



**Premier  
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**Monthly Updates on Tax**

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# **TAX NEWS LETTER**

+971 4354 2959

[info@premier-brains.com](mailto:info@premier-brains.com)

[www.premier-brains.com](http://www.premier-brains.com)

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## United Arab Emirates (UAE)

### VALUE ADDED TAX

### INDIRECT TAX

### PROFIT MARGIN SCHEME – VAT GUIDE



The Federal Tax Authority's Guide on Profit Margin Scheme (VATGPMI – Jan 2026) explains an optional special arrangement for VAT which applies to the Taxable Person that resell certain used items. Under this scheme, VAT is charged only on the profit margin instead of the full selling price. It can apply to eligible goods like second-hand goods, antiques (over 50 years old), and collectors' items, but only when the goods were previously subject to VAT. The scheme helps avoid VAT being charged repeatedly when the Taxable Person buys goods from a non-registrant, or from a seller who already applied the scheme, or where input tax was blocked under Article 53 (for example, certain motor vehicles available for private use). It generally does not apply to imported goods because import VAT is usually recoverable, unless the import VAT was blocked under Article 53.

VAT is calculated as Selling Price minus Purchase Price, and the margin is treated as VAT-inclusive. VAT on the margin is calculated using the VAT fraction, commonly Profit Margin  $\times$  5/105 (same as Profit Margin divided by 21). If the item is sold at break-even or at a loss, no VAT is due, and the Taxable Person cannot offset a loss on one item against profit on another. The Taxable Person must keep proper records such as a stock book, purchase invoices, and where the Taxable Person buys from a non-registrant, a self-issued purchase document with key details and evidence that the goods were previously subject to VAT.

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## NUMBER OF RETAIL STORES CONNECTED TO DIGITAL TOURIST TAX REFUND SCHEME REACHES 19,000 BY THE END OF 2025



Federal Tax Authority confirmed that the UAE's digital Tourist Tax Refund Scheme has expanded strongly across United Arab Emirates. By the end of 2025, the number of retail outlets connected to the system increased 7.6% to around 19,000 (up from 17,600 by the end of 2024). In 2025, 1,326 new outlets joined the system compared to 1,208 in 2024, which is a 9.8% annual increase. The number of self-service VAT refund kiosks also rose 7.3% in 2025 to reach 103 kiosks (up from 96). In total, 23 kiosks were added in the last two years, 15 in 2024 and 8 in 2025, across major malls, hotels, and departure points. The FTA said the system is receiving strong satisfaction and positive feedback because it is easy to use and refunds are processed quickly

The FTA also highlighted growing usage of the e-commerce tourist VAT refund option, allowing eligible tourists to claim refunds on both in-store and online purchases made through registered platforms. Tax refund steps are designed to be smooth from the point of purchase until the refund is completed at the time of departure, supporting tourism and retail growth. Over the last two years, the top nationalities benefiting from the scheme were India, Russia, Iran, Egypt, and Saudi Arabia. To improve user experience, the kiosks now support seven new languages: French, Spanish, Turkish, German, Persian, Portuguese, and Hindi. Tourists can also register early and check eligibility through Planet's mobile app, even before arriving in the UAE, and the FTA has run a major awareness campaign at Zayed International Airport with reminders and QR codes to help travellers verify purchases before baggage check-in.

