

**Cabinet Resolution No. (52) of 2017**  
**Regarding the Executive Regulations of Federal Decree by Law No. (8) of**  
**2017 Regarding Value-Added Tax (VAT)**

**The Cabinet,**

- Having reviewed the Constitution;
- Federal Law No. (1) of 1972 Regarding the Competences of Ministries and the Powers of Ministers, as amended;
- Federal Decree by Law No. (13) of 2016 Regarding the Establishment of the Federal Tax Authority;
- Federal Law No. (7) of 2017 Regarding Tax Procedures;
- Federal Decree by Law No. (8) of 2017 Regarding Value-Added Tax (VAT); and
- The proposal submitted by the Minister of Finance,

**Hereby resolves as follows:**

**Part One**

**Definitions**

**Article (1)**

**Definitions**

For the purpose of applying the provisions of this Resolution, the following words and expressions shall have the meanings assigned thereto respectively, unless the context otherwise requires:

**State** : The United Arab Emirates.

**Minister** : The Minister of Finance.

**Authority** : The Federal Tax Authority.

**Value Added Tax (VAT)** : A tax levied on the importation and supply of goods and services at every stage of production and distribution, including the deemed supply.

**Tax** : The Value Added Tax.

<b>GCC States</b>	: All the states, which are full members of the Cooperation Council for the Arab States of the Gulf in accordance with the GCC Charter.
<b>Applying States</b>	: The GCC States, which apply the Tax law under issued legislation.
<b>Goods</b>	: Tangible properties which can be supplied, including the real property, water, and all types of energy determined by this Resolution.
<b>Services</b>	: Anything other than the goods, which can be supplied.
<b>Standard Rate</b>	: The tax rate set out in Article (3) of the Decree by Law.
<b>Importation</b>	: Bringing goods or services into the State from abroad.
<b>Relevant Goods</b>	: The goods imported and not exempted from the tax if supplied in the State.
<b>Relevant Services</b>	: The services imported, whose place of supply is in the State, and not exempted from the tax if supplied in the State.
<b>Person</b>	: A natural or legal person.
<b>Taxable Person</b>	: Each person that is, or ought to be, registered for tax purposes under the Decree by Law.
<b>Taxpayer</b>	: Any person that is obligated to pay the tax in the State pursuant to the Decree by Law, whether such person is a taxable person or an end consumer.
<b>Legal Representative</b>	: The guardian, custodian or caretaker of a minor or legally incompetent person, or a bankruptcy trustee appointed by the court for the company under bankruptcy proceedings or any other person legally appointed to represent another.
<b>Tax Registration</b>	: A procedure under which a taxable person or the legal representative thereof registers for the tax purposes at the Authority.
<b>Tax Registration Number (TRN)</b>	: A unique number assigned by the Authority to each person registered for the tax purposes.
<b>Registrant</b>	: A taxable person holding a tax registration number.

<b>Recipient of Goods</b>	: The person to whom the goods are supplied or imported.
<b>Recipient of Services</b>	: The person to whom the services are supplied or imported.
<b>Tax Return</b>	: The information and data specified for the tax purposes and provided by the taxable person in accordance with the form prepared by the Authority.
<b>Consideration</b>	: Anything that has been received or expected to be received for the supply of goods or services, whether it is cash payment or in any other form recognized as compensation.
<b>Business</b>	: Any activity that is practiced on an ongoing, regular, and independent basis by any person and in any place, such as the industrial, commercial, agricultural, professional, handicraft or service activity, excavation activities or any activity related to the use of tangible or intangible properties.
<b>Exempted Supply</b>	: The supply of goods or services for a consideration during the practice of the business within the State, which shall not be taxed and the input tax levied on may not be refunded, except under the provisions of the Decree by Law.
<b>Taxable Supply</b>	: The supply of goods or services for a consideration during the practice of the business by any person within the State, not including the exempted supply.
<b>Deemed Supply</b>	: All that is regarded as a supply and treated as a taxable supply in accordance with the cases set forth in the Decree by Law.
<b>Input Tax</b>	: The tax paid by, or due from, a person when goods or services are supplied to or imported by such person.
<b>Output Tax</b>	: The tax levied on the taxable supply and on any supply which is deemed taxable supply.
<b>Refundable Tax</b>	: The amounts paid that may be refunded by the Authority to the taxpayer under the provisions of the Decree by Law.

<b>Due Tax</b>	: The tax that is calculated and levied under the provisions of the Decree by Law.
<b>Payable Tax</b>	: The tax which becomes due to be paid to the Authority.
<b>Tax Period</b>	: A specific period for which the payable tax shall be calculated and paid.
<b>Tax Invoice</b>	: A written or electronic document in which any taxable supply and its details are recorded.
<b>Tax Credit Note</b>	: A written or electronic document in which any amendment to reduce or cancel a taxable supply and its details are recorded.
<b>Government Agencies</b>	: Ministries, government departments and entities and federal and local public authorities and institutions in the State.
<b>Charities</b>	: National nonprofit societies and institutions of public welfare, which are determined by a Cabinet resolution to be issued upon the proposal of the Minister.
<b>Mandatory Registration Threshold</b>	: An amount specified in this Resolution and if the value of taxable supplies exceeds or is expected to exceed such amount, the supplier shall apply for tax registration.
<b>Voluntary Registration Threshold</b>	: An amount specified in this Resolution and if the value of taxable supplies or taxable expenses exceeds or is expected to exceed such amount, the supplier may apply for tax registration.
<b>Transport-Related Services</b>	: Transport, packaging and securing of cargo; preparation of customs documents; container management services and loading, unloading, storage and movement of goods, or any other services that are closely related or necessary for the completion of transport services.
<b>Business Establishment</b>	: The place where the business is legally established in a country, in accordance with its establishment decision and where important management decisions are taken or the functions of the business' central administration are carried out.

<b>Fixed Establishment</b>	: Any fixed place of business other than the business establishment, through which the person conducts its business on a regular or permanent basis, and which has the sufficient human and technical resources necessary to enable it to supply or receive goods or services and includes the person's branches.
<b>Place of Residence</b>	: The place where a person has a business establishment or fixed establishment, in accordance with the provisions of the Decree by Law.
<b>Non-Resident Person</b>	: Any person that has no business establishment or fixed establishment in the State and usually does not reside therein.
<b>Related Parties</b>	: Two or more persons that are not economically, financially or organizationally separated, where one can control the others either by law or by acquisition of shares or voting rights.
<b>Designated Area</b>	: Any area identified by a Cabinet Resolution issued upon the proposal of the Minister, as a designated area for the purposes of the Decree by Law.
<b>Exportation</b>	: The departure of the goods from the State or providing the services to a person whose business establishment or fixed establishment is outside the State, including direct and indirect exportation.
<b>Direct Exportation</b>	: An exportation of goods to a destination outside the applying states, in which the supplier is responsible for arranging transport or appointing an agent to act on his behalf in this regard.
<b>Indirect Exportation</b>	: An exportation of goods to a destination outside the applying states, where the overseas customer is responsible for arranging the receipt of goods from the supplier in the State and exporting the goods, or appointing an agent to act on his behalf in this regard.
<b>Oversees Customer</b>	: A recipient of goods who does not have a business establishment or fixed establishment in the State, does not reside in the State, and does not have a tax registration number in the State.

