



Tax Updates

May 2026



Dear Valued Readers,

"In a changing world, staying informed is the first step toward staying prepared."

In a world defined by constant change, the ability to stay informed has become one of the greatest strengths a business can possess. Each new development, no matter how big or small, carries with it the potential to influence decisions, shape priorities, and create new opportunities. It is with this understanding that we present this edition of our Tax Updates—designed not simply as a collection of news, but as a meaningful resource to help our readers remain aware, prepared, and forward-looking.

Today's business environment asks leaders to do more than react; it asks them to anticipate, adapt, and move ahead with confidence. Timely insights can make a meaningful difference in that journey. While the updates featured in this publication may vary in relevance from one business to another, together they reflect the pace of change taking place across markets and industries. By keeping a close eye on these developments, organizations place themselves in a stronger position to plan wisely, respond with clarity, and build resilience for the future.

At CLA Emirates, we remain committed to sharing knowledge that is practical, relevant, and easy to understand. Our purpose is not only to keep our clients and stakeholders updated, but also to support them with perspective that encourages thoughtful action and long-term confidence. We hope this edition serves as a useful guide for you and your teams, and as a reminder that even in periods of change, there is always room for progress, preparedness, and growth. Thank you for your continued trust in CLA Emirates and for allowing us to be part of your journey.

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United Arab Emirates

Pillar Two Registration Now Open

The UAE Federal Tax Authority (FTA) has now enabled the registration application for MNEs to register for the Top-up Tax in the Emaratax portal. In-scope MNE groups are required to file the returns within 18 months of the end of the financial year.

For more information check out our LinkedIn page – [CLA Emirates](#)

Corporate Tax Late Registration Penalty Waiver

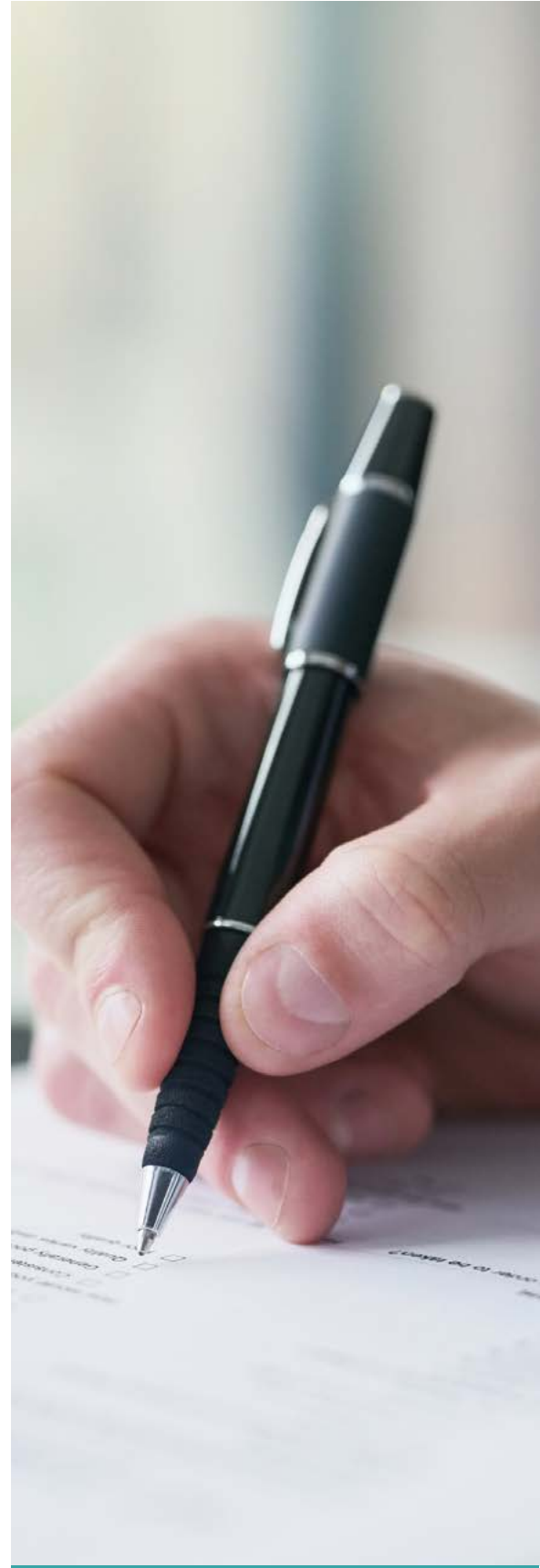
On May 14, 2026, the UAE FTA published an acknowledgement of the benefit of the Corporate Tax late registration penalty waiver. Over 68,600 businesses have already benefited from this initiative. To receive the automatic penalty waiver, entities must file their Tax Return within 7 months of their first Tax Period. Any previously paid penalties will be refunded directly as Emaratax credits.

