

## Dear colleagues,

We are pleased to present the next issue of our digest of tax and regulatory changes in the UAE and the Gulf countries for the period January–February 2026.

In this issue, we have collected key legislative and practical updates that may affect business and tax planning in the GCC region.

In the UAE section, we review the latest FTA initiatives, including the updated Service Guide, updates relating to excise tax and natural losses of excise goods, new rules on exchange of tax information, as well as the introduction of digital tools — advance Corporate Tax payments and an online eligibility check for the application of a penalty waiver. The issue also includes a Corporate Tax exemption for certain sports organizations, the updated excise guide (including the new taxation model for sweetened beverages), recognition of VARA as a competent authority for qualifying financial services, and guidance on working with EmaraTax through Tasheel agents.

In the Gulf countries – Saudi Arabia adopted new rules for special economic zones (SEZ), Qatar introduced detailed Pillar Two rules for the implementation of IIR and DMTT, and Bahrain issued updates to the general VAT guide.

In this issue you will find updates on the following topics:

### UAE

- FTA published an updated Service Guide
- FTA Decision No. 1 on shortages of excise goods, amending Decision No. 6 of 2025
- UAE Cabinet Decision No. (209) of 2025 on exchange of information upon request for tax purposes has been published
- FTA introduces advance Corporate Tax payments and an online check of the possibility to apply a penalty waiver
- Corporate Tax exemption for certain sports organizations (UAE Cabinet Decision No. 1 of 2026)
- FTA published ETGTP2 – Taxable Persons Guide (Excise Goods)
- UAE Ministry of Finance recognized VARA as a competent authority for qualifying activities
- FTA published guidance on Corporate Tax registration through Tasheel agents

### Saudi Arabia

- Saudi Arabia approved new rules for special economic zones (SEZ)

## Qatar

- Detailed Pillar 2 rules have been published (Cabinet Decision No. 2 of 2026)

## Bahrain

- The general VAT guide has been updated in relation to manpower services

## UAE



### FTA published an updated Service Guide

The FTA published an updated Service Guide which consolidates, in one document, the main services for taxpayers in Emaratax. This document is a single reference guide that includes:

- all services provided by the FTA;
- key details and descriptions for each service;
- clear instructions helping to identify the required service and correctly apply for its provision.

The updated guide should contribute to increased transparency and predictability of interaction with the FTA's digital services and help taxpayers obtain the required services faster and reduce the number of repeat requests.

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### FTA Decision No. 1 on shortages of excise goods, amending Decision No. 6 of 2025

On 27 January 2026, the FTA issued Decision No. 1 of 2026, which introduced amendments to Decision No. 6 of 2025, where a formal legal framework was established for the first time for recognizing natural losses of excise goods (such as tobacco products, beverages, etc.) arising in Designated Zones in the course of production, transportation, or storage.

As part of the amendments, the definition of excise goods was expanded, the period for using natural loss declarations was extended, the rules on the validity period and extension of reports were amended, and the application of the transitional provisions was extended.

Our team has prepared an [alert](#) with an overview of the key changes for your convenience.

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## **UAE Cabinet Decision No. (209) of 2025 on exchange of information upon request for tax purposes has been published**

On 31 December 2025, UAE Cabinet Decision No. (209) of 2025 was adopted in the UAE, introducing an enhanced system for collecting and exchanging information upon request for tax purposes.

The Decision implements the UAE's obligations under international tax agreements and standards for exchange of information (Exchange of Information, EOI) and replaces UAE Cabinet Decision No. (17) of 2012.

The Decision has a wide scope of application and regulates in detail the obligations of a broad range of persons to collect and store in the UAE information for the purposes of exchange, the powers of the UAE Ministry of Finance and free zone authorities to collect such information, as well as penalty sanctions for breaches of these obligations.

Our team has prepared a detailed [analysis](#) of this Decision for your convenience.

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## **FTA introduces advance Corporate Tax payments and an online check of the possibility to apply a penalty waiver**

The FTA announced two practical measures within Corporate Tax aimed at simplifying compliance and increasing transparency for taxpayers:

### **01. Advance Corporate Tax payment option**

Taxpayers can now make advance Corporate Tax payments through the FTA portal with subsequent offset against future tax liabilities or returns.

This option is available via: EmaraTax → My Payments → Advance Payment.

### **02. Online eligibility check for late registration penalty waiver**

The FTA has also launched an online tool allowing taxpayers to check eligibility for waiver of the penalty for late registration for Corporate Tax directly on the portal.

These initiatives confirm the FTA's course towards digitalization of tax administration and the further development of a practice-oriented system.

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## **Corporate Tax exemption for certain sports organizations (UAE Cabinet Decision No. 1 of 2026)**

On 9 February 2026, the UAE Ministry of Finance announced the issuance of UAE Cabinet Decision No. (1) of 2026, introducing a Corporate Tax exemption for certain sports organizations — they are recognized as exempt from Corporate Tax.



