Tax Updates

June 2026

Dear Valued Readers,

"True leadership is not about waiting for certainty; it is about guiding people and businesses forward with confidence, clarity, and purpose."

Every month brings new developments, new expectations, and new opportunities for businesses to reflect, adapt, and move forward. In today's changing environment, success is not defined only by how quickly we respond to change, but by how thoughtfully we prepare for it. For me, this is where leadership becomes meaningful: in helping people and businesses stay calm, focused, and confident even when the road ahead continues to evolve.

At CLA Emirates, we see our role as more than simply sharing updates. Our purpose is to stand beside our clients as trusted partners—helping them understand what matters, focus on what is important, and make decisions with greater clarity. While rules, markets, and expectations may continue to shift, the values that guide strong and sustainable businesses remain constant: responsibility, transparency, discipline, trust, and a forward-looking mindset.

This edition has been prepared to provide a clear and practical view of key updates across the UAE, the GCC, and other important jurisdictions. Rather than looking at these developments as isolated changes, I encourage you to view them as timely reminders to remain agile, informed, and prepared. A well-prepared business is not only better positioned to meet its obligations, but also better equipped to make confident decisions, strengthen governance, and plan for long-term growth.

To our clients and business partners, thank you for the continued trust you place in us. Your confidence motivates us to keep raising the standard of our service, our thinking, and our commitment. We remain focused on bringing you practical insights, timely guidance, and the personal attention needed to support your growth journey.

As we move ahead, let us continue to approach change not with hesitation, but with confidence, collaboration, and optimism. The future will always belong to those who are prepared, connected, and courageous enough to move forward with purpose.

CA Manu Palerichal
Founder Partner & CEO

Our Team

CA. Purvi Mehta
Associate Director - Direct Tax

Akhil S Kumar
Manager - Indirect Tax

Nithin Mathew
Assistant Manager - Direct Tax

Anju Krishna
Executive - Accounts & Tax

Vaishnavi M. V.
Junior Executive – Direct Tax

Hareesh Mohanan
Designer

Suravi Moktan
Executive Secretary

Contents

United Arab Emirates

Corporate Tax Loss Bulletin

On June 25, 2026, the UAE Federal Tax Authority (FTA) published a Corporate Tax Loss bulletin. The document briefs up on the basics of corporate tax losses such as reliefs, carry forward, limitations, circumstances for forfeit, and transfer of losses.

Family Foundation Guide Updated

On June 10, 2026, the UAE FTA issued an updated version of its Corporate Tax Guide on the Taxation of Family Foundations (CTGFF1), introducing several important clarifications rather than fundamental changes to the existing regime. The updates primarily address the tax treatment of trusts, multi-tier ownership structures, transfers involving family foundations, and family offices.

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

e-Invoicing Guide Updated

On June 1, 2026, the UAE Ministry of Finance (MoF) released an updated E-Invoicing Guidelines Version V 1.1. This revision incorporates Appendix 5 – Advance Payments and Retention Clarification, providing expanded guidance on the electronic invoicing treatment of both advance payments and retention sums.

Education Sector - Value Added Tax Guide - VATGED1

On June 29, 2026, the UAE FTA published the first edition of its VAT Guide on the Education Sector (VATGED1). The guide sets out the VAT treatment of various supplies of educational services, as well as other related goods and services.

Expenses Eligible for VAT Refunds for UAE Nationals Building New Residences Expanded

On June 9, 2026, the UAE FTA announced the expanded VAT refund scopes for UAE nationals building new residences to include costs for smart home systems, swimming pools, landscaping, and staff quarters. This applies to all VAT refund claims submitted on or after January 1, 2026. The revised guide aligns with the provisions of FTA Decision No. 5 of 2026 and provides greater clarity on the categories of expenses that are eligible and ineligible for VAT refunds under the VAT Refund Scheme for UAE Nationals Building New Residences.

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

UAE – Monaco Tax Treaty in Force

On June 12, 2026, the Monaco Government published Sovereign Ordinance No. 11.964, bringing into force the UAE - Monaco treaty designed to eliminate double taxation on income and prevent fiscal evasion.