Salik to Apply 5% VAT from 1 June 2026

On May 22, 2026, Salik Company PJSC announced that, effective June 1, 2026, a 5% VAT will be applied to Salik toll gate usage tariffs and tag activation fees, in line with Federal Law No. 8 of 2017 and its amendments.

Deadline to Appoint ASP for e-Invoicing Extended

On May 10, 2026, the UAE Ministry of Finance (MoF) announced the extension of the deadline to appoint an eInvoicing Accredited Service Provider for businesses with over AED 50 million in revenue. The amended deadline has been moved from July 31, 2026, to October 30, 2026. The final deadline for the mandatory implementation of the eInvoicing system remains strictly set for January 1, 2027.



Qatar

Draft Law on e-Invoicing Approved

On May 6, 2026, Qatar cabinet officially approved a new draft law on E-invoicing to drive digital transformation and transparency. The draft law sets up a legal system for electronic invoicing to improve transparency, support digital growth, and provide accurate data for government oversight.

Qatar – Austria Tax Treaty Amendment

On May 3, 2026, Qatar's General Tax Authority (GTA) announced the amendment to certain provisions of the agreement on the avoidance of double taxation and the prevention of fiscal evasion between Qatar and Austria. The update aligns with global standards by revising articles on international transport, dividends, and the exchange of tax information.



Kingdom of Bahrain

Customs and VAT Rules for Personal Shipments and Postal Parcels Revised

On May 19, 2026, Bahrain Customs Affairs announced revised regulations governing personal shipments and postal parcels, effective from May 19, 2026. Under the new rules, imported goods with a value of BHD 100 or more will be subject to applicable customs duties in addition to 10% VAT, depending on the customs tariff classification of the goods. The measure aims to enhance customs compliance and align the treatment of imported goods with Bahrain's tax and customs framework.

Tax Agent/VAT Guide Updated

On May 13, 2026, the National Bureau of Revenue (NBR) of Bahrain published an updated tax agent/VAT representative guide. The guide clarifies that tax agents may act on behalf of taxable persons in relation to VAT and Domestic Minimum Top-up Tax (DMTT) obligations, while non-resident taxable persons may appoint VAT representatives to fulfil their VAT compliance requirements in Bahrain. The publication also details the authorization process, eligibility criteria, and access rights available through the NBR portal, providing greater clarity for businesses seeking professional tax representation.

NBR Launches Virtual Customer Service Center to Enhance Digital Service Delivery

On June 1, 2026, the NBR of Bahrain launched a Virtual Customer Service Center through its official website, providing taxpayers with a centralized platform to access key services, important links, and support channels. The platform integrates a Live Chat service, enabling users to communicate directly with customer service representatives through text or video calls, while also offering access to FAQs, service information, and digital transaction services. This initiative forms part of

NBR’s broader digital transformation strategy aimed at improving customer experience, streamlining procedures, and enhancing the efficiency and accessibility of tax-related services.

Bahrain – Jersey Tax Treaty Ratification

On May 17, 2026, the Bahrain News Agency (BNA) announced the issuance of Law (18) of 2026 to officially ratify an income double taxation and tax evasion agreement with Jersey, following legislative approval from both the Shura Council and the Council of Representatives.

Kuwait

Advance Payment Option for DMTT

On April 29, 2026, the Kuwait’s Ministry of Finance issued Circular No. (1) of 2026 regarding the advance payment system for the tax on Multinational Enterprises (MNE) Group.

