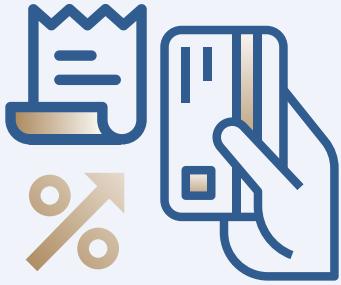




Get to know your Tax Obligations



Do you need to register for Value Added Tax?

A business resident in the UAE that makes taxable supplies within the UAE is obliged to register for Value Added Tax (“VAT”) if the total value of its taxable supplies and imports exceeded the mandatory registration threshold of AED 375,000 over the previous 12 months, or the business expects that the total value of its taxable supplies and imports will exceed the mandatory registration threshold in the next 30 days.

A business also has the option to voluntarily register for VAT if the total value of its taxable supplies and imports or taxable expenses in the previous 12 months exceeded the voluntary registration threshold of AED 187,500, or the business expects that the total value of its taxable supplies and imports or taxable expenses will exceed the voluntary registration threshold in the next 30 days.

Transactions subject to VAT are divided into 3 categories:

5%

All supplies subject to VAT at %5.

0%

All supplies subject to VAT at zero-rate.



Import of goods and services.

Which supplies are subject to %5 VAT?

All supplies that fall within the scope of UAE VAT and are not subject to the zero-rate.

5%

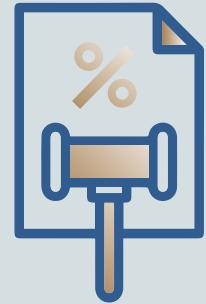
Which supplies are subject to VAT at zero-rate?

The following supplies are subject to VAT at the zero rate as an exception, provided that certain conditions for each (as mentioned in the legislation) are met:



- Export of goods and services.
- International transport of goods and passengers, and transport-related services.
- Certain means of transport, such as trains, sea vessels and aircraft, and goods and services related to such means of transport.
- First supply of residential buildings (lease or sale) within 3 years of finalizing their construction.
- Airplanes and marine vessels designed for the purpose of rescue or aid through air or sea.
- Certain precious investment metals.
- First supply of buildings specifically designed for charitable institutions (lease or sale).
- First supply of buildings that were converted from non-residential to residential units (lease or sale).
- Crude oil and natural gas.
- Certain educational services and related goods and services.
- Necessary and preventive healthcare services and related goods and services.

What are the supplies that are exempt from VAT?



The following supplies are exempt from VAT, provided that certain conditions for each (as mentioned in the legislation) are met:

- Certain financial services.
- Supply of residential units (lease or sale), if such supply is not subject to zero-rate.
- Bare land.
- Local passenger transport.

What records should you keep and for how long?

As a prerequisite, every person who conducts any business, whether registered for tax or not, should hold the following documentations and records, as mentioned in the legislation. These documents should include accounting records with entries on payments, receipts, purchases, sales, profits and expenses, including:

- Balance sheets and income statements (profit and loss accounts).
- Records of wages and salaries.
- Fixed asset records.
- Inventory records and statements (including quantities and values) held at the end of any relevant Tax Period and all records of stock-counts related - to inventory statements.
- Any records as specified in tax law and other legislation.



In addition to the above, VAT registered businesses in the UAE must retain the following documentations:

- Records of all supplies and imports of goods and services.
- All tax invoices, tax credit notes and alternative documents received and issued.
- Records of goods and services that have been disposed of or used for matters not related to the business, detailing the VAT paid on those goods and services.
- Records of goods and services purchased for which input tax has not been deducted.
- Records of exported goods and services.
- Records of adjustments or corrections to accounts or tax invoices.

A Vat registered business also needs to maintain a VAT record or account which show:

- The output tax due on taxable supplies.
- The output tax due on taxable supplies accounted for via the reverse charge mechanism.
- The accrued output tax after correction of any errors or adjustments.
- Input tax recoverable on supplies or imports.
- Input tax recoverable after the correction of any errors or adjustments.



Note: The aforementioned records must be kept for a minimum of 5 years after the end of the tax period. Where the taxable person owns real estate, the records relating to the real estate must be kept for a period of 15 years, in accordance with the requirements of tax legislation.



Do you have multiple branches?

A taxable person and all its branches shall be treated as the same person for the purposes of tax liability and shall receive only one Tax Registration Number (TRN).

Can I form a Tax Group?