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**KINGDOM OF SAUDI ARABIA**

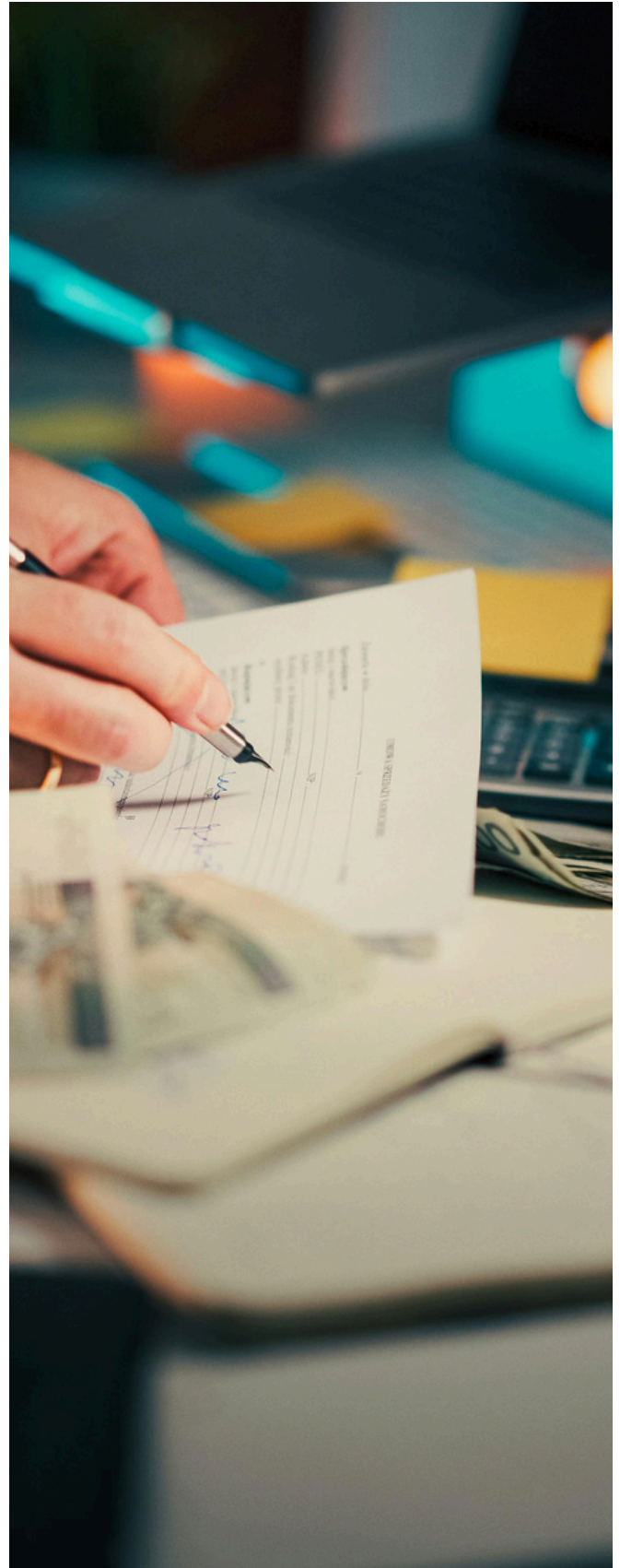
**THE AUTHORITY LAUNCHES THE FIRST INITIATIVES OF THE KNOWLEDGE CENTER IN THE GULF COORDINATION PRAISES THE INTERNATIONAL FEDERATION OF ACCOUNTANTS**

The Saudi Organization for Certified Public Accountants (SOCPA) launched the first initiative of its Knowledge Center – inaugurated in October 2025 – by holding the first Gulf Coordination Meeting for professional accounting and auditing bodies and associations, hosted by the State of Kuwait.

This took place during a Gulf consultative meeting held in Kuwait, with the participation of representatives from Gulf professional organizations. The meeting resulted in broad professional consensus on establishing a sustainable coordination framework aimed at enhancing the exchange of knowledge and expertise, unifying professional messages on common issues, and building an effective Gulf cooperation system in the fields of accounting and auditing.

The meeting was commended by the International Federation of Accountants (IFAC), which emphasized the importance of this model of structured regional dialogue in transforming professional discussions into practical and implementable plans. These plans contribute to raising the quality of practice and strengthening cooperation among professional organizations in the Middle East and North Africa region, building upon the outcomes of the IFAC Forum hosted by Riyadh and organized by SOCPA, which brought together leading professionals from around the world.

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## TAX AUTHORITY SIGNS AGREEMENT WITH NORTAL TO DEVELOP TAX MANAGEMENT SYSTEM

The Tax Authority signed a strategic agreement with Nortal to develop an advanced electronic tax management system, supporting Oman's digital transformation objectives and alignment with international standards of technical governance. The agreement was signed in Muscat by H.E. Nasser bin Khamis Al Jashmi, Chairman of the Tax Authority, and Tomy Bosco, Partner and Business Area Director at Nortal, reflecting a strong commitment to modernizing the country's tax infrastructure.

The project focuses on building a fully integrated and automated tax system that will improve efficiency in tax collection, reduce human intervention, and enhance data accuracy. The system will also utilize artificial intelligence to deliver advanced analytical capabilities, enabling better monitoring of tax evasion cases, identification of compliance gaps, and promotion of greater transparency and fairness among taxpayers.



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## SIGNING AN AGREEMENT ON THE ELIMINATION OF DOUBLE TAXATION BETWEEN OMAN AND AUSTRIA



The Sultanate of Oman and the Republic of Austria signed an agreement to eliminate double taxation on income and capital and to prevent tax evasion and avoidance. The agreement was signed by H.E. Sayyid Bader bin Hamad Al Busaidi on behalf of Oman and H.E. Mag. Beate Meini-Reisinger on behalf of Austria.