Kingdom of Saudi Arabia

Unified VAT Agreement for the GCC Approved

On May 19, 2026, Saudi approved amendments to the Unified VAT Agreement for the Gulf Cooperation Council (GCC) member states. The amendments are brought to -

- Supplies without initial transport
- Intra-GCC supplies to non-registered persons
- Minimum standard VAT rate
- Payment of tax on imports
- Access to intra-GCC supply information

Kingdom of Bahrain

DMTT Transfer Pricing Guide Updated

On June 2026, the National Bureau for Revenue (NBR) of Bahrain issued the first version of its Domestic Minimum Top-up Tax (DMTT) Transfer Pricing Guide, providing important administrative guidance on the application of transfer pricing rules under Bahrain's Pillar Two framework. The guide complements the Bahrain DMTT Law and its Executive Regulations and is largely aligned with the OECD Transfer Pricing Guidelines (2022). The guidance primarily focuses on the application of the Arm's Length Principle (ALP) and the corresponding transfer pricing documentation requirements applicable to in-scope multinational groups.

DMTT Computation Guide

On June 2026, the NBR of Bahrain issued the Domestic Minimum Top-up Tax (DMTT) Computation Guide, providing detailed administrative guidance on the calculation of additional minimum tax under Bahrain's Pillar Two framework. The guide explains the methodology for determining Bahrain GloBE income, adjusted covered taxes, and the effective tax rate, along with the application of the 15% minimum tax rate, substance-based income exclusion, and safe harbour provisions. It further clarifies the step-by-step computation of DMTT payable for in-scope multinational enterprise groups, in line with the OECD GloBE rules and Bahrain's DMTT legislation.

Others

India

Income Tax Exempted on Government Securities by Foreign Institutional Investors

On June 5, 2026, the Income-Tax (Amendment) Commencement Ordinance 2026 was published in the Official Gazette of India, exempting interest income and capital gains earned from government securities by foreign institutional investors, and Bank for International Settlements.

SAED Increases for Export of Diesel and Aviation Fuel

On June 15, 2026, the Ministry of Finance of India issued Notification No. 30/2026 and 31/2026, increasing the Special Additional Excise Duty (SAED) on the export of diesel and Aviation Turbine Fuel (ATF). The following is the increase -

- Diesel – from INR 13.5/litre to INR 14/litre
- ATF – from INR 9.5/litre to INR 12.5/litre

Singapore

Guidance Updated for Transfer Pricing

On June 4, 2026, the Inland Revenue Authority of Singapore (IRAS) updated its e-Tax Guide -Ninth Edition on Transfer Pricing, providing additional administrative clarification through the inclusion of a new FAQ on share-based compensation. The update further enhances guidance on the application of transfer pricing principles under Singapore's arm's length framework, particularly in relation to the treatment and allocation of costs associated with share-based payment arrangements between related parties.

Advance Ruling on Exclusion of Gains

On June 2, 2026, the IRAS issued Advance Ruling Summary No. 8/2026, clarifying the economic substance requirements for a non-pure equity-holding entity (non-PEHE) to qualify as an excluded entity under Section 10L of the Income Tax Act 1947. The ruling confirms that a non-PEHE which maintains adequate human resources and conducts key decision-making in Singapore will satisfy the economic substance test and qualify as an excluded entity. Consequently, foreign-sourced disposal gains arising from the sale of foreign assets and remitted to Singapore will not be subject to tax under Section 10(1)(g) of the ITA. Notably, the ruling also clarifies that qualification as an Excluded Incentive Entity requires the disposal to be part of or incidental to the entity's qualifying activities under the relevant tax incentive, failing which this exemption route will not be available.

Hong Kong

Global Minimum Tax Guidance Updated

On June 8, 2026, the Hong Kong Inland Revenue Department (IRD) updated its guidance on the Global Minimum Tax and Hong Kong Minimum Top-up Tax for multinational enterprise groups, providing additional administrative instructions on compliance under the Pillar Two framework. The update includes further guidance on the GloBE Information Return (GIR), including the XML Schema and User Guides, to assist in the preparation, formatting, and submission of GIR filings to the IRD in accordance with the OECD GloBE reporting requirements.

