Emirates

Tax Updates

October 2026



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Dear Valued Readers,

"Change becomes opportunity when we understand it early, prepare for it well and respond to it with confidence."

As businesses continue to navigate an increasingly dynamic environment, staying ahead of tax and regulatory developments has never been more important.
Every month brings new regulations, new interpretations and new priorities. While individual updates may appear technical, their impact often reaches much further, influencing business processes, technology, governance, investment decisions and future planning.

This is why we believe tax should never be approached as a year-end exercise or simply another compliance requirement. It should form part of the broader conversations businesses are having about risk, growth and transformation.
October has once again highlighted the pace at which the tax environment is developing, both within the UAE and internationally. For businesses, the challenge is not simply to keep track of these developments, but to understand which changes matter, what action may be required and how to prepare early.

That is exactly what we aim to support through our Tax Updates.

At CLA Emirates, we remain focused on turning technical developments into practical insights that help business leaders make informed decisions. Whether the challenge is compliance, digital transformation, governance or preparing for what comes next, our objective remains the same: to be a trusted partner throughout the journey.
As we approach the close of another year, I encourage businesses to use this period not only to review their compliance position, but also to consider whether their systems and strategies are ready for the changes ahead.

Thank you for your continued trust and partnership.

We remain Right There With You.

CA Manu Palerichal
Founder Partner & CEO



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United Arab Emirates

Ministerial Decision No. 168 of 2026 on Accreditation of eInvoicing Service Providers

On October 9, 2026, the UAE Ministry of Finance (MOF) issued Ministerial Decision No. 168 of 2026, introducing an updated accreditation framework for Electronic Invoicing Service Providers and repealing the previous Decision No. 64 of 2025 and its amendments. The new framework replaces the pre-approval model with direct accreditation, requiring providers to meet defined technical, operational and compliance requirements before approval. It retains flexibility for third-party Peppol products and outsourcing, while establishing procedures for accreditation renewal, ongoing evaluation, termination and objections. This decision came into effect on October 1, 2026.

Ministerial Decision No. 197 of 2026 amending certain provisions of E-Invoicing System

On October 19, 2026, the UAE MOF issued Ministerial Decision No. 197 of 2026, amending the Electronic Invoicing System rules under Ministerial Decision No. 243 of 2025. The amendments provide a 24-month temporary exclusion, commencing January 1, 2027, for transactions between members of the same Tax Group. Businesses must retain electronic invoices, credit notes and related data in accordance with the Tax Procedures Law and ensure accessibility to the FTA, with the UAE-based storage requirement removed. Additionally, the provisions relating to system failures, including the two-business-day FTA notification requirement, have been repealed, reducing compliance burdens and facilitating implementation.

Cabinet Decision No. 173 of 2026 on Violations and Administrative Penalties Relating to the Electronic Invoicing System

On October 30, 2026, the UAE Cabinet issued Cabinet Decision No. 173 of 2026, replacing Cabinet Decision No. 106 of 2025 and prescribing administrative penalties for violations of the Electronic Invoicing System. The penalties include AED 5,000 for failure to implement the system or maintain compliance, with an additional AED 5,000 for each month or part thereof during which non-compliance continues, subject to an overall cap of AED 50,000 within 12 consecutive months. Failure to issue and transmit electronic invoices or credit notes attracts a penalty of AED 100 per document, capped at AED 5,000 per calendar month. Additionally, failure to notify the Accredited Service Provider of changes to registered information attracts a penalty of AED 250 per day of delay, capped at AED 5,000 per calendar month. The Decision also clarifies that only one penalty shall apply where the same person acts as both the Issuer and Recipient for the same violation. It comes into force on the day following its publication in the Official Gazette.



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Qatar

Qatar – Austria Amendment Protocol

On October 14, 2026, Austria's National Council signed the protocol amending the double taxation avoidance agreement between Austria and Qatar, to prevent double taxation and tax avoidance in relation to income and capital taxes.

Kingdom of Bahrain

Excise Guide Updated

On October 6, 2026, the Bahrain National Bureau for Revenue (NBR) updated its excise guide. The update is to the excise refund amount related to reexported case. It clarifies the conditions for recovering excise tax paid on goods subsequently re-exported outside the GCC.

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Others

OECD

OECD Model Tax Convention on Income and on Capital 2025 Published

On September 30, 2026, the OECD released the full version of the 2025 Model Tax Convention on Income and on Capital, a key reference for OECD and non-OECD countries in negotiating, applying and interpreting bilateral tax treaties. The convention helps eliminate tax barriers to cross-border trade and investment, prevent tax evasion and avoidance, and address issues of international double taxation.

OECD Issues Practical Guidance on Confidentiality, Information Security and Cybersecurity for Tax Authorities

On October 6, 2026, the OECD released practical guidance to help tax authorities strengthen confidentiality, information security management and cybersecurity. Building on the Global Forum's previously released toolkit, the guidance reflects the latest developments in information security, governance and risk management.