<b>Voucher</b>	: Any instrument entitling the holder to receive goods or services against the value stated thereon or to obtain a discount on the price of the goods or services and it does not include postage stamps issued by the Emirates Post Group.
<b>Capital Assets</b>	: Business assets designated for long-term use.
<b>Capital Assets Scheme</b>	: A scheme whereby the input tax initially refunded is adjusted based on the actual use during a specific period.
<b>Administrative Fines</b>	: Amounts to be imposed on the person by the Authority for violating the provisions of the Decree by Law and Federal Law No. (7) of 2017 regarding Tax Procedures.
<b>Tax Group</b>	: Two or more persons registered at the Authority as a single taxable person for the tax purposes in accordance with the provisions of the Decree by Law.
<b>Notification</b>	: Notifying the person of the decisions issued by the Authority through the means provided for in the Tax Procedures Law and its Executive Regulations.
<b>Working Day</b>	: Any weekday, excluding weekends and official holidays determined by the Federal Government.
<b>Virtual Assets</b>	: A digital representation of value that can be traded or transferred electronically and may be used for investment purposes, excluding digital representations of paper money or securities.
<b>Tax Evasion</b>	: The use of illegal means by a person, which causes reducing the amount of the due tax, the non-payment thereof, or the refund of a tax that such person is not entitled to refund in accordance.
<b>Decree by Law</b>	: Federal Decree by Law No. (8) of 2017 Regarding the Value-Added Tax (VAT), as amended.

**Part Two**  
**Supply**  
**Article (2)**  
**Supply of Goods**

1. The transfer of ownership of goods or the right to dispose thereof from one person to another shall include, inter alia:
  - a. Transfer of ownership of goods under a written or verbal agreement for any sale;
  - b. Transfer of ownership of goods for a consideration in a compulsory manner in accordance with the applicable legislation.
2. For the purposes of Clause (1) of this Article, the transfer of the right to dispose of any assets shall not be deemed a supply of goods unless the other person is able to dispose thereof as an owner.
3. Concluding a contract between two or more parties, whereby the ownership of goods shall be transferred at a later time, shall be deemed a supply of goods if the contract provides for a transfer or intention to transfer the ownership of goods or a future transfer of ownership of goods.
4. The following shall be deemed a supply of goods:
  - a. Supply of water;
  - b. Supply of real properties, including the lease and sale of the same, as well as any other disposition resulting in the transfer of ownership from a person to another;
  - c. Supply of all forms of energy, including electricity and gas, including biogas, coal gas, liquefied petroleum gas, natural gas, oil gas, producer gas, refinery gas, reformed natural gas, and tempered liquefied petroleum gas, and any mixture of gases, whether used for lighting, heating, cooling, air conditioning or any other purpose.

## **Article (3)**

### **Supply of Services**

1. Each supply not considered a supply of goods shall be treated as a supply of services, including any of the following:
  - a. Granting, assignment, suspension, or waiver of a right;
  - b. Providing a facility or advantage;
  - c. Refraining from engaging in, or not allowing the occurrence of, any activities, or agreeing to carry out any activity;
  - d. Transferring an indivisible share in a commodity;
  - e. Transferring or licensing of intangible rights, such as rights of authors, inventors and artists, trademarks' rights, and rights classified by the legislation of the State to be falling under such category.
2. Notwithstanding the provision of Clause (1) of this article, the duties of a board member performed by a natural person who is appointed a board member in any of the government agencies or a private sector establishment shall not be considered a supply of services.

## **Article (3) BIS**

### **Supply Exceptions**

1. The following transactions shall not be considered a supply:
  - a. The granting or transfer of ownership rights or disposition of government buildings, real estate assets, and similar projects from one government agency to another government agency.
  - b. The granting or transfer of rights to use, exploit, or benefit from government buildings, real estate assets, and similar projects from one government agency to another government agency, including any right to use, exploit, or benefit granted or transferred from January 01, 2023, onward.
2. For the purposes of Clause (1) of this Article, the government buildings, real estate assets, and similar projects mean:
  - a. The premises of the government agencies;



- b. The capital projects of the government;
  - c. Government infrastructure projects;
  - d. Real estate assets exploited and used by government agencies;
  - e. Real estate assets allocated and used to serve a public facility and for public use;
  - f. Developed government lands.
3. The scope and specifications of government buildings, real estate assets, and similar projects shall be determined by a decision of the Minister.

## **Article (4)**

### **Multi-Component Supply**

1. If a person makes a supply composed of more than one component for a single price, such person shall determine whether the supply constitutes a single composite supply or multiple supplies.
2. The phrase "single composite supply" means any supply of goods or services, where the supply has more than one component, taking into account the contract and circumstances of the supply as a whole.
3. Any supply shall be considered a single composite supply in the following cases:
  - a. If the supply includes all of the following:
    1. A principal component;
    2. A component or components essential or necessary to the supply, including incidental elements which naturally accompany the supply, but are not a significant part of it, or do not constitute an aim in themselves, but a means of better enjoying the principal supply.
  - b. If the supply comprises two or more elements so closely linked as to form a single indivisible supply which it would be artificial to split.
4. A single composite supply may occur if all of the following conditions are met:
  - a. The supplier shall not define the price of the components of the supply separately or charge a different price for the same.
  - b. All components of the supply shall be supplied by a single supplier.
5. If a taxable person supplies more than one component for a single price and the supply is

not a single composite supply, then the supply of the components shall be deemed multiple supplies.

## **Article (5)**

### **Exceptions from the Deemed Supply**

1. For the purposes of Article (12.4) of the Decree by Law, the value of goods supply to each recipient within any twelve (12) month period shall not exceed (AED 500) five hundred dirhams.
2. For purposes relating to Article (12.5) of the Decree by Law, the total output tax due on all deemed supplies shall be limited as follows:
  - a. An amount of (AED 2,000) two thousand dirhams per supplier in any twelve (12) month period. Any amount above this limit shall be treated as payable tax.
  - b. An amount of (AED 250,000) two hundred and fifty thousand dirhams for each government or charitable entity supplier within any twelve (12) month period, when the recipient is a government or charitable entity. Any amount above this limit shall also be treated as payable tax.
3. For the purposes of Clauses (1) and (2) of this Article, the period of (12) twelve months is the period which expires by the end of the month in which the person makes a supply referred to in either of the Clauses.

## **Part Three**

### **Registration**

## **Article (6)**

### **Application for Registration**

For the purposes of mandatory or voluntary registration, the application for tax registration shall contain all information requested by the Authority, and shall be submitted through the means specified by the Authority.