The agreement aims to regulate tax treatment between the two countries, provide greater legal certainty and protection for investors, and support the growth of bilateral investment and trade relations.

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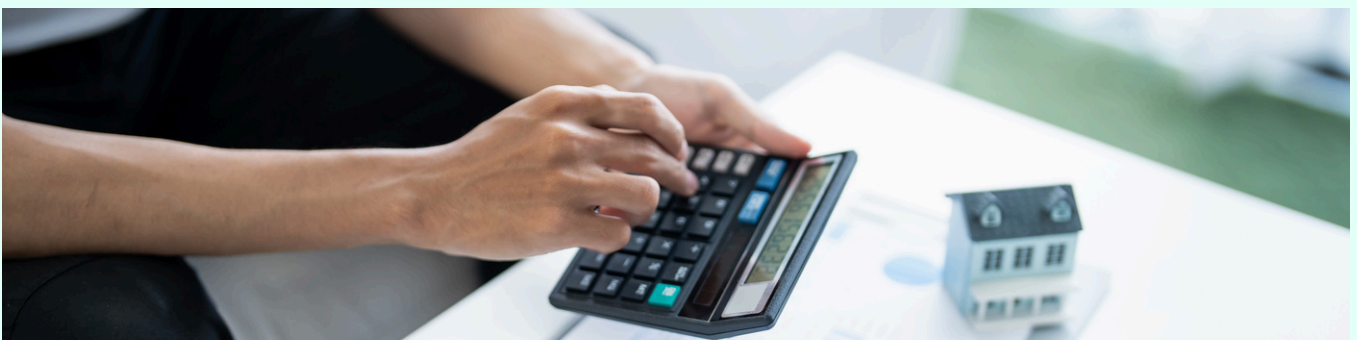
## INDIA, GULF COOPERATION COUNCIL COUNTRIES SIGN INITIAL TERMS FOR FREE TRADE DEAL



India and the Gulf Cooperation Council (GCC) signed the Terms of Reference for a Free Trade Agreement in New Delhi, setting the stage for formal negotiations to begin in Riyadh. The GCC – Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE – and India already share nearly USD 179 billion in bilateral trade and host about 10 million Indian workers. GCC Chief Negotiator Raja Al Marzouki called the move a signal of cooperation amid rising global uncertainty. Commerce Minister Piyush Goyal noted talks have spanned nearly two decades and said the FTA would deepen historic ties, boost trade, services and investment, and support India's development goals, including "Viksit Bharat 2047."

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## OMAN'S TAX REVENUES EXCEED OMR 1.3 BILLION



The Tax Authority said at its first media briefing in Muscat that it met revenue targets for 2025—about RO 1.373 billion. Chairman Nasser Al Jashmi noted taxes are vital for fiscal sustainability and welcomed Oman's upgrade to "Largely Compliant" on tax transparency. Tax returns reached 353,000 in 2025 (up 37% vs. 2024), reflecting better compliance and systems. Revenue mix: RO 658m income tax, RO 631m VAT, RO 84m excise. Registrations have risen sharply since 2021: Income +88%, VAT +120%, Excise +222%. The Authority plans a tourist VAT refund service pending agreement with providers, is rolling out e-invoicing, tax-risk systems and AI tools, and reported 39 effective double-taxation agreements.

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"Reach out and let's connect!"

Prepared by: CA Danish Shaikh – Tax Executive



Rishi Chawla FCA, MBA  
Managing Partner  
M: +971 50 394 6911  
E : rishi@premier-brains.com



Bhawna Chopra CA, MBA  
Tax Partner  
M: +971 50 2134525  
E: bhawna@premier-brains.com



Mohammed Al Khateeri CPA  
Partner, FTA Tax agent  
M: +971 50 335 7176  
E: m.alkatheeri@premier-brains.com



Harsha Jain – CA  
Senior – Tax Manager  
M: +971 5 071 92347  
E : harsha.jain@premier-brains.com



Darshani Gohil – CA  
Tax Manager  
M: +971 58 580 2852  
E : darshani@premier-brains.com



Husain Bhanpurawala – CA  
Tax Manager  
M: +971 52 611 9652  
E: husain@premier-brains.com

**Address**

Pyramid Centre, Office 202,  
65 Umm Hureir Road, Oud  
Metha, Dubai, UAE



**Abu Dhabi–Dubai–Oman–KSA**

**Contact Info**

+971 4 354 2959  
info@premier-brains.com  
www.premier-brains.com