BTP Guidance Updated

On June 8, 2026, the IRD of Hong Kong updated its guidance on Business Tax Portal (BTP). BTP is a multi-user online platform that enables businesses to manage tax and related business matters efficiently. Once registered, users can file tax returns, view submissions and assessments, request amendments, and communicate with the IRD. It also supports e-filing of employer returns and services such as stamp duty, certificates of residence, and business registration.

The updates relate to –
- Accessible services
- Account registration and management
- Manage BTP administrator / authorized user
- Manage service agent

Inland Revenue (Amendment) Bill 2026 on Maritime Activities

On June 10, 2026, the Hong Kong IRD issued a press release on the Inland Revenue (Amendment) (Tax Concessions for Shipping-related Activities and Physical Commodity Trading) Bill 2026. It introduces new tax incentives and aligns existing ones with international tax reforms. The proposed enhancements include –
- An optional 15% concessionary tax rate for shipping-related companies
- A new half-rate profits tax concession for physical commodity trading

United States

Proposed regulations on Excise Tax for Compensation payment in ATEOs under OBBBA

On June 5, 2026, the US Department of the Treasury and the Internal Revenue Service (IRS) issued Notice 2026-36, announcing their intent to issue proposed regulations on the excise tax applicable to excessive compensation and parachute payments paid by Applicable Tax-Exempt Organization (ATEO) under the One, Big, Beautiful Bill. The guidance expands the scope of covered employees to include any employee earning over USD 1 million or receiving excess parachute payments, broadening the applicability beyond the five highest-paid employees. The notice also outlines transitional rules and certain exceptions, with proposed regulations expected to provide further clarity on implementation.

United Kingdom

Public Consultation on Taxation of Reverse Hybrid UK Resident Entities and Transfer Pricing

- On June 10, 2026, the UK HM Revenue & Customs (HMRC) opened a public consultation on the current tax standing for UK resident individuals who are members of reverse hybrid entities. The consultation aims to gather insights to solve the issue of mismatches in how entities are classified between the UK and other jurisdictions, resulting in excessively high effective tax rates for these individuals.

- On June 16, 2026, the UK HM Revenue & Customs opened a public consultation on the International Controlled Transactions Schedule (ICTS) reporting requirement for in-scope multinationals to report certain information about cross-border related party transactions.

Both these consultations are open till July 31, 2026.

Temporary Reduction in VAT for Summer Activities

On May 21, 2026, the UK HMRC announced that the UK government will introduce a temporary reduction in VAT from 20% to 5% on children's menu meals in restaurants and selected family leisure activities during the summer period. The reduced VAT rate will apply from June 25, 2026 to September 1, 2026, as part of a seasonal measure to support family spending on dining and leisure activities. The activities are –

- Children's meals served in restaurants for consumption on the premises
- Children's and family tickets for cinema, theatre, exhibitions, shows and concerts
- Admission tickets for both children and adults for circuses, adventure parks, museums, zoos, aquariums, soft play centres, and observation attractions.

Our Services

- **Audit & Assurance**

  Statutory Audit | External Audit |Internal Audit | Forensic Audit

- **Tax**

  Direct Tax – Corporate Tax | Transfer Pricing | International Tax

  Indirect Tax – VAT | Excise | Customs | FTA Tax Agency

- **Corporate Services**

  Incorporation Advisory | Mainland / Freezone / Offshore / DIFC / ADGM | Liquidation | TRC

- **Management Accounts**

  Accounting and MIS Reporting | Standard Operating Procedures | Payroll

- **Advisory**

  CFO Services | IFRS | Business Valuation | Due Diligence | Transaction Advisory | Mergers & Acquisitions | Trade Finance | AML | Feasibility Study

- **Digital Transformation**

  Process Automation | Intelligent Document Processing Services | Application Development

Contact us

T: +971 4 2500290
communications@claemirates.com

Group Entities

- CLA Emirates Chartered Accountants and Auditors LLC
- United Auditing LLC
- CLA ECAG Taxation Procedures LLC

Corporate Office: Dubai
Office: 502 | 503 | 504 | 804, Wasl Business Central, Port Saeed,
Dubai, UAE P.O. Box No. 122957,
Tel.: +971-4-2500290 | +971-4-2989993
www.CLAemirates.com

Emirates
Audit | Tax | Advisory