## **Article (7)**

### **Mandatory Registration**

1. The Mandatory Registration Threshold shall be (AED 375,000) three hundred, seventy-five thousand dirhams.
2. The person required to register for tax in accordance with the provisions the provisions of the Decree by Law shall submit the application for tax registration to the Authority within (30) days as of the date of being required to register.
3. If the person required to register for tax does not submit the application for the same, the Authority shall register such person with effect from the date of being required to register and shall impose the relevant penalties thereon in accordance with the Tax Procedures Law.
4. If supplies made by a person exceed, in accordance with the Decree by Law, the Mandatory Registration Threshold during the previous (12) twelve-month period, the Authority shall register the person with effect from the first day of the month following the month in which the person is obligated to register, whether or not such person applies for tax registration, or from such earlier date to be agreed upon between the Authority and the person.
5. If a person expects that the supplies thereof, in accordance with the Decree by Law, will exceed the Mandatory Registration Threshold during the next (30) thirty days, the Authority shall register such person with effect from the date on which there are reasonable grounds for believing that the person will be required to register as set forth in this Clause, whether or not the person notifies the Authority of the obligation to register for tax, or from such earlier date to be agreed upon between the Authority and the person.
6. If a person who does not have a place of residence in the State is required to register in accordance with the provisions of the Decree by Law, the Authority shall register him for tax with effect from the commencement date of making supplies in the State, whether or not the person notifies the Authority of the obligation to register for tax, or from such earlier date to be agreed upon between the Authority and the person.
7. A taxable person who delays the registration for tax purposes in accordance with the provisions of this Article shall be liable for calculating and paying to the Authority the due

tax on all taxable supplies and imports made thereby before being registered.

## **Article (8)**

### **Voluntary Registration**

1. The Voluntary Registration Threshold shall be (AED 187,500) one hundred eighty-seven thousand five hundred dirhams.
2. If a person applies for the tax registration voluntarily in accordance with the provisions of the Decree by Law, the Authority shall register such person with effect from the first day of the month following the month in which the application is submitted, or from such earlier date as may be requested by the person and approved by the Authority.
3. If a person applies for the tax registration voluntarily based on his expectation that the supplies thereof, in accordance with the Decree by Law, will exceed the Voluntary Registration Threshold during the next (30) thirty days, such person shall provide evidence of making taxable supplies or incurring taxable expenses which exceed the Voluntary Registration Threshold.
4. The Authority shall determine the evidence it deems necessary to ensure the person's eligibility for voluntary tax registration.
5. For the purposes of voluntary tax registration, the phrase "Taxable Expenses" means expenses which are subject to the standard rate and incurred in the State by a person who has a place of residence in the State.
6. No person shall register voluntarily unless he provides the Authority with evidence that:
  - a. He practices a business in the State.
  - b. He aims to engage in any of the supplies specified in paragraph (a, b, or c) of Article (54.1) of the Decree by Law.

## **Article (9)**

### **Related Parties**

1. For the purposes of the tax group provisions, the definition of "Related Parties" shall relate to two legal persons in cases such as:
  - a. One or more persons practicing the business in a partnership and having any of the

following:

1. Voting rights in each of the legal persons of 50% or more;
  2. Market value interest in each of the legal persons of 50% or more;
  3. Control over each of the legal persons in any other way.
  - b. Each of persons is a related party with a third person.
2. Two or more persons shall be deemed related parties if they are economically, financially or organizationally related, taking into account the following:
- a. Economic practices, which shall include at least one of the following:
    1. Achieving a common commercial objective;
    2. One person's business benefiting another person's business;
    3. Supplying goods or services by businesses of different persons to the same customers.
  - b. Financial practices, which shall include at least one of the following:
    1. Financial support provided by one person's business to another person's business;
    2. One person's business not being financially viable without another person's business;
    3. Common financial interests in the proceeds.
  - c. Organizational practices, which shall include any of the following:
    1. Common management;
    2. Common employees whether or not jointly employed;
    3. Common shareholders or common economic ownership.
3. For the purposes of this Article:
- a. "Market value interest" in a legal person means the ratio of the total market value of shares and options owned by a person to the total market value of all shares in the legal person.
  - b. Any shareholding shall be disregarded if there is another agreement, which contradicts the same. In such case, the adjusted value in the shareholding shall be calculated in accordance with the other agreement.

## **Article (10)**

### **Registration as Tax Group**

1. A tax group shall nominate one of its registered members to act as the representative member of such tax group.
2. An application for registering a tax group shall be submitted by the representative member of such tax group.
3. The Authority shall decide on any application for registration of two or more persons as a tax group within 20 working days as of the date of receipt of the application.
4. If an application for forming a new tax group is approved, the registration of such tax group shall be valid according to the following:
  - a. From the first day of the tax period following the tax period during which the application is received;
  - b. From any date as determined by the Authority.
5. The Authority may reject the application for registration as a tax group in any of the following cases:
  - a. If the persons fail to meet the conditions prescribed for applying for registration as a tax group in accordance with the provisions of the Decree by Law and Article (9) of this Resolution.
  - b. If there are serious grounds for believing that if the registration as a tax group is permitted, it will enable tax evasion, or significantly decrease tax revenues of the Authority or increase the administrative burden on the Authority.
  - c. If any of the persons included in the application is not a legal person.
  - d. If one of the persons is a government agency in accordance with Article (10) and (57) of the Decree by Law and the other person is not.
  - e. If one of the person is a charity in accordance with Article (57) of the Decree by Law and the other person is not.
6. The Authority may reject an application for adding a person to a tax group if such person does not meet the conditions prescribed for applying for registration as a tax group in accordance with the provisions of the Decree by Law or for the reasons mentioned in Clause (5) of this Article.

7. If the Authority finds that two or more persons are in association as a result of their economic, financial and organizational practices in business, the Authority may register them as a tax group after considering the circumstances of each case, including the presence of the factors mentioned in Clause (2) of Article (9) of this Resolution.
8. The Authority may only register a person within a tax Group in accordance with Clause (7) of this Article if the two following conditions are met:
  - a. The business of such person shall include making taxable supplies or importing relevant goods or relevant services.
  - b. All the taxable supplies or imports of relevant goods or relevant services of the business by persons practicing the business shall exceed the Mandatory Registration Threshold.
9. The Authority may reject the application for registration as a tax group if there are serious reasons to suggest that such registration will significantly decrease the tax revenues.

## **Article (11)**

### **Amendment to Tax Group**

1. The representative member appointed in accordance with Article (10) of this Resolution shall be entitled to apply to the Authority for any of the following:
  - a. Adding another person to be a member of the tax group;
  - b. Removing any member of such tax group;
  - c. Nominating another member of the tax group to be the representative member after obtaining the approval of the other member;
  - d. Canceling the registration of the tax group.
2. For the purposes of Clause (1) of this Article, the Authority shall be entitled to accept any applications from either:
  - a. The first day of the tax period following the tax period during which the application is received;
  - b. Any date as determined by the Authority.
3. Any notification sent by the Authority to the representative member of any tax group shall be deemed to be served on the representative member and all other members of the tax

group.

## **Article (12)**

### **Effect of Tax Group Registration**

1. The registration of persons as a tax group shall result in the following:
  - a. Any business practiced by any member of the tax group shall be deemed to be practiced by the representative member and not by any other member of such tax group.
  - b. Any supplies made by a member of the tax group to another member of the same tax group may be disregarded.
  - c. Any supply, whether or not taxable, made by a member of the tax group shall be deemed to be made by the representative member.
  - d. Any import of relevant goods or relevant services made by a member of the tax group shall be deemed to be made by the representative member.
  - e. Any supply of goods or services made for the benefit of a member of the tax group by a person who is not a member of the tax group shall be deemed a supply to the representative member.
  - f. Any output tax charged by a member of the tax group shall be deemed to be charged by the representative member.
  - g. Any input tax incurred by a member of the tax group shall be deemed to be incurred by the representative member.
2. For the purposes of Clause (1) of this Article, all members of the tax group shall be personally and jointly liable for any payable taxes of the representative member.

