CLA Emirates

Tax Updates

August 2026

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Dear Valued Readers,

"Leadership today is about turning change into perspective, and perspective into confident action."

The business environment across the UAE, the GCC, and wider global markets continues to evolve at remarkable speed. Each month brings new developments, new expectations, and new opportunities for organisations to strengthen the way they operate, plan, and grow. In such an environment, staying informed is no longer a routine exercise; it is an important part of responsible leadership and long-term business resilience.

At CLA Emirates, we believe that knowledge becomes meaningful when it is practical, timely, and easy to use. This edition of our Tax Updates has been prepared with that purpose in mind. While the pages that follow include detailed updates and technical references, this message is simply an invitation to look at the bigger picture: change is constant, but with the right guidance, businesses can respond with confidence rather than hesitation.

For our clients, partners, and professional community, the objective is not only to keep pace with regulatory and market developments, but also to understand what these changes may mean for strategy, compliance, governance, and decision-making. Every update, whether local or international, is part of a wider business landscape that calls for awareness, preparation, and collaboration.

As a firm, we remain committed to supporting organisations with insight, care, and a practical understanding of the region in which we operate. Our role is to help simplify complexity, create clarity, and provide perspective that enables better decisions.

I hope this publication serves as a useful reference for you and your teams. Thank you for your continued trust in CLA Emirates. We look forward to remaining your trusted partner as you navigate the opportunities and responsibilities ahead.

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United Arab Emirates

Ministerial Decision No. 131 of 2026 on the Extension of SBR Till 2029

On August 7, 2026, the UAE Ministry of Finance (MoF) issued Ministerial Decision No. 131 of 2026 on Small Business Relief (SBR). This relief which was initially available only until 2026 has been extended to apply to tax periods until December 31, 2029.

For more information check out our LinkedIn page – CLA Emirates

Clarification on SBR Returns Submission

On August 3, 2026, the UAE Federal Tax Authority (FTA) issued a notice on the Corporate Tax return filing for taxable persons eligible for the Small Business Relief (SBR). Businesses with revenue under AED 3 million must still register for Corporate Tax, elect the relief, and submit simplified returns. The return is due within 9 months of fiscal year-end. Taxpayers must maintain core financial records (transactions, assets, liabilities, and ownership details) to prove eligibility and substantiate returns upon FTA review.

Ministerial Decision No. 133 of 2026 on the Entities Required to File the Pillar Two Information Return

On August 25, 2026, the UAE MOF announced the issuance of Ministerial Decision No. 133 of 2026 which mandates that UAE-located Constituent Entities (excluding Investment Entities), Joint Ventures, JV Subsidiaries, and UAE-created Reverse Hybrid Entities submit Pillar Two Information Returns. The return can be filed directly by the individual in-scope entity or submitted on its behalf by a Designated Local Entity. These reporting obligations apply to all fiscal years starting on or after January 1, 2025.

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Top-Up Tax Guides Issued

- On August 26, 2026, the UAE FTA published Scope and Registration Top-up Tax Guide| TTGREG1. The guide provides an overview of:
  - The conditions to be in scope of the Qualified Domestic Minimum Top-up Tax (QDMTT) Legislation
  - Types of entities that are/not subject to Top-up Tax
  - The registration process and timelines for entities that are members of an in-scope MNE Group and that are subject to Top-up Tax under the QDMTT Legislation.

- On August 26, 2026, the UAE FTA published Excluded Entities and Investment Entities Top-up Tax Guide | TTGEIE1. This guide explains the different types of excluded entities and investment entities with an overview of the:
  - Definition of different types of Excluded Entities, except Governmental Entities
  - Election not to treat certain Excluded Entities
  - Definition of different types of Investment Entities
  - Practical effects of being an Excluded Entity or an Investment Entity

FTA Decision No. 4 of 2026 on Rules and Requirements for Maintaining the Information Contained in Accounting Records and Commercial Books

On August 20, 2026, the UAE FTA issued Federal Tax Authority Decision No. 4 of 2026 on proper maintenance of accounting records.

- Electronic copies and photocopies of accounting records must be clear, complete, and identical to the original documents, with partial scans strictly prohibited.
- Businesses must grant the FTA full access to stored records, including providing passwords or encryption keys for electronic systems and access to physical storage locations.
- Taxable persons are permitted to engage third parties to maintain their records and commercial books, provided the primary business remains legally responsible for compliance.