OECD Updates Globe Information Return (Pillar Two) XML Schema

On October 20, 2026, the OECD published the updated GloBE Information Return (GIR) XML Schema and accompanying User Guide (Version 2.0), reflecting the 2026 revisions to the GIR following the adoption of the Side-by-Side Package by the OECD/G20 Inclusive Framework on BEPS. The updated version also incorporates technical enhancements designed to facilitate future exchanges of GIR information.

> On September 30, 2026, the OECD released the full version of the 2025 Model Tax Convention on Income and on Capital.



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Hong Kong

Profit Tax Filing Deadlines Extended

On October 21, 2026, the Hong Kong Inland Revenue Department (IRD) issued a circular announcing a further extension of the filing deadlines for 2025/26 Profits Tax returns with accounting periods ending between January 1, 2026, and March 31, 2026. Under the revised deadlines, the due date for filing paper tax returns has been extended from November 16, 2026, to November 30, 2026, while the deadline for electronic filing has been extended from December 16, 2026, to December 30, 2026.

Hong Kong Introduces Tax Deduction Reforms for Intellectual Property Expenditure under the 2026 Amendment Bill

On October 16, 2026, the Hong Kong IRD introduced the Inland Revenue (Amendment) (Tax Deductions for Intellectual Property Expenditure) Bill 2026 to relax tax deductions for capital expenditure on eligible Intellectual Property (IP) rights. The proposed amendments cover IP purchases from associated entities, IP used by overseas licensees under specified conditions, and upfront IP licensing fees.

The amendments will apply to contracts entered on or after April 1, 2026, subject to safeguards such as a main purpose test and independent valuation requirements. The measures aim to encourage IP trading, technology transfer and IP financing, strengthening Hong Kong's position as a regional IP hub.

New Pillar Two Portal Functions for Top-Up Tax Return Filing

On October 26, 2026, the Hong Kong IRD launched new functions on the Pillar Two Portal, enabling eligible entities within in-scope Multinational Enterprise (MNE) groups to electronically file top-up tax returns and view or download top-up tax assessment notices for fiscal years beginning on or after January 1, 2025.



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United States

Issuance of Automatic Refunds for Prior-Year Adoption Tax Credit Carry forwards

On October 16, 2026, the US Internal Revenue Service (IRS) began issuing automatic refunds to more than 50,000 taxpayers eligible for adjustments related to adoption tax credit carry forwards from prior years. The agency expects to complete the refund process for most eligible taxpayers by the end of 2026.

Taxpayers will generally receive an IRS notice within 30 days of the adjustment, explaining the amount and confirming whether it resulted in a refund or was applied to another tax or non-tax debt. Recipients should carefully review the notice, compare the adjustment with their 2025 tax return, and retain the notice with their tax records for future reference.

Temporary Reporting and Recordkeeping Relief for Certain Fuel Uses

On October 21, 2026, the US IRS announced temporary administrative relief from reporting and recordkeeping requirements related to taxes. The relief is intended to ease temporary compliance burdens while the Department of the Treasury and the IRS assess simplified procedures for administering these requirements.

It applies regardless of whether the relevant filing or reporting deadline falls after December 31, 2026, and does not require subsequent filings, reports, or reconstruction of records after that date.



Excise Tax Relief for Dyed Diesel Fuel

On October 14, 2026, the IRS announced that it will not impose a penalty when dyed diesel fuel is sold for use or used on highways nationwide, throughout October 1, 2026, to December 31, 2026. During this relief period, routine IRS collection and enforcement activities related to the covered fuel use will be suspended, and Fuel Compliance Officers will be reassigned to other duties. Federal inspections of dyed diesel fuel used in on-highway vehicles will not be conducted during this period. Taxpayers will not be required to maintain records solely to establish eligibility for the relief.

This includes penalties for failure to make required semi-monthly tax deposits or maintain adequate records. Additionally, sellers and distributors will not be required to investigate or document the ultimate end use of dyed diesel fuel sold during the relief period.

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United Kingdom

VAT e-Invoicing Requirement

On October 28, 2026, the UK Her Majesty's Revenue & Customs (HMRC) published a policy paper on the implementation of mandatory electronic invoicing, requiring businesses to issue and receive VAT e-invoices from April 1, 2029. Peppol will serve as the core interoperability framework.

Guidelines for VAT on Cryptoasset

On October 15, 2026, the UK HRMC published Help with VAT treatment of cryptoasset — GfC21 guide, for UK and overseas businesses involved in cryptoasset transactions where UK VAT may apply. The guideline elucidates on:

- Meaning of cryptoasset as per HMRC
- Application of VAT to cryptoasset
- When to register for VAT
- Required customer information
- VAT filing due date
- Who must account for VAT
- The rules on the place of supply for cryptoasset transactions
- Recordkeeping for digital platforms and marketplaces



> On October 28, 2026, the UK Her Majesty's Revenue & Customs (HMRC) published a policy paper on the implementation of mandatory electronic invoicing.