## **Article (13)**

### **Aggregation of Related Parties**

1. If it is found that two or more persons are in association as a result of their economic, financial and organizational practices in the business in accordance with Clause (2) of Article (9) of this Resolution, and such persons are not registered as a tax group and



artificially segregate their business, the value of the taxable supplies of each person shall be aggregated to determine whether they both have exceeded the Mandatory Registration Threshold and Voluntary Registration Threshold.

2. If the business is not segregated artificially but the Authority finds that there is a shortfall in tax revenues as a result of the segregation of such business, the Authority may aggregate the taxable supplies of each of the persons to determine whether the total taxable supplies have exceeded the Mandatory Registration Threshold and Voluntary Registration Threshold.
3. If any of the cases set forth in Clause (1) or (2) of this Article occurs, each of the persons shall be treated as making taxable supplies made by the other related parties and shall apply for tax registration if the Mandatory Registration Threshold is exceeded in accordance with the provisions of the Decree by Law.

## **Article (14)**

### **Cancellation of Tax Registration**

1. The registrant shall submit an application for cancellation of tax registration in accordance with the cases set forth in the Decree by Law, within (20) working days as of the date of occurrence of any of them.
2. The Authority shall approve the application for cancellation of tax registration submitted by the registrant when the two following conditions are met:
  - a. The registrant ceases to make supplies referred to in Article (19) of the Decree by Law and does not expect to make any such supplies during the next (12) twelve months.
  - b. The value of supplies referred to in Article (19) of the Decree by Law made by the registrant, or the taxable expenses incurred thereby, during the preceding twelve months is less than the Voluntary Registration Threshold and the Authority believes that the value of supplies of such registrant, in accordance with the provisions of the Decree by Law, or the taxable expenses expected during the next (30) days, is not expected to exceed the Voluntary Registration Threshold.
3. If the application for cancellation of tax registration is approved, the Authority shall cancel the tax registration of the registrant as of the last day of the tax period during which the

registrant has met the conditions for cancellation of tax registration or from such other date as may be determined by the Authority.

4. If the Authority finds that the conditions set forth in Clause (2) of this Article are met, and the registrant does not apply for cancellation of tax registration or submits an application and omits to complete its procedures, the Authority shall cancel the tax registration of the registrant from the last day of the tax period during which the Authority finds that the cancellation conditions have been met or from any other date as may be determined by the Authority.
5. If the registrant applies for cancellation of tax registration due to the reduction of his taxable supplies to less than the Mandatory Registration Threshold, the Authority shall cancel the tax registration, if it approves the application, with effect from:
  - a. The date specified by the registrant in the application;
  - b. The submission date of the application if the registrant does not specify the date of cancellation of tax registration in his application; or
  - c. Any other date as may be determined by the Authority.
6. If the Authority cancels the tax registration of the registrant, it shall notify the registrant of the effective date of cancellation of tax registration within (10) working days as of the issuance of the cancellation decision.
7. If the registrant applies for cancellation of tax registration, it shall pay the total due taxes and administrative fines and shall further submit the final tax return required to be submitted under the Decree by Law and the Tax Procedures Law.
8. Any goods and services that constitute part of the registrant's business assets shall be considered as supplied by the registrant immediately prior to the cancellation of its tax registration. The tax due on these supplies shall be reported in the final tax return, except in cases where the business is managed by a legal representative as outlined in the Tax Procedures Law.
9. The cancellation of tax registration does not exempt the person from compliance with the Decree by Law and this Resolution, including the requirement to submit a new tax registration application upon meeting the requirements for tax registration.

## **Article (14) BIS**

### **Cancellation of Tax Registration to Safeguard Tax Scheme Integrity**

1. The Authority may decide to cancel a tax registration if it determines that maintaining the registration would compromise the integrity of the tax scheme, under any of the following conditions:
  - a. The registrant does not meet the tax registration requirements as outlined in the Decree by Law.
  - b. The registrant does not submit an application to the Authority to cancel its tax registration as specified in Clause (1) of Article (21) of the Decree by Law, or the registrant initiates a cancellation application but does not complete it.
  - c. Any other conditions specified by the Authority.
2. Before canceling the tax registration, the Authority shall verify the registrant's ineligibility for tax registration.
3. The Authority's cancellation of the tax registration shall not affect the registrant's obligations under the Decree by Law and this decision, including the requirement to submit a new tax registration application upon meeting the necessary conditions.

## **Article (15)**

### **Cancelled or Amended Registration of Tax Group**

1. The Authority shall cancel the registration of any tax group in any of the following cases:
  - a. If the persons registered as a tax group no longer meet the conditions for their registration as a tax group in accordance with the Decree by Law.
  - b. If there is no longer an association among the registered persons as a tax group based on their economic, financial and organizational practices.
  - c. If there are serious reasons for believing that permitting the continuance of the registration as a tax group would enable the tax evasion or significantly reduce the tax revenues of the Authority.
2. The Authority shall amend the composition of persons registered as a tax group as follows:
  - a. A member shall be removed from a tax group if such member meets the conditions set forth in Clause (1) of this Article or whence it ceases to engage in the taxable supplies.

- b. A member shall be added to a tax group if the Authority believes that the activities carried out by such person are deemed as part of the business practiced by the tax group in accordance with Clause (7) of Article (10) of this Resolution.
- 3. The representative member of a tax group shall notify the Authority in case that any member is no longer eligible to be part of the tax group, within (20) working days as of the date of being non-eligible.
- 4. If the Authority decides to cancel or amend the registration of a tax group, it shall give notification of such decision and its effective date to the representative member within (10) working days as of the date of such decision.
- 5. If a taxable person is no longer a member of a tax group, the Authority shall assign a new tax registration number to such person or re-activate the tax registration number thereof before joining the tax group, and shall treat the same as a registrant immediately following the withdrawal from the tax group.

## **Article (16)**

### **Exception from Registration**

- 1. Any taxable person wishing to apply for an exception from tax registration based on that all of his supplies are zero-rated, shall submit an application regarding the same to the Authority on the form and by the means determined by the Authority in this regard.
- 2. The Authority shall scrutinize the application for exception from tax registration and it may approve or disapprove the application and notify the taxable person of rejection of his application.
- 3. A person exempted from tax registration shall inform the Authority of any changes in its business that have resulted in or may result in ineligibility from tax exemption under Clause (1) of Article (15) of the Decree by Law. Notice shall be given within ten (10) working days from the date of any taxable supply or import at the standard rate.
- 4. If the person is no longer eligible for exemption from tax registration, it shall proceed with tax registration.

## **Article (17)**

### **Registration Upon Entry into Force of the Decree by Law**

1. A person who will be taxable on the date of entry into force of the Decree by Law, shall apply for tax registration prior to such date according to the dates as announced by the Authority.
2. The effective date of registration of the taxable person shall be 1 January 2018, if such person notifies the Authority of his obligation to register for the tax in accordance with Clause (1) of this Article.
3. If a person registers for the tax prior to the date of entry into force of the Decree by Law, such person shall have the same rights and be subject to the same obligations as if he had registered for the tax after the date of entry into force of the Decree by Law.

