

Dear Colleagues,

We are pleased to present the latest edition of our GCC Tax and Legal News Digest, bringing you the most important developments from across the region in February and March. Despite the exceptional regional stress caused by the ongoing conflict, life and business continue to move forward, and the Gulf's authorities remain active in advancing their tax and legal frameworks.

In the UAE, Dubai Customs has introduced urgent facilitation measures to ensure uninterrupted supply chains, allowing cargo to enter the country via the UAE's eastern ports of Khorfakkan and Fujairah as well as through a temporary green corridor via Oman. Meanwhile, the Ministry of Finance has issued long-awaited guidelines on mandatory e-invoicing, and the FTA has published an updated list of Qualifying Public Benefit Entities for Corporate Tax exemption purposes.

In Qatar, the GTA has released its first Pillar Two guides, providing much-needed clarity on the implementation of the Pillar Two. Saudi Arabia has seen two notable developments: the government has introduced an exemption mechanism allowing state entities to contract with international firms lacking a regional HQ, and ZATCA has published draft economic substance regulations for entities operating in Special Economic Zones, with a public consultation now concluded. In Bahrain, the NBR has updated its VAT Guide on Imports and Exports, and the Parliament has approved an amendment to the Commercial Companies Law introducing a BD 30,000 irrevocable bank guarantee requirement for companies with non-Bahraini partners.

In this edition you will find updates on the following:

UAE

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- FTA Publishes an Updated List of Qualifying Public Benefit Entities for the Purposes of the CIT Exemption
- Dubai Customs Issues Temporary Facilitation for Cargo via Khorfakkan and Fujairah Ports
- Dubai Customs Introduces Temporary Green Corridor via Oman for Diverted Shipments

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Saudi Arabia

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Bahrain

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Articles

We hope you find this digest informative and remain available to discuss how these developments may impact your business.



Ministry of Finance Issues Guidelines on Mandatory E-Invoicing

On September 29, 2025, the UAE Ministry of Finance published Decisions No. [243](#) and No. [244](#), establishing the legal framework for the mandatory implementation of the Electronic Invoicing System for all commercial transactions in the UAE.

All persons conducting Business in the UAE (irrespective of whether VAT-registered or not), unless specifically excluded, are required to issue electronic tax invoices and credit notes for each taxable transaction.

Mandatory Implementation Timeline is established as follows:

Category	Last Date to Appoint an Accredited Service Provider (ASP)	Last Date to Implement
Large Businesses (Revenue ≥ AED 50M)	31 July 2026	1 January 2027
Other Businesses (Revenue < AED 50M)	31 March 2027	1 July 2027
Government Entities	31 March 2027	1 October 2027

Taxpayers are required to engage such a APS or upgrade their ERP software to one that is [recognized](#) by the FTA for e-invoicing.

On February 23 the Ministry of Finance released UAE [Electronic Invoicing Guidelines](#) and it became evident that the implementation is more nuanced than a simple deadline.

The new guidelines reveal specific operational requirements that businesses often overlook. Here are the most important takeaways:

01. In-scope Transactions

- The following transactions types are in scope (as per the FTA’s guidelines):