Related businesses that share economic, financial and regulatory ties (either in law, shareholding or voting rights) can be registered as a tax group if they have an establishment in the UAE, and all members of the group are legal persons under joint control.

Transactions between tax group members are disregarded for VAT purposes, and one group member nominated as the "representative member" files consolidated VAT returns covering all group activities.



Creating and using your e-services account:

Registration can be carried out simply using the -24hour online service portal via the FTA website: www.tax.gov.ae, through the following steps:

- 1  Sign-up for an e-services account through the FTA's website and activate it
- 2  Access the e-services account dashboard and click on "Add New Taxable Person" then click on "Register for VAT" and complete the registration process
- 3  After receipt of an e-mail verification, the taxable person logs-in to the e-services portal to continue the tax registration process.



Register in less than 20 minutes:

When the required documents are prepared accurately in advance, it only takes 45 minutes to fill out the request form for electronic VAT registration. While completing the form, a taxpayer may save the application at any time and complete the process once all documentation is available to be submitted.

Examples of supporting documents:

- Valid trade license or business license
- Passport (and Emirates ID in case of residency in the UAE) of the authorized signatory.
- Proof of the authorized manager/signatory's right to sign documents (e.g.: articles of incorporation or public/private agency, certified by notary).
- Financial report showing monthly taxable supplies for the previous 12 months.



How do I calculate the VAT included in the amounts I receive from the client?

The VAT included in any transaction is calculated by dividing the price by 21.

Example:

Price including VAT = AED 220

Calculation mechanism:

VAT included in price = AED 220 ÷
21 = AED 10.48

What are your obligations after registration?

After registering with the FTA, a taxable person is referred to as 'Registrant'.

Advertise prices inclusive of VAT
A registrant must ensure that prices of goods and services advertised to consumers include VAT, whether in food menus, catalogues, or price tags.

1

Issue Tax Invoices for each sale of taxable goods or services



A registrant must issue valid tax invoices for each taxable supply of goods or services. The issuance of proper tax invoices is one of the tax compliance requirements that must be adhered to in the course of making taxable supplies. Make sure that all the tax invoices you issue meet the necessary criteria, as below.

The Tax Invoice shall include the following:

- The words "Tax Invoice" clearly displayed on the invoice.
- The name, address and Tax Registration Number (TRN) of the supplier.
- The name, address and TRN (if registered for VAT) of the recipient.
- A sequential tax invoice number or a unique invoice number that enables the identification of the tax invoice and its number in any sequence of invoices.
- Date of issuance.
- The date of supply if it is different from the date of issuance.
- Description of the goods or services supplied.
- Unit price, the quantity or volume of the supply, the payable VAT rate and payable amount (in AED) for each good or service.
- Any offered discount rates.
- Total amount payable in AED.
- The amount of the tax payable in AED and the applicable exchange rate.
- If the recipient is required to account for VAT, the invoice must include a reference to this, and a reference to the relevant provision of the Law.

Simplified Tax Invoice:

A registrant may issue a simplified tax invoice in the following cases:

1

Where the recipient is not registered for VAT; or

2

Where the recipient is registered for VAT but the consideration for the supply does not exceed AED 10,000.



Please note that 'consideration' is all that is received or expected to be received in return for the supply of Goods or Services, whether this is in money or other acceptable forms of payment.

The simplified invoice must contain each of the following details:

- The words "Tax Invoice" clearly displayed on the invoice.
- The name, address and TRN of the registered supplier.
- Date of issuance of the tax invoice.
- Description of the goods or services supplied.
- The total consideration and the VAT amount charged.

2

Submit your tax return on time



The FTA usually allocates three-month tax periods (quarterly) to a registrant, however, it may specify shorter or longer tax periods for registrants, if it deems it necessary. A registrant is required to submit their tax return no later than the 28th day from the end of each tax period, or on the following working day if the corresponding date falls on an official holiday or a weekend.

Examples of tax return periods:

- Monthly (January, February, March, ... etc).
- Quarterly (e.g. January – March, April – June, July – September, October – December)).
- Quarterly (e.g. February – April, May – July, August – October, November – January).
- Quarterly (e.g. March – May, June – August, September – November, December – February).
- Semi-annually (January – June and July – December)

In all cases, a registrant must file their VAT returns within the periods specified by the FTA, even if there are no taxes payable for the period in question. The VAT returns must be submitted through the e-services portal and must include:

- The value of supplies subject to the standard tax rate made during the tax period and the imposed output tax, per Emirate.
- Tax refunds provided to tourists under the Tax Refunds for Tourists Scheme, for retailers who provide tax refunds to tourists in the UAE under the official tourists refund scheme.
- The value of supplies subject to the zero-rate provided during the tax period.
- The value of provided supplies exempt from VAT during the tax period.
- The value of supplies subject to Reverse Charge received during the tax period.
- Goods imported into the UAE
- The value of purchases and expenses incurred during the tax period if you are seeking to claim the input tax, and the refundable tax value.
- Any supplies which were subject to the reverse charge for which you would like to recover input tax.