## **Article (18)**

### **Obligations Before Cancellation of Tax Registration**

The cancellation of tax registration shall not exempt a person from his obligations and liabilities stipulated in the Decree by Law that were applicable while he was still a registrant.

## **Part Four**

### **Rules on Supplies**

## **Article (19)**

### **Due Tax at the Date of Supply**

For the purposes of Articles (25), (26) and (80) of the Decree by Law, if the tax is due because a payment is made or a tax invoice is issued in respect of a supply of goods or services, the tax shall be due to the extent of the payment made or stated in the tax invoice, and the remaining amount of the due tax on such supply shall be payable in accordance with the provisions of the Decree by Law.

## **Article (20)**

### **Place of Supply of Goods Delivered within the State**

In the event that the supply of goods requires that such goods exit and re-enter the State during being transported from one location to another within State, the goods shall not be treated as exported or imported if all the following conditions are met:

1. If the exit from and re-entry into the State takes place in the course of a journey between two points within the State.
2. If there is no significant break in the transport of goods while existing outside the State, and any break is limited to what is reasonably expected in the course of normal transport of goods.
3. If the goods are not unloaded from the relevant means of transport while being outside the State.
4. If the goods are not consumed, supplied, or subject to any process while being outside the State.
5. If the nature, quantity or quality of the goods does not change as a result of exiting and re-entering the State.

## **Article (21)**

### **Place of Supply of Services Related to Real Properties**

1. For the purposes of the Decree by Law and this Resolution, the "real property" shall include for example:
  - a. Any piece of land upon which rights, interests or services can be created;
  - b. Any building, structure or engineering work permanently attached to the land;
  - c. Any fixture or equipment established as a permanent part of the land or permanently attached to the building, structure or engineering work.
2. A supply of services shall be deemed as related to a real property if the supply of services is directly connected with the real property, or it is the grant of a right to use the real property.
3. A supply of services directly connected with the real property shall include the following:
  - a. Grant, transfer or assignment of any interest in or right over a real property;

- b. Grant, transfer or assignment of a personal right to any interest in or right over a real property;
- c. Grant, transfer or assignment of a license to occupy land or any other contractual right exercisable over or in relation to a real property, including the provision and lease of sleeping accommodation in a hotel or similar establishment;
- d. A supply of services by real estate experts or agents;
- e. A supply of services involving the preparation, coordination and performance of construction, destruction, maintenance, conversion and similar work.

## **Article (22)**

### **Place of Supply of Certain Transport Services**

1. The place of the supply of each transport service shall be the place where the supply of such transport service commences, if the trip includes more than one stop and includes multiple supplies in accordance with Clause (5) of Article (4) of this Resolution.
2. The place of supply of transport-related services shall be the same as the place of supply of the transport service to which they relate.

## **Article (23)**

### **Telecommunication and E-Services**

1. "Telecommunication Services" means transmitting, broadcasting, converting or receiving any of the services listed below by using any communications equipment or devices that transmit, broadcast, convert, or receive such services by electrical, magnetic, electromagnetic, electrochemical or electromechanical means any other means of communication, including:
  - a. Wired and wireless communications;
  - b. Voice, music and other sounds;
  - c. Visual images;
  - d. Signals used in broadcasting except for public broadcasts;
  - e. Signals used for operating and controlling any machinery or devices;
  - f. Services of an equivalent type which have a similar purpose and function.

2. "E-services" means services which are offered directly via the internet, an electronic network, or an electronic marketplace, including:
  - a. Supply of web domains, web-hosting and remote maintenance of programs and equipment;
  - b. Supply and updating of software;
  - c. Supply of images, text, and information electronically such as photos, screensavers, electronic books and other digital documents and files;
  - d. Supply of music, films and games on demand;
  - e. Supply of online magazines;
  - f. Supply of advertising space on a website and any rights associated with such advertising;
  - g. Supply of political, cultural, artistic, sporting, scientific, educational or entertainment broadcasts, including broadcasts of events;
  - h. Live streaming via the internet;
  - i. Supply of distance learning services;
  - j. Services of an equivalent type which have a similar purpose and function.
3. "Electronic Marketplace" means a distribution service to be operated by electronic means, including by a website, internet portal, gateway, store, or distribution platform, and provided that the following conditions are met:
  - a. It shall allow suppliers to supply e-services to customers.
  - b. The supplies made by the electronic marketplace shall be made by electronic means.

## **Article (24)**

### **Evidence of Certain Supplies among the Applying States**

1. If a taxable person makes a supply of goods from the State to a person who has a place of residence in another applying state, and the supply requires the goods to be actually moved to such other applying state, the taxable person shall retain official and commercial evidence of exportation of such goods to such other applying state.
2. The Authority may requests from a taxable person who supplies goods or services to another applying state to collect and retain any evidential information as well as what is



stated in Clause (1) of this Article, and provide the same by the means determined by the Authority.

3. The Customs Departments shall confirm the type and quantity of the exported goods with the exportation documents issued by them.

## **Article (25)**

### **Market Value**

1. "Similar Supply", with respect to the supply of goods or services, means any other supply of goods or services which is similar to or substantially resembles, in respect of the characteristics, quality, quantity, functional components, materials, and reputation, such supply of goods or services.
2. The market value of a supply of goods or services at a given date shall be deemed the cash consideration which the supply would generally achieve if supplied in similar circumstances at such date in the State, being a supply freely offered and made between persons who are not in association in any manner.
3. If the market value of a supply of goods or services at a given date cannot be determined as stipulated in Clause (2) of this Article, the market value shall be the cash consideration which a similar supply would achieve if supplied in similar circumstances at such date in the State, being a supply freely offered and made between persons who are not in association in any manner.
4. If it is not possible to determine the market value of a supply of goods or services as stipulated in Clauses (2) and (3) of this Article, the market value shall be determined by reference to the replacement cost of identical goods or services, provided that such supply is offered by a supplier who is not in association with the recipient of goods or recipient of services in any manner.

## **Article (26)**

### **Apportionment of Single Consideration**

For the purposes of Clause (4) of Article (34) and Article (47) of the Decree by Law, if the consideration payable to the taxable person relates to a supply of goods or services and

matters other than the supply of goods or services, or to two different supplies of goods or services, the taxable person shall specify the portion of the consideration that represents the market value of each part of the supply in accordance with the provisions of Article (25) of this Resolution.

## **Article (27)**

### **Tax Exclusive Price**

1. The declared prices shall be inclusive of tax in case of the taxable supply.
2. Notwithstanding the provisions of Clause (1) above, the taxable person may declare tax-exclusive prices in the following cases:
  - a. Supply of goods or services for exportation;
  - b. If the customer is a registrant.
3. If the declaration of prices as being exclusive of tax applies in accordance with Clause (2) of this Article, the price shall be explicitly identified as being exclusive of tax.
4. Notwithstanding the provisions of Clause (1) above, the taxable person shall declare the price as being exclusive of tax in the following cases:
  - a. Supply of relevant goods or relevant services to which the provisions of Clause (1) of Article (48) of the Decree by Law apply.
  - b. Supply of taxable goods in accordance with Clause (3) of Article (48) of the Decree by Law.