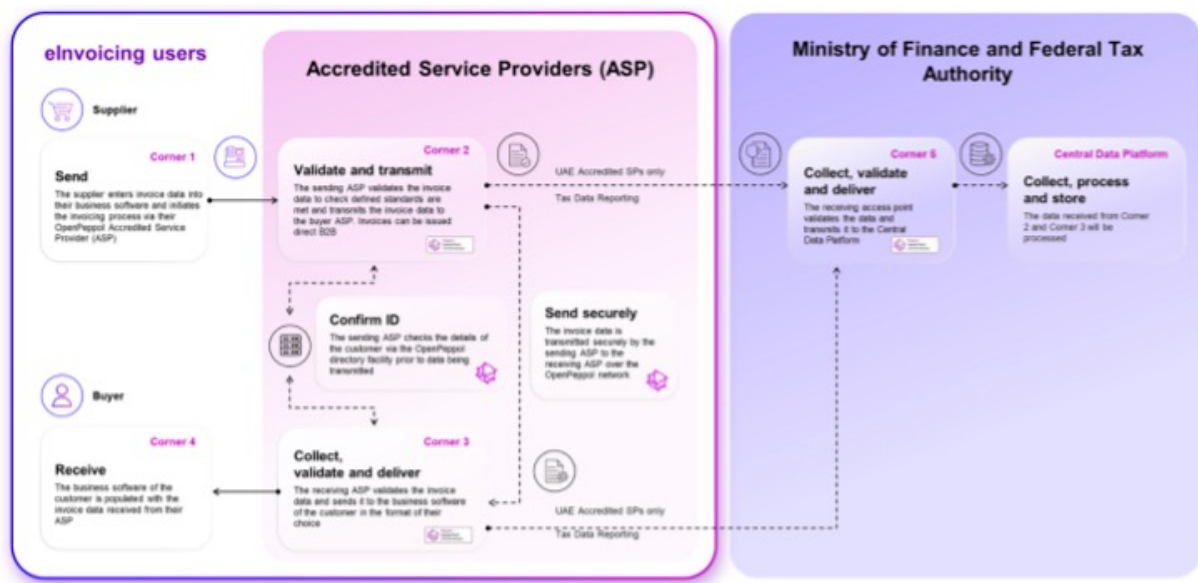
Supplier	Buyer					
	Business		Government		Consumer	
Business	B2B	✓	G2B	✓	G2B	✗
Government	B2G	✓	G2G	✓	G2B	✗
Consumer	B2C	✗	G2C	✗	G2C	✗

- Investment holding companies that generate only passive income are generally outside the scope of UAE E-Invoicing. However, if the company engages in any Business Transactions—such as recharging management fees or operational costs to third parties or related parties—it will be required to register for E-Invoicing and issue Electronic Invoices for those specific transactions, in accordance with the phased implementation timeline.
- Business Transactions carried out between members of the same VAT group are not excluded from E-Invoicing solely by reason of being intra-group.
- Where a Person without a place of residence in the UAE is obligated to issue Tax Invoices in accordance with the VAT-Decree Law, Electronic Invoices should be issued.
- The import of Concerned Services and Concerned Goods, subject to Reverse Charge Mechanism, is not subject to any Electronic Invoicing requirements. But transactions under domestic Reverse Charge requirements are in scope.

02. The "5-Corner" Model

The UAE has adopted the Peppol-based 5-Corner model.

- It is not a direct submission of the invoice to the FTA. You (Supplier, Corner 1) must work through an Accredited Service Provider (ASP). The ASP (Corner 2) handles validation, conversion to the standard XML format, and routing to the buyer's ASP (Corner 3) and the buyer itself (Corner 4), while simultaneously reporting Tax Data to the FTA (Corner 5).
- You cannot build a direct pipeline to the FTA alone. You must contract with a Peppol-certified ASP.
- The FTA depicted the contemplated flow within the 5-Corner Model:



03. The 24-Month Grace Period for Intra-Group Transactions

- Transactions between members of the same VAT group are NOT excluded from e-invoicing.
- Recognizing this complexity, authorities have provided a 24-month grace period starting 1 January 2027 for intra-group transactions. This means you have until January 2029 to implement e-invoicing for transactions between group members, giving you time to align internal systems.

04. No More QR Codes or PDFs

- The guidelines explicitly state that Electronic Invoices will not feature a QR code or barcode.
- The format is strictly XML (structured data). You cannot simply send a PDF and call it an e-invoice.

05. Specific Scenarios with Hard Rules

The guide details strict coding for specific transactions:

- Free Zones: If a Free Zone entity is involved (e.g. the supplier, buyer, or beneficiary) or the supply itself takes place within or from a Free Zone, you must include "Beneficiary" details, even if they are the same as the customer.
- Margin Scheme: Even though VAT is not displayed, the invoice must be issued with a specific "Margin Scheme" tax category.
- Supply through eCommerce: The responsibility to issue an Electronic Invoice remains with the supplier even if the e-commerce platform issues one on its behalf.

