



BOOKER ACCOUNTING & CONSULTING

VAT GUIDE 2026 · UAE & GCC

VAT in the Middle East, without the headache.

A plain-English guide for founders and business owners:
who needs to register, what changed in 2026, and how to
stay on the right side of the tax authority.

Let's be honest: nobody started a business because they love VAT. But in the Gulf, getting VAT wrong is one of the quickest ways to turn a good year into an expensive one. The good news? Once you understand a handful of rules, it's very manageable. This guide gives you exactly that, minus the jargon.

The quick version (if you only read one section)

- 1 Four GCC countries have VAT today: the UAE, Saudi Arabia, Bahrain and Oman.** Qatar and Kuwait don't, yet. In all four VAT countries, mandatory registration kicks in at roughly the same level: about USD 100,000 of taxable sales in a rolling 12 months.
- 2 Selling into the Gulf from abroad? There's usually no threshold at all.** Non-resident businesses generally need to register from their very first taxable sale.
- 3 The UAE's penalty rules changed on 14 April 2026.** Late payment is now charged at a flat 14% a year, and owning up to mistakes yourself (a voluntary disclosure) is now much cheaper than being caught.
- 4 E-invoicing is coming, and fast.** UAE businesses with revenue of AED 50 million or more must appoint an e-invoicing provider by **30 October 2026** and go live on 1 January 2027. Everyone else follows in 2027.
- 5 The real danger isn't the fine, it's the back-dated VAT.** Register late and you owe VAT on every sale since you should have registered, even though you never charged it to your customers.

DEADLINE ALERT

If your UAE revenue is around AED 50 million or more, the deadline to appoint an Accredited Service Provider for e-invoicing is **30 October 2026**. That's weeks away, not months.

What getting it wrong actually costs

Most VAT guides start with the rules. We'd rather start with the bill, because that's what tells you whether this belongs on this month's to-do list or next quarter's.

What happened	What it can cost you (UAE)
Registered late	AED 10,000 fixed penalty, plus VAT owed on every taxable sale since the date you should have registered.
Sold into the GCC from abroad without registering	VAT due from the first sale. In Saudi Arabia, that's 15% of revenue you've already collected and likely spent.
Paid VAT late	14% per year, calculated monthly on the unpaid amount (from 14 April 2026).

What happened	What it can cost you (UAE)
Found a mistake in a past return and disclosed it yourself	1% per month on the underpaid tax. Far cheaper than an audit finding.
Assumed your free zone licence means no VAT	Full VAT liability. Free zone companies follow the same registration rules as mainland companies.
Left an input VAT credit sitting for years	From 1 January 2026, there's a five-year limit for claiming excess input VAT. Older credits can be lost.

Figures based on UAE rules in force as of October 2026.

The region at a glance

One table, seven markets. Worth a look before any expansion plan gets signed off.

Country	VAT rate	Must register above	Can register from	Non-residents	Authority
UAE	5%	AED 375,000	AED 187,500	No threshold	FTA (EmaraTax)
Saudi Arabia	15%	SAR 375,000	SAR 187,500	No threshold	ZATCA
Bahrain	10%	BHD 37,500	BHD 18,750	No threshold	NBR
Oman	5%	OMR 38,500	OMR 19,250	No threshold	Tax Authority
Qatar	No VAT yet	n/a	n/a	n/a	GTA
Kuwait	No VAT yet	n/a	n/a	n/a	Ministry of Finance
Egypt	14%	EGP 250,000	n/a	Simplified regime	ETA

Thresholds refer to taxable supplies over the previous 12 months (or expected in the next 30 days).

WHY THE GULF NUMBERS LOOK SO SIMILAR

The GCC countries agreed on a shared VAT framework, with a common registration threshold of SAR 375,000. Each country simply converted it into its own currency. Practical result: you can plan the whole Gulf around one trigger, roughly USD 100,000 per country. The rate changes; the trigger doesn't.

UAE: the essentials

Who needs to register?

Mandatory: if your taxable sales and imports went over AED 375,000 in the last 12 months, or you expect them to in the next 30 days.

Voluntary: if your sales, imports or taxable expenses are over AED 187,500. This is genuinely useful for new businesses with big setup costs, because registering lets you recover the VAT you've paid on those costs.

Non-residents: no threshold. If you make a taxable supply in the UAE and nobody else in the UAE is responsible for the tax, you register from the first dirham.

The 30-day window (and why it matters)

Once you cross the threshold, you have 30 days to apply on EmaraTax. Miss it, and two things happen: a fixed AED 10,000 penalty, and VAT becomes payable on every taxable sale from the date you should have registered.