For more information check out our LinkedIn page – CLA Emirates

FTA Decision No. 7 of 2026 on Procedures for the Disposal of Seized and Abandoned Goods.

On August 20, 2026, the UAE FTA published FTA Decision No. 7 of 2026 on procedures for the disposal of seized and abandoned goods, issued on June 11, 2026, and effective from July 30, 2026.

For more information check out our LinkedIn page – CLA Emirates

FTA Decision No. 13 of 2026 on Measures Procedures Conditions required by Taxable Persons for Verification of Validity and Integrity of Suppliers

On August 20, 2026, the UAE FTA published FTA Decision No. 13 of 2026 concerning the measures, procedures, and conditions required for taxable persons to verify the validity and integrity of suppliers before deducting input tax. The Decision was issued on July 22, 2026, and will be effective from October 1, 2026.

For more information check out our LinkedIn page – CLA Emirates

VATP045 - Concerned Goods - Tax Invoices and Input Tax Recovery

On August 26, 2026, the UAE FTA issued VAT Public Clarification VATP045 on concerned goods – accounting for output tax, issuing tax invoices, and recovery of input tax.

For more information check out our LinkedIn page – CLA Emirates

Cabinet Decision No. 137 of 2026 sets minimum Excise Price for Tobacco Products and Liquids Used in ES Devices and Tools

On August 26, 2026, the UAE FTA published Cabinet Decision No. 137 of 2026 concerning the excise price for tobacco products and liquids used in electronic smoking devices and tools. The Decision was issued on July 24, 2026, and will be effective from September 1, 2026.

For more information check out our LinkedIn page – CLA Emirates

Qatar

Pillar 2 Global Minimum Tax Rules Decisions Issued

On August 27, 2026, the Qatar Ministry of Justice issued 6 decisions for the application of Pillar 2 Global Minimum Tax rules –

- Decision (17) of 2026 on currency conversion rules
- Decision (18) of 2026 on implementing simplified reporting procedures
- Decision (19) of 2026 on transitional country-by-country reporting safe harbour
- Decision (20) of 2026 on the simplified income, revenue, and tax calculations for non-material constituent entities
- Decision (21) of 2026 on appointment of a designated local entity under the resolution
- Decision (22) of 2026 on registration

Qatar Commences Pillar Two Registration

On August 2, 2026, Qatar General Tax Authority (GTA) launched the Global and Domestic Minimum Tax (Pillar Two) Registration Service on the Dhareeba platform for multinational enterprise (MNE) groups generating at least €750 million in consolidated annual revenues. In-scope MNE groups must complete initial registration within 3 months of portal activation (by November 2, 2026).

Kingdom of Bahrain

DMTT Return Filing Manual Published

On August 2026, the National Bureau for Revenue (NBR) of Bahrain published its first manual on Domestic Minimum Top-up Tax (DMTT) Return Filing. This guide provides a simple overview of Bahrain's DMTT rules and compliance steps. It also offers step-by-step support for navigating through the NBR portal to easily file the returns, make tax payments, and claim refunds.

VAT Guides Updated

- On July 29, 2026, the NBR of Bahrain published an updated VAT general guide. The update brings further details on the description of supply in the VAT invoices and change in use – capital assets scheme.
- On August 3, 2026, Bahrain's NBR issued VAT financial service guide version 1.4, with update to the details on the VAT liability of reinsurance contracts.
- On August 9, 2026, the NBR of Bahrain issued an updated VAT real estate guide. The update is in relation to VAT invoices.

Sultanate of Oman

Ministerial Decision No. 189/2026 amending certain provisions of the Oman VAT Executive Regulations

On August 9, 2026, the Omani government issued Decision 189/2026 in its Official Gazette, certain provisions of the Oman VAT Executive Regulations in line with the mandatory e-invoicing system. Below are the sections that has been amended –

- Issuance of tax invoices in electronic format
- Approved Service Providers (ASP)
- System security, continuity and data recovery
- Exemption from issuance of e-invoices
- Issuance of simplified tax invoices
- Requirements of simplified tax invoices

"On August 9, 2026, the Omani government issued Decision 189/2026 in its Official Gazette, certain provisions of the Oman VAT Executive Regulations in line with the mandatory e-invoicing system."