## **Article (28)**

### **Discounts, Subsidies and Vouchers**

1. The State shall not be treated as providing a subsidy to the supplier if the subsidy or part thereof is a consideration for a supply of goods or services to the State.
2. The value of supply may be reduced in the case of a discount if the following conditions are met:
  - a. The customer benefits from the reduction in price.
  - b. The supplier funds the discount.
3. The value of a discount shall be the amount by which the consideration is reduced.

4. The value of a discount shall not include the value of any voucher used, and any such reduction shall be disregarded unless the voucher is provided for no consideration.
5. If the supplier issues and sells a voucher for consideration that is less than the value stated on the voucher, the value of discount shall be the difference between the value of the voucher and the consideration paid for such voucher.
6. The "Voucher" shall not include an instrument that gives the right to receive goods or services or the right to receive a discount on the price of the goods or services unless the cash value for which the voucher may be redeemed is identified when issuing the voucher.

## **Part Five**

### **Profit Margin Scheme**

#### **Article (29)**

#### **Levying the Tax based on the Profit Margin**

1. The taxable person may calculate and charge the tax on any goods supply on the basis of the profit margin in the following cases:
  - a. If the taxable person makes a supply of goods set out in Clause (2) of this Article after having been purchased from any of the following:
    1. A person who is not a registrant.
    2. A taxable person who has calculated the tax on the supply on the basis of the profit margin.
  - b. If it makes a supply of goods for which the input tax has not been refunded in accordance with Article (53) of this Resolution.
2. The goods set forth in Clause (1) of this Article mean goods that have been taxed before the supply which shall be subject to the profit margin scheme and such goods are:
  - a. Used goods; i.e. tangible moveable property suitable for further use as it is or after repair.
  - b. Antiques; i.e. goods that are over 50 years old.
  - c. Collectors' items, including stamps, coins and paper money and other items of scientific, historical or archaeological importance.
3. A taxable person may not calculate and charge the tax on the basis of the profit margin in

respect of goods stated in Paragraph (a) of Clause (1) of this Article if a tax invoice or other document is issued for such supply and the amount of the tax levied on the supply is mentioned in the tax invoice or the document.

4. The profit margin shall be the difference between the purchase price of the goods and the selling price thereof, and shall be deemed to be inclusive of the tax.
5. The "purchase price" set forth in Clause (4) of this Articles shall include any costs and fees incurred for the purchase of the good, along with the purchase price of the good.
6. Any taxable person shall keep the records mentioned below in respect of the supplies made in accordance with this Article:
  - a. A stock book or similar records showing details of each goods purchased and sold under the profit margin scheme;
  - b. Purchase invoices showing details of the goods purchased under the profit margin scheme. If the goods are purchased from non-registrant persons, the taxable person shall issue an invoice showing details of the goods himself, which shall contain at least the following information:
    1. Name, address and tax registration number of the taxable person;
    2. Name and address of the person selling the goods;
    3. Date of the purchase;
    4. Details of the goods purchased;
    5. Consideration payable in respect of the goods;
    6. Signature of the seller of the goods or his authorized signatory.
7. If a taxable person charges a tax on a supply on the basis of the profit margin, such taxable person shall issue a tax invoice which explicitly states that the tax is charged on the basis of the profit margin, in addition to all other information required to be mentioned in the tax invoice except for the tax amount.

**Part Six**  
**Zero-Rated Supplies**  
**Article (30)**

**Applying the Zero Rate to the Exportation of Goods**

1. The direct exportation shall be subject to the zero rate if both below-mentioned following conditions are met:
  - a. The goods are physically moved to a place outside the applying states or are put under a customs suspension scheme in accordance with the GCC Common Customs Law, within ninety (90) days as of the date of supply.
  - b. The exporter shall maintain the following documents:
    1. Customs declaration and commercial evidence of exportation;
    2. Shipping certificate and official evidence of exportation; and
    3. A customs declaration proving the customs suspension status if the goods are under customs suspension status.
2. The indirect exportation shall be subject to the zero rate if the following conditions are met:
  - a. The goods are physically moved to a place outside the applying states or are put under a customs suspension scheme in accordance with the GCC Common Customs Law, within ninety (90) days as of the date of supply in accordance with arrangements to be agreed upon by the supplier and the overseas customer at or before the date of supply
  - b. The overseas customer or its agent shall obtain any of the following documents, and provide a copy thereof to the supplier.
    1. Customs declaration and commercial evidence of exportation;
    2. Shipping certificate and official evidence of exportation; and
    3. A customs declaration proving the customs suspension status if the goods are under customs suspension status.
  - c. The goods shall not be used or altered during the period between the supply and exportation or customs suspension, except to the extent necessary to prepare or put the goods for exportation or customs suspension.

- d. The goods shall not leave the State in the possession of a passenger or crew member of an aircraft or ship.
- 3. For the purposes of this Article, moving goods to a designated area from a place in the State or a supply of goods to a designated area shall not be deemed an exportation of such goods.
- 4. For the purposes of Clauses (1) and (2) of this Article:
  - a. "Official evidence" means the exportation certificate issued by the Customs Departments in the State or a clearance certificate issued by such Departments or the competent authorities in the State with regard to the movement of the goods from the State after verifying that the goods have been moved from the State, or a document or clearance certificate certified by the competent authorities in the State of destination indicating that the goods have entered it.
  - b. "Commercial evidence" shall mean a document issued by sea, air, or land transport companies and agents, which shows the transportation and export of goods from the State to outside. It includes one of the following documents:
    - 1. Air waybill (AWB) or air cargo manifest;
    - 2. Bill of lading or sea cargo manifest; and
    - 3. Consignment certificate/note or land cargo manifest.
  - c. The term "shipping certificate" refers to a certificate issued by sea, air, or land transport companies and agents, serving as an equivalent to the commercial evidence in cases where it is unavailable.
- 5. The evidence of exportation, whether official or commercial, shall identify the following:
  - a. The supplier;
  - b. The consignor;
  - c. The goods;
  - d. The value;
  - e. The exportation destination;
  - f. The means of transport and route of the exported goods.
- 6. The Authority may disapprove the documents submitted, where they do not constitute sufficient evidence for the export of the goods from the State, and identify other types of

evidence or proof depending on the nature of the exportation or the nature of the goods to be exported.

7. The Authority may extend the period of (90) days set out in Clauses (1) and (2) of this Article, upon a written request of the supplier, if the Authority finds that any of the following occurs:
  - a. There are circumstances beyond the control of the supplier and the recipient of goods which have prevented, or may prevent, the exportation of the goods within ninety (90) days as of the date of supply.
  - b. The goods or a class of the goods cannot be exported due to the nature of the supply, within ninety (90) days as of the date of supply.
8. The indirect exportation shall include a supply of goods in a departure area of an airport or port to a passenger of an aircraft or ship if:
  - a. The goods leave the State in the possession of the passenger.
  - b. The supplier obtains and retains evidence, such as the details of the boarding pass of the passenger, that the passenger intends to depart for a destination outside the applying states.
9. If the person obligated to export the goods under this Article does not do so within the period of (90) days or a longer period approved by the Authority under Clause (7) of this Article, the tax shall be levied on the supply at the rate that would have been due on the supply if made in the State.
10. For the purposes of this Article, any supply of goods shall be subject to the zero rate if the goods intended for exportation are destroyed or cease to exist due to circumstances beyond the control of both the supplier and the recipient of goods.
11. The Customs Departments shall check to confirm the type and quantity of the exported goods with their exportation documents in accordance with the customs procedures and based on classification of the Tax Risk Matrix determined in coordination with the Authority.