That second one is the painful part. Imagine AED 2 million of sales made while unregistered: at 5%, that's AED 100,000 of VAT you now owe, out of money that's already been spent on salaries, rent and growth.

What you'll need to apply

Your trade licence, certificate of incorporation and memorandum of association; Emirates ID and passport copies for owners and the authorised signatory, with proof of their authority; bank details with IBAN and a bank letter; your business address; customs registration details if you import; and evidence of your turnover for the last 12 months (financial statements, invoices, bank statements or a signed declaration).

BOOKER TIP

Approval usually takes around 20 business days from a complete application. The clock resets each time the FTA asks for more information, and weak turnover evidence is the number one reason for delays. Get it right the first time and you'll save weeks.

Free zones: clearing up the biggest myth

A free zone licence does not mean you're exempt from VAT. Free zone companies register on exactly the same basis as mainland ones. The only real difference involves "Designated Zones" (such as JAFZA and several others), where certain movements of *goods* can be treated as outside the UAE for VAT purposes. **Services supplied in a Designated Zone are still subject to VAT.** This mix-up comes up again and again in FTA audits.

VAT myths we hear every week

MYTH

"We're under AED 375,000, so we're fine."

REALITY

That threshold only applies to UAE residents. Non-resident businesses get no threshold at all.

MYTH

"We don't have an office there, so it doesn't apply to us."

REALITY

Every GCC country with VAT expects non-residents to register from their first taxable sale.

MYTH

"The marketplace takes care of VAT for us."

REALITY

Sometimes, but not always. It depends on who the law treats as the supplier. Check before you assume.

MYTH

"We'll sort out VAT once we're bigger."

REALITY

Registration is back-dated to when you should have registered. The VAT bill grows with every sale you make in the meantime.

MYTH

"One GCC registration covers the whole region."

REALITY

There's no such thing. Each country needs its own registration and its own returns.

This matters most for e-commerce sellers, SaaS and digital businesses, consultants billing Gulf clients, and anyone shipping goods across borders. If you're selling into the Gulf without a local entity, this is where the biggest risk usually sits.

Saudi Arabia, Bahrain and Oman

Saudi Arabia: the most demanding market

At 15%, Saudi Arabia has the highest VAT rate in the GCC and the most advanced compliance systems. Registration is mandatory at SAR 375,000, voluntary from SAR 187,500, and non-residents register from the first sale, usually through a local tax representative. Saudi e-invoicing (Fatoora) has been rolling out in waves to more and more businesses, so if you're VAT-registered there, assume you're in scope and check your wave date.

OUR TAKE

In Saudi Arabia, VAT isn't just a quarterly filing. It's a systems project. Plan and budget for it before you send your first invoice.

Bahrain

10% VAT, administered by the National Bureau for Revenue. Mandatory registration at BHD 37,500, voluntary at BHD 18,750, and non-residents must register before their first taxable supply. Build realistic processing time into your launch plan rather than expecting same-week approval.

Oman

5% VAT, the joint-lowest rate in the region alongside the UAE. Mandatory at OMR 38,500, voluntary at OMR 19,250. Non-residents register from the first taxable supply and generally need a local representative in Oman. Sort out that representative early: it's often the step that slows foreign sellers down the most.

Qatar and Kuwait: what's coming?

Qatar is getting ready

Qatar has no VAT yet. But on 6 May 2026, its Council of Ministers approved a draft e-invoicing law and implementing regulations. Across the region, e-invoicing systems have tended to arrive before or alongside VAT, so many advisers read this as groundwork for VAT, likely at the GCC-standard 5%. No official VAT start date has been announced, so treat any timeline as a planning assumption, not a fact.

Kuwait: still on hold

Kuwait has not introduced VAT and no implementation date has been announced. Keep an eye on it, but don't build it into this year's numbers.

Egypt: the threshold people miss

Expanding beyond the Gulf? Egypt charges 14% VAT, and its registration threshold is much lower. Under Resolution No. 281 of 2025, the threshold for mandatory VAT registration and e-invoicing was cut from EGP 500,000 to **EGP 250,000**, a tiny fraction of the Gulf threshold. Non-resident suppliers of digital and remote services have their own simplified registration rules too.

SO WHAT?

A business that comfortably sits below the VAT threshold in Dubai can be fully VAT-registrable in Cairo. If Egypt is in your expansion plan, check this first.

E-invoicing: the 2026–2027 story

Registering for VAT is the easy bit. Staying compliant is where the effort goes, and in the UAE, the rules for how invoices are issued are changing.