- Eligible taxpayers can file a provisional statement and pay estimated taxes ahead of their final return.
- Applies to taxpayers subject to the provisions of the Law for any tax period ending on or before March 31, 2026.
- Joining the advance payment system requires submitting a request to the Ministry of Finance - Tax Audit and Claims Department by no later than May 31, 2026.
- The calculated tax must be paid in a single lump sum pursuant to a provisional tax statement submitted to the Tax Administration by no later than June 30, 2026.



Others

OECD

Launch of CBAR Programme

On April 28, 2026, the OECD announced that the Global Forum and Belgium have launched the Cross-Border Assistance in the Recovery of Tax Claims (CBAR) Accelerator Programme to help countries recover cross-border tax claims. Over eight months, 34 participants from 22 jurisdictions will receive technical training and hands-on support. The initiative aims to strengthen legal frameworks and boost debt recovery to fight global tax evasion.

Pillar Two Toolkit and Resources

On April 30, 2026, the OECD released a new toolkit to help countries easily apply the Global Minimum Tax for large international businesses. Using lessons from early adopters, it offers clear, step-by-step guidance on timelines and best practices. This ensures a smooth rollout while reducing paperwork and confusion for both governments and companies.

Common Understanding on the Implementation of GMT

On May 18, 2026, the OECD announced that jurisdictions implementing the 2024 Global Minimum Tax (GMT) have agreed to protect the central filing system by waiving penalties if local portals or information exchange relationships are delayed. Under this agreement, local filing rules will be suspended for multinational companies that successfully file centrally in an operationally ready jurisdiction.

Public Consultation on Revision to Transfer Pricing Guidelines

On June 1, 2026, the OECD opened a public consultation document proposing revisions to Chapter VII of the Transfer Pricing Guidelines (intra-group services). The consultation spans between June 1, 2026, to July 22, 2026.





India

Infrastructure Sub-sector Now Classified as “Business”

On June 1, 2026, the Central Board of Direct Taxes (CBDT) of India issued Notification no. 70/2026. As per the announcement, companies working in certain infrastructure areas (like building roads, bridges, or power grids) are now recognized as “business”, under the new Income-tax Act of 2025.

Tax Year 2026–27 ITR Utilities Released

Following the transition to the new Income-tax Act, 2025, the Indian Income Tax Department rolled out its updated filing utilities throughout May 2026, with the last phased on May 29, 2026.

- Online and Excel utilities for ITR-1 and ITR-4 went live on May 15, followed by their offline counterparts on May 20.
- Online and Excel utilities for ITR-2 rolled out on May 26 and the offline utility on May 29.

Taxpayers filing their returns for income earned after April 1, 2026, must use these new, updated versions.

Live Rollout of Forms

On May 25, 2026, the Income Tax Department released the active e-filing capabilities for Form 105 alongside the downloadable offline packages for Forms 145 and 146.



Singapore

Guidance Updated for VCC, CIT Filing, Top-Up Tax, RIC, Tax Assessment and GLoBE Obligations

- On April 22, 2026, the Inland Revenue Authority of Singapore (IRAS) updated its e-Tax Guide on tax framework for Variable Capital Companies (VCC). The update includes clarifications regarding sub-fund tax reference numbers, Foreign-Sourced Income and CIT rebate & grant updates.
- On May 11, 2026, the IRAS updated its guidance for Multinational Enterprise Top-up Tax and Domestic Top-up Tax. The updates are to registration, corppass administrator and FAQs.
- On May 15, 2026, the IRAS updated its guidance on Refundable Investment Credit (RIC). The updated sections include who to contact for application of RIC and general information on the processing of RICs.
- On May 18, 2026, the IRAS published new guidance on the Corporate Income Tax (CIT) Filing Season 2026. The deadline for filing is November 30, 2026. Any failure to do so may result in penalties of up to \$5,000.
- On May 18, 2026, the IRAS updated its guidance on tax assessment process. The updates are brought to time limit to claim relief in respect of error or mistake and when and how to file notice of objection.
- In May, the IRAS issued guidance on GloBE and Domestic Top-Up Tax (DTT) related compliance obligations. The document outlines key compliance milestones for in-scope MNE groups, registration and filing obligations, incidence of tax and record-keeping requirements.