The exemption applies to strictly defined categories of sports structures, subject to compliance with established conditions, including:

1. international sports organizations;
2. sports organizations fully controlled by such international structures;
3. ancillary organizations carrying out exclusively supporting (ancillary) activities.

The Decision regulates the objectives of such organizations' activities and sets requirements for the use of their income and the incurrence of their expenses.

Our team has prepared a detailed [overview](#) of the changes for your convenience.

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## **FTA published ETGTP2 – Taxable Persons Guide (Excise Goods)**

The FTA published the second part of the updated excise tax guide. The guide applies taking into account Public Clarifications EXTP012 and EXTP013, dedicated to the transition to the Tiered-Volumetric Model for sweetened beverages, and supplements ETGTP1. Together, ETGTP1 and ETGTP2 replace the previous guide EG001.

### **Key updates and clarifications:**

1. It is explicitly clarified that any product marketed as an energy drink is subject to excise tax regardless of its actual composition. Guidance and examples are provided on the factors the FTA considers when assessing marketing, packaging, and product positioning.
2. The procedure for calculating the average retail selling price (ARSP) is detailed with step-by-step examples. The rules for determining the designated retail sales price for concentrates, powders, gels, and extracts are clarified. The procedure for making changes to the standard price list through the Product Registration Portal (BrandSync) is described.
3. The mechanism for calculating excise tax based on total sugar and sweetener content is systematized. A categorization logic for beverages is introduced with calculation examples. It is emphasized that beverages with a 0% rate (low sugar / artificially sweetened) remain excise goods with the full set of registration and reporting obligations.
4. The obligation to obtain an MOIAT Certificate based on a report from an accredited laboratory is confirmed. In the absence of the certificate, the beverage is classified as High Sugar by default. Explanations are provided on the transitional period (until 30 June 2026), during which subsequent reclassification is possible and a deduction/refund of overpaid excise tax may be available upon obtaining the MOIAT Certificate.

Companies involved in importing, manufacturing, storing, or releasing excise goods are advised in advance to:



- review product classification,
- review marketing materials,
- assess readiness to comply with the new rules, which already apply from 2026.

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## **UAE Ministry of Finance recognized VARA as a competent authority for qualifying activities**

The UAE Ministry of Finance announced the issuance of Ministerial Decision No. 336 of 2025, which introduces an important clarification in Corporate Tax regulation.

By this decision, the Virtual Assets Regulatory Authority (VARA), established in the Emirate of Dubai pursuant to Law No. 4 of 2022, has been included in the list of competent authorities set out in Ministerial Decision No. 229 of 2025, which regulates qualifying and excluded activities for Corporate Tax purposes.

The inclusion of VARA means that it is recognized as a competent authority in relation to the following qualifying activities:

- fund management services,
- wealth and investment management services.

Accordingly, income from providing the above services, where the taxpayer holds a VARA licence, may be subject to the 0% Corporate Tax rate under the Qualifying Free Zone Person regime.

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## **FTA published guidance on Corporate Tax registration through Tasheel agents**

On 17 February 2026, the FTA issued official guidance dedicated to the procedure for interaction between Tasheel agents and taxpayers when working with the EmaraTax portal.

The document describes the role of Tasheel agents in providing technical and procedural support to taxpayers, in particular:

- assistance in creating an EmaraTax account if the taxpayer is not yet registered in the system;
- assistance in linking the EmaraTax account to UAE PASS if the taxpayer is already registered;
- support in navigating the portal functionality and completing basic actions.

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## Saudi Arabia approved new rules for special economic zones (SEZ)

On 16 January 2026, regulatory rules (Bylaws) for several special economic zones (SEZ) were officially published in the Kingdom of Saudi Arabia. For the first time, they create a complete legal, regulatory, and tax framework for doing business in these zones.

### These rules cover the following SEZs:

- Jazan SEZ
- Ras Al Khair SEZ
- SEZ in King Abdullah Economic City (KAEC)
- SEZ for Cloud Computing and Information Technology (Cloud Computing and IT)

### Key organizational requirements

- Companies in SEZs may be registered only as limited liability companies (LLC).
- They are considered Saudi companies by nationality.
- The company's main office must be located strictly within the relevant SEZ.
- A separate register of companies operating in SEZs is maintained.
- Registration of branches is permitted.
- Saudization requirements (employment of Saudi nationals) are предусмотрены, as well as minimum salary requirements.

### Tax regime for Jazan, KAEC and Ras Al Khair

For these three SEZs, an identical broad package of tax and customs incentives is established:

- Corporate Income Tax (20%) is levied under the general rules.
- Zakat (2.5%) is not imposed.
- Withholding tax is fully abolished.