Milestone	Date	Who it applies to
Pilot phase opens	1 July 2026	Selected and voluntary participants
Appoint an Accredited Service Provider	30 October 2026	Businesses with revenue of AED 50m or more
Mandatory go-live	1 January 2027	Revenue of AED 50m or more

Milestone	Date	Who it applies to
Appoint an Accredited Service Provider	31 March 2027	Businesses under AED 50m, and government entities
Mandatory go-live	1 July 2027	All remaining businesses
Mandatory go-live	1 October 2027	Government entities

E-invoices are structured digital files (PINT AE format, over the Peppol network) sent through an accredited provider. A PDF emailed to a client won't count.

What this means in practice: choosing a provider, connecting it to your accounting or ERP system, and cleaning up your customer data takes months. If you're at or near AED 50 million, this is a decision for right now. If you're smaller, 2027 will arrive faster than you think, so start the conversation early.

The UAE's new penalty rules (from 14 April 2026)

Cabinet Decision No. 129 of 2025 reworked the penalty system across the Tax Procedures Law, the VAT Law and the Excise Tax Law.

Item	Before	From 14 April 2026
Late payment of tax	2% immediately, then 4% monthly, capped at 300%	14% per year, calculated monthly
Voluntary disclosure (before an audit notice)	Tiered percentage penalties	1% per month on the underpaid amount
Late registration	AED 10,000	AED 10,000 (unchanged)

Why it matters: the old system punished delay very heavily; the new one is simpler and more predictable. The big takeaway is that **fixing a mistake yourself is now clearly cheaper than waiting for the FTA to find it**. If you suspect a past return was wrong, the numbers now favour correcting it today.

VAT and Corporate Tax are not the same thing

Two different taxes, two separate registrations, two sets of returns and deadlines, all on the same EmaraTax portal. That shared portal is exactly why so many businesses assume one covers the other. It doesn't.

	VAT	UAE Corporate Tax
Rate	5%	9% on taxable profit above AED 375,000
Based on	Sales (supplies)	Profit
Who registers	Businesses over the AED 375,000 turnover threshold (or non-residents from the first sale)	All taxable persons, including free zone companies

VAT		UAE Corporate Tax
Returns	Quarterly or monthly	Annual
Portal	EmaraTax	EmaraTax

Your 90-day VAT game plan

Take this page to your next management meeting.

When	What to do	Who owns it
Days 1–30	Pull your rolling 12-month taxable sales for every country you sell into, and compare each against the thresholds above. Flag anything already over.	Finance
Days 1–30	List every country where you invoice customers but have no local entity. That's your non-resident risk list.	Finance / Legal
Days 31–60	Fix any late registrations. If a past return looks wrong, file a voluntary disclosure while the 1% per month rate works in your favour.	Finance / Adviser
Days 31–60	Check whether your UAE revenue is near AED 50 million. If it is, shortlist and appoint an e-invoicing provider.	CFO / Owner
Days 61–90	Compare what your accounting system produces today with the structured e-invoice format. Map the gaps.	Finance / IT
Days 61–90	Review any input VAT credits approaching the five-year limit and claim them before they expire.	Finance

Frequently asked questions

How long does UAE VAT registration take?

Typically around 20 business days from a complete EmaraTax application. Missing or unclear turnover evidence is the most common cause of delays.

Can I register before I have any revenue?

Yes. Voluntary registration is available once your taxable expenses go over AED 187,500, which is common for new companies with significant setup costs. It allows you to recover VAT on that spending.

Does the FTA charge a fee to register?

No. The FTA doesn't charge for VAT registration itself. Costs come from advisory support, document preparation and ongoing filing.

Do I need to register in every GCC country I sell to?

If you're a non-resident making taxable sales there, generally yes, and usually with no threshold. There's no single registration that covers the whole Gulf.

Which countries in the region don't have VAT?

Qatar and Kuwait, as of October 2026. Qatar has approved a draft e-invoicing law, widely seen as a step towards VAT.

Does registering for VAT also register me for Corporate Tax?

No. They're separate registrations on the same EmaraTax portal, with separate returns and deadlines.

I'm already registered but think a past return was wrong. What now?

File a voluntary disclosure before you receive any audit notice. Since 14 April 2026, the penalty is 1% per month on the underpaid amount, which is much lower than the penalty on an FTA audit finding.

VAT shouldn't keep you up at night.

At Booker Accounting & Consulting, we handle VAT registrations, returns, voluntary disclosures and e-invoicing readiness for businesses across the UAE and the wider region, on time and without the jargon. Tell us where you sell and roughly what you turn over, and we'll tell you exactly where you stand.

Talk to our tax team →

www.bookeraccounting.com/taxation

This guide is general information based on rules in force as of October 2026. It is not tax or legal advice. Tax rules change, and the right answer depends on your specific situation, so please speak to a qualified adviser before acting. © 2026 Booker Accounting & Consulting.