## **Article (31)**

### **Applying the Zero Rate to the Exportation of Services**

1. The exportation of services shall be subject to the zero rate in the following cases.
  - a. If the following conditions are met:
    1. The services are supplied to a recipient of services who has no place of residence in any applying state and is outside the State when the services are performed.
    2. The services are not supplied directly in connection with real properties situated in the State or any improvement to such real properties or directly in connection with moveable personal assets situated in the State when the services are performed.
    3. The services shall not be treated as performed in the State or in a designated area under Clauses (3 to 8) of Article (30) and Article (31) of the Decree by Law.
  - b. If the services are actually performed outside the applying states or are the arrangement of services that are actually performed outside the applying states.
  - c. If the supply includes the provision of outbound tour packages, for the part relating to such service.
2. For the purposes of Paragraph (a) of Clause (1) of this Article, a person shall be deemed as being "outside the State" if his presence is only for a short period of less than (30) thirty days, or his presence in the State is not effectively connected with the supply.
3. Notwithstanding the provisions of Paragraph (a) of Clause (1) of this Article, a supply of services shall not be zero-rated, if the supply is made under an agreement entered into, whether directly or indirectly, with a non-resident recipient of services if all of the following conditions are met:
  - a. If services are received by another person within the State or it is reasonably foreseeable at the time of the agreement's conclusion that services will be received by another person within the State. This includes, but is not limited to, an employee or manager of the non-resident recipient of the services.
  - b. Where it is reasonably foreseeable at the time of the agreement's conclusion that services will be received by another person, the input tax on them may not be fully recovered in accordance with Article (54) or (57) of the Decree by Law.
4. For the purposes of Paragraph (c) of Clause (1) of this Article, services that include the



"provision of outbound tour packages" mean the services that a taxable person provides in packaging one or more tourism products and also services outside the applying states, including goods and services such as accommodation, meals, transport, and other activities.

## **Article (32)**

### **Applying the Zero Rate to the Exportation of Telecommunications Services**

1. The exportation of telecommunications services shall be subject to the zero rate in the following cases:
  - a. A supply of telecommunications services by a telecommunications supplier who has a place of residence in the State to a telecommunications supplier who has place of residence outside the applying states.
  - b. A supply of telecommunications services initiated outside the applying states by a telecommunications supplier who has a place of residence in the State to a person who is not a telecommunications supplier and has a place of residence outside the State.
2. For the purposes of Paragraph (b) of Clause (1) of this Article, the place where a supply is initiated shall be identified according to the following:
  - a. The place of the person who initiates the supply.
  - b. If Paragraph (a) of this Clause does not apply, the person who pays for the services.
  - c. If Paragraphs (a) and (b) of this Clause do not apply, the person who contracts for the purposes of the supply.
3. For the purposes of this Article, the "telecommunications supplier" means a person whose main activity is the supply of telecommunications services.

## **Article (33)**

### **Applying the Zero Rate to International Transport Services for Passengers and Goods**

1. The supply of international transport services for passengers and goods and transport-related services shall be subject to the zero rate in the following cases:
  - a. Services of transporting passengers or goods from a place in the State to a place outside the State;
  - b. Services of transporting passengers or goods from a place outside the State to a place in the State;
  - c. Services of transporting passengers from a place in the State to another place in the State by sea, air or land as part of a supply of an international transport of such passengers if the first place of departure and/or the final destination is outside the State.
  - d. Services of transporting goods from a place in the State to another place in the State if the services are supplied as part of the supply of services of transporting goods either from a place in the State to a place outside the State or from a place outside the State to a place in the State by the same supplier.
2. The following goods and services shall be zero-rated if they are supplied in respect of the transport services for passengers or goods in accordance with the provisions of Clause (1) of this Article:
  - a. Goods which are supplied for use, consumption or sale by or on an aircraft or ship;
  - b. Services provided to the recipient of the transport services during the supply of transport services;
  - c. Services of insurance, arranging the insurance, or arranging the transport of passengers or goods.
3. A supply of postage stamps issued by the Emirates Post Group shall be zero-rated where the postage stamp may only be used or redeemed for transportation of goods to a place outside the State.

## **Article (34)**

### **Applying the Zero Rate to Certain Means of Transport**

The supply and import of the following means of transport shall be subject to the zero rate:

1. An aircraft which is designed or adapted to be used for commercial transport of passengers or goods and not designed or adapted for recreation, pleasure or sports;
2. A ship, boat or floating structure which is designed or adapted for use for commercial purposes and not designed or adapted for recreation, pleasure or sports.
3. A bus or train which is designed or adapted to be used for public transport of (10) or more passengers.

## **Article (35)**

### **Applying the Zero Rate to Goods and Services Related to the Supply of Means of Transport**

Goods and services related to the supply of means of transport set forth in Article (34) of this Resolution shall be subject to the zero rate:

1. Goods, except for fuel or other oil or gas products, that are supplied or imported in the course of operating, repairing, maintaining or converting means of transport in any of the following cases:
  - a. Include the goods into, affix, attach to or form part of such means of transport.
  - b. The use of goods directly as consumable goods in the operation, repair, maintenance, or conversion process, which become unusable or worthless as a result of such use.
2. The following services which are supplied directly in connection with means of transport referred to in Article (34) of this Resolution for the purposes of operating, repairing, maintaining or converting such means of transport:
  - a. Services provided for the repair of the means of transport when repairs are performed on board the means of transport
  - b. Maintenance services provided for the means of transport when repairs are performed on board the means of transport, including inspections, testing of the means of transport and its parts or equipment, cleaning, repainting, and other similar services.

- c. Conversion services provided for the means of transport, provided that, upon completion, the means of transport continues to meet the conditions specified in Article (34) of this Resolution.
- 3. Services which are supplied directly in connection with parts and equipment of means of transport referred to in Article (34) of this Resolution for the purpose of repairing and maintaining such parts and equipment, provided that any of the following conditions is met:
  - a. The services are performed on board the means of transport.
  - b. The part is removed for repair or maintenance, and is subsequently reinstalled in the same means of transport.
  - c. The part is removed for repair or maintenance, and is subsequently held in stock for the future use as a spare part in the same means of transport or another means of transport.
  - d. The part cannot be repaired and is replaced by a similar part.

## **Article (36)**

### **Applying the Zero Rate to Precious Metals**

- 1. The supply or importation of investment precious metals shall be subject to the zero rate.
- 2. The "investment precious metals" mean gold, silver and platinum that meet the following standards:
  - a. The metal is of a purity of 99 percent or more.
  - b. The metal is in a form tradable in global bullion markets.