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United Kingdom

UK Budget 2026

On October 28, 2026, the UK Parliament delivered the Budget 2026. The previously announced measures that will be included in Finance Bill 2026-27 are also introduce through Overview of tax legislation and rates (OOTLAR). A non-exhaustive list of measures are as follows:

- Bank Tax – Bank surcharge increased from 3% to 6% for 15 months ending March 31, 2028
- Business Rates - Expanded relief for small retail, hospitality and leisure businesses, with the threshold increased from £12,000 to £18,000.
- Energy Relief - £100 energy support payments for eligible households, extended VAT relief on electricity bills up to July 1, 2027and continued fuel duty freeze.
- Entrepreneur Relief - New Founders Relief offers eligible founders a 10% Capital Gains Tax rate on up to £10 million of lifetime gains.
- Trading Allowance - Increased from £1,000 to £3,000.
- Industrial Support - Eligible energy-intensive businesses may benefit from electricity bill reductions of up to 25% from April 2027.
- Import Tariffs - Tariffs removed on more than 100 products to reduce costs for businesses and consumers.
- Gambling Tax - Tax on net takings from certain gaming machines increased from 20% to 25%.
- Personal Tax - Higher tax rates on savings and property income from April 2027.
- VAT - Zero-rating for qualifying social housing land from April 2027 and review of the VAT treatment of travel services under Tour Operators' Margin Scheme (TOMS).
- Stamp Taxes and Property - Amendments to Stamp Duty Land Tax (SDLT) group relief and planned replacement of Stamp Duty with a Securities Transfer Tax.
- Excise Duties - Changes to fuel duty, alcohol duty and the Soft Drinks Industry Levy, alongside stronger enforcement of Vaping Products Duty.



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Our Services

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- External Audit- Financial Statement Audit | Group Audit & Consolidation Reporting | Special PurposeAudits | Agreed-Upon Procedures (AUP) | Limited Reviews | Financial Due Diligence
- IFRS Advisory Services - IFRS Impact Analysis | IFRS Advisory | First-time Adoption of IFRS

Accounting & Business Advisory

- Consultancy & Accounting - Monthly / Quarterly Accounting | Backlog Accounting | Payroll Processing & Compliance | Audit Support Services | ICV Certification Support | Supervision & Review of Accounting Transactions | Financial Statement Preparation | CFO Services | Accounting System Design & Implementation
- Business Advisory – Transaction Advisory Services | Business & Equity Valuation | Feasibility Studies | Business Plan

Tax

- **Direct Tax**
  - Corporate Tax - Advisory | Awareness Sessions | Assessment | Federal Tax Authority Support | Compliance-Registration, Return Filing, Deregistration
  - International Tax - OECD Pillar Two | Advisory on International Contracts | Structuring for International Expansion | Personal Tax Advisory
  - Transfer Pricing - Risk Assessment | Advisory | Strategy & Design | Documentation-Benchmarking Study, Local File, Master File, Transfer Pricing Policy
- **Indirect Tax**
  - **UAE Value Added Tax (VAT)**
    - Tax Agent Services -Registration & Amendment Services | Return Filing Services |
    - Advisory- Transaction Advisory, Strategic Advisory, VAT Health Check, Pre-Tax Audit,
    - VAT Refund for Taxable Persons, Business Visitor Refund, UAE Nationals' Villa Refund | Deregistration | Appeals & Litigation
  - **Excise Tax -** Excise Tax Advisory & Compliance
  - **Customs Duty -** Customs Duty Advisory & Compliance

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Our Services

Corporate Services

- Company Formation - DIFC | ADGM | Mainland | Free Zone | Offshore
- Business Support Services -Secretarial Services | Tax Registration Certificate | Trademark Registration | Wills | Liquidation Support Services | AML Compliance

Digital & Advisory

- **Advisory**
  - o Governance, Risk & Compliance: Internal Audit & Risk Advisory | Enterprise Risk Management | InternalControls over Financial Reporting (ICFR) | Operational Resilience & Business Continuity | Governance & Board Advisory | Compliance & Regulatory Advisory | Policy & Procedure Framework Design
  - o Forensic & Investigations: Forensic Investigation & Fraud Risk | Dispute & LitigationSupport
  - o ESG & Sustainability: ESG Reporting & Disclosure | ESG Strategy & Advisory| ESG Assurance Readiness
  - o IPO Readiness: IPOReadiness Assessment and Governance | Controls for Listing
- **Digital**
  - o AI & Digital Transformation: AI Governance & Assurance | AI Readiness & Strategy | Intelligent Automation | AgenticAI&Intelligent Applications | Data & Analytics | ERP & Cloud Transformation | e-Invoicing
  - o Cybersecurity & Technology Assurance: Cyber Strategy & Framework Implementation | Penetration Testing & Offensive Security | Incident Response & Cyber Operations | IT Audit & ITGC | Third-Party Assurance

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Disclaimer: This Tax Update has been prepared by CLA Emirates for general informational purposes only and provides a brief overview of selected tax and regulatory developments.

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