Advance Ruling on Income Tax Effects on Amalgamation of Companies

On May 7, 2026, the IRAS published Advance Ruling Summary No. 7/2026, in relation to the income tax effect on amalgamation of companies. The ruling states that to deduct the unabsorbed capital allowances and losses of an amalgamating company, the amalgamated company must ensure that the income being offset arises directly from the same trade or business.

Hong Kong

Tax Returns for Individuals Issued

On May 4, 2026, the Hong Kong Inland Revenue Department (IRD) announced 2.77 million individual tax returns for 2025/26. IRD also reminded taxpayers to file their return on time, which is due on June 4, 2026, for general cases and August 4, 2026, for sole proprietors, with a one-month extension for e-filing.

Updated List of QDIs

On April 30, 2026, the IRD of Hong Kong published updated list of Qualifying Debt Instruments (QDIs) eligible for profits tax concession or exemption. The list is categorized into pre and post issuance date of April 1, 2018.

Inland Revenue (Amendment) Bill 2026

- On May 13, 2026, the Hong Kong IRD passed the Inland Revenue Bill 2026, officially implementing tax relief measures from the 2025 Policy Address and 2026-27 Budget. This includes an increased limit for various allowances and a one-off tax relief.
- On May 20, 2026, the Hong Kong IRD announced that implementation of Crypto-Asset Reporting Framework (CARF) and the latest amendments to the Common Reporting Standard (CRS) will be introduced into the Legislative Council on June 3, 2026 for approval.

Stamp Duty (Amendment) Bill 2026

On May 20, 2026, the Hong Kong IRD passed the Stamp Duty (Amendment) Bill 2026 on the stamp duty rate for residential property transactions with an amount or value of consideration above \$100 million. The rate has been increased from 4.25% to 6.5%, with effect from February 26, 2026.



Obligations to Furnish Tax-Related Information

On May 14, 2026, the Hong Kong IRD published a notice reminding taxpayers and employers of their obligations to furnish tax-related information. The details to be furnished include taxpayer notification, taxpayer leaving the country, employer reporting duties and payment withholding and submission.

FSIE FAQs Updated

On May 21, 2026, the Hong Kong IRD published new and updated FAQs on the Foreign-Source Income Exemption (FSIE) regime. The update forms part of

the IRD's continuing efforts to clarify the practical application of the FSIE rules for multinational enterprise (MNE) groups receiving foreign-sourced income in Hong Kong.

Discussion Paper on Broadening Tax Deductions for IP Expenditure

On May 19, 2026, the Hong Kong released refined legislative proposals aimed at expanding the profits tax deduction regime for intellectual property (IP) expenditure. The initiative is intended to strengthen Hong Kong's position as a regional IP trading and innovation hub and follows stakeholder consultations conducted earlier in 2026.

United Kingdom

Foreign PE Exemption to be Mandatory

On May 21, 2026, the UK HM Revenue & Customs published a policy paper on the proposed change to make the foreign Permanent Establishment (PE) tax exemption mandatory. The change aims to prevent multinational companies from using overseas losses to reduce their UK Corporation Tax liabilities. These changes take effect for accounting periods starting on or after January 1, 2027, with an expedited start date of September 1, 2026, for the oil and gas sector.

New Registration Requirement for Tax Advisers

On May 14, 2026, the UK HM Revenue & Customs issued a press release, rolling out a new, mandatory, and free digital registration system for all paid tax advisers. The staged rollout continues through March 2027 and is designed to raise professional standards, protect taxpayers, and reduce administrative burdens.

Electricity Generator Levy (EGL) Rate Increase

On 6 May 2026, the UK Government and HM Revenue & Customs published a policy paper announcing an increase in the Electricity Generator Levy (EGL) rate. Effective from 1 July 2026, the EGL rate will increase from 45% to 55%. The EGL is a temporary windfall tax introduced to capture a portion of the exceptional revenues earned by certain non-gas electricity generators, such as renewable energy, nuclear and biomass generators, that have benefited from elevated wholesale electricity prices driven by higher gas prices.

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