Why it Matters for You

Although the implementation date may seem distant, this is not an issue to be set aside. E-invoicing represents a fundamental shift in your financial supply chain, not a simple IT upgrade.

The Guidance contains a readiness checklist and preparation steps. Businesses should begin by determining which e-invoicing requirements affect them. Proactive preparation is essential to ensure a seamless transition.

[Read more...](#)

FTA Publishes an Updated List of Qualifying Public Benefit Entities for the Purposes of the CIT Exemption

On February 20, 2026, the FTA released an updated Cabinet Decision introducing an updated version of the List of Qualifying Public Benefit Entities, which is relevant for the Corporate Tax exemption provisions under the UAE CIT Law. The presence in this list is one of the mandatory conditions for the application of the relevant exemption.

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Dubai Customs Issues Temporary Facilitation for Cargo via Khorfakkan and Fujairah Ports

Due to the de facto blockage of the Strait of Hormuz Dubai Customs has issued Notice No. 03/2026, introducing a temporary customs facilitation measure allowing cargo destined for Jebel Ali Port and Free Zones in the Emirate of Dubai to be discharged at Khorfakkan Port and Fujairah Port, and then transported by road directly to Dubai without undergoing regular customs clearance at the port of arrival.

This measure is effective from March 8, 2026, and will remain in place during the current exceptional circumstances affecting regional port operations. Dubai Customs reserves the right to amend, suspend, or withdraw this facilitation at any time.

Containers may be discharged at Khorfakkan or Fujairah and immediately loaded onto trucks for direct overland transport to Jebel Ali Port or Dubai Free Zones, bypassing standard customs procedures at the discharge port. Upon arrival at Jebel Ali or Dubai Free Zones, containers will be held in designated areas under customs transit with guarantee until final clearance is completed. DP World is responsible for coordinating the bonded transport of containers to Dubai.

Stakeholders, including shipping lines, agents, consignees, and logistics providers, are advised to coordinate with DP World and Dubai Customs to ensure compliance with the outlined procedures.

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Dubai Customs Introduces Temporary Green Corridor via Oman for Diverted Shipments

On 14 March 2026, Dubai Customs issued Customs Notice No. 04/2026 introducing a temporary “green corridor” between Dubai and the Sultanate of Oman for certain shipments diverted to Oman and then moved to Dubai by land. The notice took effect immediately. Dubai Customs states that the initiative was implemented in coordination with Oman Customs.

The temporary green corridor covers three types of movements and applies, in principle, to all goods except those listed in the annex to the notice.

For sea containers diverted to Omani ports, the notice provides for expedited Omani customs procedures, issuance of an Omani transit declaration, sealing of containers, and transport by bonded trucks via Al Wajajah to the Hatta Dubai Customs border point. At Hatta, Dubai Customs verifies the key documents, conducts scanning, and permits onward movement to Jebel Ali Port for final customs clearance. The required documents include the house bill of lading, master bill of lading, and cargo manifest.

For air cargo diverted to Oman, the process similarly involves issuance of an Omani transit declaration, sealing of the trucked shipment, and advance transmission of manifest data to the destination authorities.

The shipment then moves via Al Wajajah and Hatta, where Dubai Customs verifies the house air waybill, master air waybill, and manifest, conducts scanning, and allows onward movement to the designated bonded warehouse at the destination Dubai airport for seal verification and release procedures.

For imports into Dubai mainland via Oman, the notice distinguishes between goods subject to special procedures and those that are not. For ordinary shipments, the customs declaration is filed at Hatta, the goods are scanned, and the shipment is cleared and released. For goods subject to special procedures, Dubai Customs may seal the shipment at Hatta and move it under bond to the Dry Port Customs Centre for completion of customs clearance and any required approvals before release.

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Qatar

Qatar Releases First Pillar Two Guides

The GTA of Qatar has released the first set of comprehensive user guides for its newly implemented Pillar Two framework, providing MNEs with critical clarity on compliance with the Global Minimum Tax.

Published on February 12, 2026, the new guidance includes an "Introduction & Scope" Guide and a detailed "Frequently Asked Questions (FAQs)" Guide, designed to help businesses navigate the complex rules effective from the start of 2025. This release follows the official implementation of Chapter Seven of the Income Tax Law (Law No. 24 of 2018) via Cabinet Resolution No. (2) of 2026, published in the Official Gazette on February 12.