Kingdom of Saudi Arabia

25th Wave of E-Invoicing Requirement

On July 24, 2026, Saudi's Zakat, Tax and Customs Authority (ZATCA) announced the criteria for the 25th Wave of the E-invoicing "Integration Phase," targeting taxpayers with VAT-subject revenues exceeding SAR 187,500 in 2022, 2023, 2024, or 2025. Selected taxpayers will be notified directly and required to integrate their systems with the Fatoora platform by February 1, 2027.

Guidance on Tax and Customs Operations in SEZs

On August 2026, Saudi's ZATCA issued guide on tax and customs operations in the country's 4 Special Economic Zones (SEZ) namely King Abdullah Economic City (KAEC) SEZ, Ras Al-Khair SEZ, Jazan SEZ and Cloud Computing and Informatics SEZ. The guide details on –

- Tax Incentives for KAEC, Ras Al-Khair, and Jazan, offering a reduced 5% corporate income tax rate on qualifying income for 20 years and a withholding tax exemption on payments to non-residents for eligible activities.
- Cloud Computing SEZ would operate under standard mainland tax rules, including the 20% corporate income tax rate and regular withholding tax rates.
- Qualifying goods moved within or imported into SEZs under customs suspension will enjoy 0% VAT and duty suspension until released into the mainland
- All SEZ entities must comply with Real Estate Transaction Tax (5%), Transfer Pricing rules, and maintain ZATCA-linked electronic inventory tracking.

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Others

India

Foreign Assets of Small Taxpayers – Disclosure Scheme Rules, 2026

On August 14, 2026, the Central Board of Direct Taxes (CBDT) of India issued Notification 114/2026 on the introduction of disclosure of foreign assets of small taxpayers. The scheme offers small taxpayers a limited window to declare undisclosed offshore income and assets by paying the required tax or fee.

Amendments to Income Tax Act, 2025

On August 17, 2026, the Government of India, published the Taxation and Other Laws (Amendment) Act, 2026, which introduces several amendments to the Income-tax Act, 2025. The key highlights are –

- Central Government to directly notify approved electronic payment modes under the Payment and Settlement Systems Act, 2007.
- Sets non-residency and participation thresholds (e.g., maximum 5% Indian resident corpus contribution and 20% manager profit share) to prevent offshore funds from creating a business connection in India.
- Extends tax exemptions to contract manufacturers of specified electronic goods, foreign rough diamond sellers in notified zones, and foreign companies storing components in custom-bonded warehouses.
- Grants tax exemptions on Government security interest/capital gains for FIIs and the Bank for International Settlements, while adjusting domestic company tax rates (10% standard, 25% for SPVs) under the Finance Act, 2026.

Singapore

E-Tax Guides on GST MES and GST for Property Owners Updated

- On August 3, 2026, the Inland Revenue Authority of Singapore (IRAS) published an updated e-tax guide GST: Major Exporter Scheme (MES). The update brings an insertion of Appendix F with regards to the contact details of the Air Express Companies (AECs).
- On August 7, 2026, the IRAS published an updated e-tax GST guide for property owners and property holding companies. The update includes insertion of additional clauses in relation to GST treatment of OTP with nominee clause.

United States

Permanent Removal of Beneficial Ownership Reorting Requirement

On August 11, 2026, the US Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) announced the permanent removal of the requirement for US companies and US persons to report beneficial ownership information to FinCEN. Foreign entities operating in the US must still report beneficial ownership information for non-US individuals. This came into effect on August 14, 2026.

Backup Withholding Rules Under OBBBA

On August 10, 2026, the US Internal Revenue Service (IRS) issued final regulations aligning backup withholding rules for Third Party Settlement Organizations (TPSOs) with the updated statutory reporting thresholds under the One, Big, Beautiful Bill Act (OBBBA).

The Launch of Tax Compliance Report

On August 20, 2026, the US IRS announced a new digitally authenticated Tax Compliance Report accessible via the IRS Individual Online Account. It allows taxpayers to securely download and share their tax compliance status for job applications, loans, government benefits, or other third-party verifications.

Our Services

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