economy, commonly referred to as the Global Minimum Tax Agreement.

The initiative seeks to apply an effective minimum tax rate of 15% on the profits of multinational enterprises operating across borders with annual revenues exceeding EUR 750 million.

The amendment introduces two key mechanisms in modern tax policy: the Global Minimum Tax through the Qualified Income Inclusion Rule (IIR) and the Domestic Minimum Tax through the Qualified Domestic Minimum Top-up Tax (QDMTT). This development highlights the commitment of Qatar to align with international tax initiatives and ensure that multinational companies contribute their fair share of taxes globally.

This decision also highlights Qatar's proactive role in strengthening the OECD and G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS), while safeguarding the national tax base against the illegal shifting of profits to low-tax jurisdictions or the erosion of tax revenues to other countries.

The General Tax Authority emphasized that this approach demonstrates Qatar's commitment to international tax best practices and reinforces its standing as a trustworthy, transparent, and globally competitive economic and financial hub.

Tax Updates

State of Qatar Participates in the Sixth Meeting of the Global Forum on VAT in Paris

Khalifa bin Jassim Al-Jaham Al-Kuwari, President of the General Tax Authority, led Qatar's delegation at the Sixth Meeting of the Global Forum on Value Added Tax (VAT), held in Paris from 26 to 28 January 2026 under the organization of the Organisation for Economic Co-operation and Development (OECD).

The forum serves as a high-level international platform bringing together senior officials from tax administrations worldwide to discuss the design and implementation of VAT/GST systems, share experiences in addressing challenges posed by the digital economy, e-commerce, crypto-assets, and artificial intelligence, and review best practices for enhancing tax compliance and developing effective risk management frameworks.

Qatar's participation underscores its commitment to international cooperation in tax policy, fostering the exchange of expertise to improve the efficiency of domestic tax systems and support global efforts to modernize and develop tax frameworks in response to evolving economic and technological developments.



Connect with our team



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