According to the GTA, these documents are intended to "clarify the implementation mechanisms, in accordance with the standards set under Pillar Two".

The Guides outlines that the rules apply to all areas of Qatar, including to entities licensed or operating in special zones, which may include the Qatar Financial Centre, Qatar Free Zone, Qatar Science & Technology Park or Qatar Media City are subject to the Qatar Pillar Two Framework if they are members of an in-scope MNE. "Introduction & Scope" Guide explicitly states in Example 18 that a company licensed by the QFC and a company incorporated with the Ministry of Commerce and Industry must have their Net GloBE Income and taxes aggregated for the jurisdictional ETR calculation. This confirms that there is no separate ring-fencing for QFC entities.

Both documents state that the applicability of an exclusion from application of the Domestic Minimum Top-up Tax for Multinational Entity Groups that are in the Initial Phase of International Activity. What is peculiar that the guides do not mention that any additional decisions from the authorities is required for this exclusion, while the Cabinet Resolution No. (2) of 2026 stated that the relevant is to be expected.

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Qatar Introduces Capital Gains Tax Relief for Qualifying Group Restructurings

Ministerial Decision No. (3) of 2026 was approved by Qatar's Council of Ministers in January 2026 and published in the Official Gazette on 1 March 2026. The Decision came into force on 2 March 2026.

The Decision introduces a new capital gains tax relief for certain transfers of assets or shares carried out between related parties in the course of group restructuring transactions involving Qatari resident companies. It also provides an exemption for capital gains realised by resident individuals where such gains arise in the context of restructuring involving parent and subsidiary companies and/or entities within the same group.

The Decision identifies a number of restructuring transactions that may qualify for the capital gains relief, subject to the applicable conditions being satisfied. The relief may apply to the following transactions:

- asset swaps undertaken as part of an internal group restructuring in Qatar;
- revaluation of assets for the purpose of making in-kind contributions to the capital of a Qatari resident company;
- transfers of assets implemented in the course of mergers and demergers in Qatar;
- transfers of assets carried out as part of a restructuring aimed at contributing to the capital of a Qatari resident holding company; and
- transfers of assets undertaken in connection with a restructuring intended to facilitate a listing on the Qatar Stock Exchange.

The Decision also addresses multinational enterprise groups within the scope of the Income Inclusion Rule under the global minimum tax framework, as well as entities subject to Domestic Minimum Top-up Tax.

The Decision imposes a number of cumulative requirements that must be met in order to benefit from the relief. In particular:

- both the transferor and the transferee must be resident in Qatar and subject to the Income Tax Law;
- the parties must have been related, or members of the same group as defined under International Accounting Standards, for at least 12 months before the transfer;
- that relationship must continue for at least 2 years after the transfer;
- the transferor must hold at least 75% of the equity of the transferee, or vice versa, or both entities must be at least 75% owned by another person who belongs to the same group;
- in the case of asset transfers for restructuring purposes, and revaluations connected with in-kind capital contributions, the transferee must retain the transferred assets for at least 2 years;

- where the restructuring involves a contribution to the capital of a holding company, that contribution must be completed within the same year;
- the transfer must be supported by a valid economic reason.

Taxpayers seeking to benefit from the relief must submit an application to the GTA. If the GTA does not respond within 30 days, the application is deemed to have been accepted.

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Qatar Introduces New Long-Term Residency Visas for Senior Executives and high-growth Entrepreneurs

Qatar introduced two new categories of residency visas aimed at high-growth entrepreneurs and senior executives. The initiative supports Qatar's ongoing efforts to establish itself as a leading global destination for talent, innovation, and investment.

The Executive Residency Visa is designed for accomplished professionals seeking to contribute to the growth and development of Qatar's private sector. It provides an employer-sponsored pathway to long-term residency, promoting business continuity and strengthening the leadership talent pool in sectors identified as national priorities.