To submit the tax return, a registrant has to:

- 1 Access the e-services portal on the FTA website eservices.tax.gov.ae, click on the “Value Added Tax” tab to find Tax Returns, then choose “VAT201” then “New Tax Return”.
- 2 Complete the form: Fill in all the information concerning sales and other outputs as well as expenditures and other inputs as follows:
 - a Value without VAT.
 - b VAT rate value

Based on data entered, the system calculates the payable or refundable VAT for the relevant tax period.

- 3 Review all information entered into the form after all fields have been carefully filled in and confirmed, and after verifying the accuracy of the information, click "Submit."
- 4 Pay due VAT by clicking the “My Payments” tab, and make sure payment dates are met in due time.

Pay your taxes on time

area registrant is required to pay any outstanding amounts by the due date of tax return submission, i.e. by the 28th day of the month following the end of a tax return period (or on the next working day if the date coincides with a public holiday or weekend).

It is important that a registrant pays taxes as early as possible before they are due and not wait until the last day, to avoid any unforeseen circumstances that might cause delays in the FTA receiving the payment (for example, the bank may need two or three working days to carry out a transfer).



The FTA provides various payment channels tailored to the needs of all its registered categories to facilitate the payment of taxes due:

- The UAE Funds Transfer System (UAEFTS) of the Central Bank, where a Generated International Bank Account Number (GIBAN) is allocated to each person registered with the FTA, enabling the taxable person to pay the tax in a variety of flexible methods. The system has no extra financial obligations or fees and offers real-time transfer of funds between bank accounts. It also provides the opportunity to pay due taxes through the branches of some 77 banks, money exchange agencies and financial institutions throughout the UAE, where payments can be submitted using the GIBAN. Bank cards can also be used for payments.
- Through the new e-Dirham Gateway via FTA e-services or credit cards.



Your Entitlement to recover input tax

A registrant may recover the input tax incurred on the purchase of goods and services in the course of business subject to keeping records and tax invoices that determine the value of VAT charged by suppliers, and which proves that VAT was paid on such goods or services. The total tax incurred during any tax period should be disclosed in the tax return for that tax period.



Blocked input tax

Input tax incurred by a registrant may be blocked from recovery. Such expenses are:

- Entertainment costs;
- Motor vehicles used for personal purposes; and
- Employee-related expenses.

Contacting the Federal Tax Authority

Eservices.tax.gov.ae



All FTA services are provided electronically, such as registration, filing of tax returns, submitting tax payments, and refund requests, via the e-services portal, which can be accessed from www.tax.gov.ae.



www.tax.gov.ae

The FTA, through its website www.tax.gov.ae, also provides all legislation, guides, declarations and e-Learning programs that taxpayers can use to understand their tax obligations and how to fulfill them.



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If you have any inquiries regarding tax procedures, call the above telephone number to speak to one of our call-center team members who will answer all your questions and provide assistance, supporting you with the information you might need.

Our social media platforms

To find out news and activities of the FTA, we invite you to follow us on:

@UAETAX



@UAETAX



@Theuaetaxes



Federal Tax Authority



Tax Support

The FTA provides taxpayers with an array of tools and resources to assist in knowing the tax obligations and how to fulfill them.

Tax Agents Registry:

A Tax Agent can assist taxpayer with their tax obligations, in accordance with a contractual agreement between the person and the tax agent. A taxpayer can find a suitable tax agent in their area by clicking on the 'Tax Support' tab on the website and selecting the 'Registered Tax Agents' tab, then using the search filters to identify the most suitable tax agent for their needs.

Tax Accounting Software Vendors list:

This list allows taxpayers to identify FTA-approved Tax Accounting Software vendors and use these providers to automate their business tax system.

Kindly note that this document is intended to provide general information. It does not include all legal details relating to a person's tax obligations, and is not intended as a legal reference. Accordingly, everyone must consider their obligations in accordance with the details stated in the UAE Tax Laws and Executive Regulations, which are available on the FTA website.