### As regards VAT and customs duties:

- Supplies of goods from mainland KSA to an SEZ and between companies within an SEZ are subject to VAT at 0%.
- Imports of goods into an SEZ from outside KSA are not subject to VAT. Conditions: the goods must be placed under a customs suspension regime, and they must be used within the licensed activity.
- Services are subject to VAT under the normal rules without special relief.
- Upon import of goods into an SEZ, customs duties are suspended. The suspension regime ends upon removal of the goods from the SEZ or breach of the conditions.

### Tax regime for the Cloud Computing and IT SEZ

In SEZs intended for cloud computing and IT, the incentives are more limited:

- Standard corporate tax applies.
- Zakat is not levied.
- No incentives are provided for withholding tax, VAT, or customs duties.

## Next steps

Publication of ZATCA guidance (the Saudi tax authority) is expected, which should define in detail the procedure for applying the tax incentives.

The rules were published in the Umm Al-Qura Gazette (currently only in Arabic):

- [Jazan SEZ](#)
- [KAEC SEZ](#)
- [Ras Al Khair SEZ](#)
- [SEZ for Cloud Computing & IT](#)



## Qatar

### **Detailed Pillar 2 rules have been published (Cabinet Decision No. 2 of 2026)**

On 12 February 2026, Cabinet Decision No. 2 of 2026 was published in Qatar, establishing detailed rules for the application of the global minimum tax (Pillar 2).

The Decision represents an almost direct implementation of the OECD Model Rules (GloBE Rules) and the relevant Commentaries.

Qatar introduces the following set of Pillar 2 mechanisms – the Income Inclusion Rule (IIR) and the Domestic Minimum Top-Up Tax (QDMTT). At the same time, Qatar has already self-certified the introduced rules with the OECD Inclusive Framework — the OECD has recognized Qatar’s IIR and DMTT as consistent with the Model Rules (i.e., “qualified” for Pillar 2 purposes).

#### **The adopted Decision:**

- almost fully replicates the GloBE structure under the OECD Model Rules;
- expressly provides that its provisions must be interpreted in accordance with the Commentaries to the OECD Model Rules, as well as the Agreed Administrative Guidance.

Among the key features, the following can be highlighted:

- Extension of these rules to residents of the Qatar Financial Centre, free zones, and the Qatar Science and Technology Park;
- The possible application of the “initial phase of international activity” exclusion (this requires a separate decision by the Minister).

In the near term, publication of additional rules in respect of compliance requirements, as well as guidance on the application of these rules, is expected.

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## **The general VAT guide has been updated in relation to manpower services**

On 28 January 2026, the NBR issued an updated general VAT guide, adding a separate section on the VAT treatment of manpower services transactions.

If a company engages staff through a third-party provider or agency, such service is treated as a VATable supply of services under the general rules. This applies both to classic service contracts and to situations where employees formally remain on the agency's payroll but work under the supervision and direction of the recipient company.

VAT is due on the full amount of consideration received by the agency or provider, including:

- salaries and other payments to employees,
- compensations and benefits,
- the agency's commission or service fee.

Accordingly, even if the employees' salaries are reimbursed by the recipient company, they are still included in the VAT base as part of the consideration for the manpower service.

The application of VAT to such transactions does not affect the taxation of the employees: salaries and employee payments remain outside the scope of VAT at the individual level. VAT is charged solely on the service provided by the agency to the business.

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## 01.

[OECD releases Pillar Two “Side-by-Side Package: key updates on safe harbours and simplifications”](#)

## 02.

[UTPR roll-out and the “initial phase of international activity” exclusion](#)

## 03.

[The procedural cost of “strategic silence”: Why an in-complete submission can invite escalation](#)

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[When the form becomes the substance: EmaraTax's built-in methodology and the taxpayer's ability to file a return](#)



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Best regards,

**PGP Tax&Legal**



**Andrey Nikonov**

Partner

[a.nikonov@pgp-legal.ae](mailto:a.nikonov@pgp-legal.ae)



**Maria Nikonova**

PhD, Partner

[m.nikonova@pgp-legal.ae](mailto:m.nikonova@pgp-legal.ae)



**Tatiana Antonova**

Senior Associate

[t.antonova@pgp-legal.ae](mailto:t.antonova@pgp-legal.ae)



**Evgenia Eremina**

Senior Associate

[e.eremina@pgp-legal.ae](mailto:e.eremina@pgp-legal.ae)



**Shraya Thiyagarajan**

Associate

[shrayas.thiyagarajan@pgp-legal.ae](mailto:shrayas.thiyagarajan@pgp-legal.ae)



**Elizaveta Yasko**

Associate

[elizaveta.yasko@pgp-legal.ae](mailto:elizaveta.yasko@pgp-legal.ae)



PGP Tax Consultancy LLC, The Offices 2, Level 3,  
One Central, Dubai World Trade Center, Dubai, UAE

PGP Legal Consultants FZ-LLC, B4-602B3,  
Business Center 04, RAKEZ Business Zone-FZ, RAK, UAE



+971 50 258 9570  
+971 54 417 3060



[www.pgp-legal.ae](http://www.pgp-legal.ae)