The Entrepreneur Residency Visa offers a dedicated route for founders, partners, and innovators looking to launch investment projects or grow their businesses within Qatar's dynamic and rapidly expanding economic landscape. Beneficiaries gain access to long-term residency with renewal possibilities, support from the national network of business incubators and accelerators, and added advantages that lower the cost of living through a broad network of partners.

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Saudi Arabia

Government Allowed Exemptions for Contracting with Firms Lacking Regional HQ

Saudi Arabia has launched a formal waiver system allowing state entities to engage international firms that do not have a regional headquarters in the Kingdom. Under the previous regulations, all government bodies, funds, institutions, and related agencies were barred from entering contracts with international companies whose regional bases were situated outside Saudi Arabia.

The authority stated that government organizations can now apply for exemptions covering individual projects, groups of projects, or fixed durations, provided the application is made prior to issuing a tender or initiating direct contracting. An electronic service for exemption requests was launched on the "Etimad" digital procurement portal in November 2025, offering an official channel for regulated submissions. Requests involving older tenders or those issued outside the platform will still follow the previous procedures.

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ZATCA Publishes Draft Economic Substance Regulations for Special Economic Zone Entities

On February 16, 2026, ZATCA launched a public consultation on draft regulations introducing economic substance requirements for entities in Special Economic Zones (SEZs). The consultation, which closed on March 3, 2026, follows the recent issuance of SEZ Regulatory Bylaws and aims to establish clear criteria for demonstrating substantial economic presence. Proposed requirements include maintaining adequate premises, a sufficient number of full-time employees, and appropriate operational expenditure within the zone, as well as ensuring that activities are directed and managed locally. Stricter rules are proposed for intellectual property activities, requiring majority resident directors, detailed business plans, and evidence of strategic decision-making within the Kingdom.

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Bahrain

NBR Updates the VAT Guide on Imports and Exports

On 11 March 2026 NBR issued an update to the VAT Guide on Imports and Exports and introduced a new section dedicated to VAT paid in a form of a deposit. NBR clarified that when VAT is paid as a deposit (e.g., for temporary imports or incomplete documentation), it is not immediately recoverable because it hasn't been finally settled. The deposit only becomes recoverable as input VAT if and when Customs Affairs confiscates it. To claim it back, the VAT-registered person must obtain official customs documentation confirming the deposit has been transferred to a "VAT confiscation" status. Once that status is confirmed, the VAT can be recovered through a VAT return—either in the relevant filing period or within five years from the end of the calendar year in which it became recoverable, provided all other input VAT recovery conditions are met.

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Bahrain Introduces an Irrevocable Bank Guarantee for Companies with Non-Bahraini Partners

Bahrain's Parliament has approved a significant amendment to Article 264 of the Commercial Companies Law, introducing new measures designed to enhance market transparency and promote genuine long-term investment in the Kingdom.

Under the revised legislation, companies with one or more non-Bahraini partners must now provide an irrevocable bank guarantee valued at BD 30,000. The guarantee must be issued by a locally licensed bank in Bahrain and submitted to the ministry responsible for trade affairs.

Companies operating with foreign ownership should begin preparing to meet the new requirements.

[Read more...](#)

01.

[VARA as a “Competent Authority” for UAE Free Zone Corporate Tax: the opening for Dubai virtual-asset wealth managers and the unresolved family-office](#)

02.

[Qualifying Group Relief on transfers to a newly incorporated subsidiary: when is the \$\geq 75\%\$ ownership condition met?](#)

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[Substance under during the emergency measures: force-majeure remote working and travel disruption](#)

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[Case Study: Change of Individual Tax Residence](#)

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[Pillar Two Case Study: allocation of CFC taxes, the Qatar IIR and DMTT vs UAE QDMTT interface](#)

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[Interest-free loan to a minority shareholder in the UAE: really no adjustment?](#)

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[Cross-border remote work: foreign permanent establishment risk where an employee temporarily works abroad](#)



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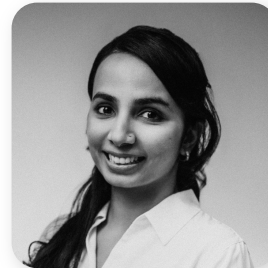
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