## **Article (37)**

### **Residential Buildings**

- 1. The "residential buildings" mean buildings made and designed for human occupation, including:
  - a. Any building or part thereof occupied by a person or expected to be occupied by a person as his principal place of residence;
  - b. Residential accommodation for students or school pupils;

- c. Residential accommodation for armed forces and security forces;
  - d. Orphanages, nursing homes, and rest homes.
- 2. The "residential building" does not include any of the following:
  - a. Any place that is not a building fixed to the ground and can be moved without being damaged;
  - b. Any building that is used as a hotel, hostel, bed and breakfast establishment, hospital or the like;
  - c. A hotel apartment, serviced apartment or the like; or
  - d. Any building constructed or converted without a legal license.
- 3. Any building may be deemed as a residential building if a small part thereof is used as an office or workspace by the occupants, if it includes garages and gardens used in conjunction with it, or if it includes any other features that may be said to comprise part of the residential building.

## **Article (38)**

### **Applying the Zero Rate to Buildings Specifically Designed to be Used by Charities**

The first sale or lease of a building, or any part thereof, shall be zero-rated if the building is specifically designed to be used by a charity and solely for a relevant charitable activity.

## **Article (39)**

### **Applying the Zero Rate to Converted Residential Buildings**

- 1. The first supply of a building, or any part thereof, which is converted to a residential building shall be zero-rated, provided that the supply takes place within three (3) years as of the completion of the conversion and the original building, or any part thereof, has not been used as a residential building and not comprised part of a residential building within (5) five years prior to the commencement of the conversion work.
- 2. The presence of shared or common facilities, or dividing walls or similar features in a residential building shall not be sufficient grounds to consider the residential building or

any part thereof as part of an existing residential building.

## **Article (40)**

### **Applying the Zero Rate to Educational Services**

1. The supply of educational services shall be subject to the zero rate if the following conditions are met:
  - a. The supply of educational services is provided in accordance with the curriculum recognized by the federal or local competent government agency regulating the education sector where the course is delivered.
  - b. The supplier of educational services is an educational institution recognized by the federal or local competent government agency regulating the education sector where the course is delivered.
  - c. If the supplier of educational services is a higher education institution, the institution shall be either owned by the federal or local government or receive more than 50% of its annual funding directly from the federal or local government.
2. The supply of goods or services made by educational institutions referred to in Clause (1) of this Article shall be zero-rated if the supply is directly related to the provision of a zero-rated educational service.
3. Printed and digital reading material provided by educational institutions referred to in Clause (1) of this Article and related to the academic curriculum shall be zero-rated.
4. Notwithstanding the provisions of Clause (2) of this Article, the following supplies shall not be zero-rated:
  - a. Goods and services supplied by the educational institution referred to in Clause (1) or made available to persons who are not enrolled in such educational institution.
  - b. Any goods other than educational materials provided by the educational institution referred to in Clause (1) which are consumed or transformed by the students benefiting from the educational service for the purposes of education.
  - c. Uniforms or any other clothing which are required to be worn by the educational institution referred to in Clause (1), whether or not supplied by the educational institution as part of the supply of educational services.

- d. Electronic devices related to the educational services, whether or not supplied by the educational institution referred to in Clause (1) as part of the supply of educational services.
- e. Food and beverages supplied at the educational institution referred to in Clause (1), including any supplies from vending machines or vouchers in respect of food and beverages.
- f. Field trips, unless they are directly related to the curriculum of an education service and are not predominantly recreational.
- g. Extracurricular activities provided by or through the educational institution referred to in Clause (1) against fees additional to the fees of the education service.
- h. Membership of a student organization.

## **Article (41)**

### **Applying the Zero Rate to Healthcare Services**

1. The "healthcare services" mean any service supplied and generally recognized in the medical profession as being necessary for treating the recipient of the supply, including the preventive treatment.
2. Any supply of healthcare services shall be zero-rated, provided that:
  - a. It is made by a healthcare entity or institution, doctor, nurse, technician, dentist, or pharmacy licensed by the Ministry of Health and Community Protection or by any other competent authority concerned with health affairs.
  - b. It is related to the human health.
3. "Healthcare services" do not include any of the following:
  - a. Any part of a supply in relation to staying in or attending an establishment whose main purpose is to provide holiday accommodation or entertainment so that any healthcare service is incidental to the provision of the accommodation or entertainment.
  - b. Elective treatment for cosmetic reasons unless prescribed by a doctor or medical specialist for treating or preventing a medical condition.
4. The supply of goods or import of the relevant goods shall be zero-rated if it is a supply or import of any of the following:

- a. Any drugs specified in a resolution issued by the Cabinet;
- b. Any medical equipment specified in a resolution issued by the Cabinet;
- c. Any other goods not covered by Paragraphs (a) and (b) of this Clause, which are supplied in the course of supplying zero-rated healthcare services that are necessary to the person for the supply of the aforesaid healthcare services.

## **Part Seven**

### **Exempted Supplies**

#### **Article (42)**

#### **Tax Treatment of Financial Services**

1. For the purposes of this Article:
  - a. The "debt security" means any interest in or right to receive money currently owed, or to be owed in the future by any person, or any option to acquire any such interest or right.
  - b. The "equity security" means any interest in or right to a share in the capital of a legal person, or any option to acquire any such interest or right;
  - c. The "life insurance contract" means a contract legally entered into to the extent that it places sums at risk upon the contingency of the termination or continuance of human life, marriage, similar relationships permitted under the applicable law, or the birth of a child.
  - d. The "Islamic financial arrangement" means a written contract relating to a supply of financing in accordance with the principles of Shariah and the relevant laws.
2. Financial services are services associated with cash dealings or equivalent and the provision of credit and include, for example, the following:
  - a. Exchange of currency, whether by the exchange of bank notes or coin, by crediting or debiting accounts, or otherwise;
  - b. Issue, payment, collection, or transfer of ownership of a check or letter of credit;
  - c. Issue, allotment, drawing, acceptance, endorsement, or transfer of ownership of a debt security;
  - d. Provision of any loan, advance or credit;



- e. Renewal or variation of a debt security, equity security, or credit contract;
  - f. Provision, taking, variation, or release of a guarantee, indemnity, security, or bond in respect of the performance of obligations under a check, credit, equity security, debt security, or in respect of the activities set forth in Paragraphs (b) to (e) of this Article;
  - g. Operation of any current, deposit or savings account;
  - h. Provision or transfer of ownership of Sukuk such as derivatives, options, swaps, credit default swaps, and futures;
  - i. Provision or transfer of ownership of a life insurance contract or provision of re-insurance for such contract.
  - j. Management of the investment funds, and it refers to "services provided independently by the fund manager, for a fee, to funds licensed by a competent authority within the State, including but is not limited to, overseeing the fund's operations, managing investments on behalf of the fund, and monitoring and enhancing the fund's performance.
  - k. Transfer of ownership of the virtual assets, including the virtual currencies.
  - l. Convert the virtual assets.
  - m. Save, manage and control virtual assets.
  - n. Agreement or arrangement to carry out any of the activities set out in Paragraphs (a) to (m) of this Clause, except for providing consultation in respect thereof.
3. The following financial services shall be exempted from the tax:
- a. The activities set forth in Clause (2) of this Article, which are not carried out against an explicit fee, discount, commission, or the like;
  - b. Issue, allotment, or transfer of ownership of an equity security or debt security;
  - c. Provision or transfer of ownership of a life insurance contract or provision of re-insurance for such contract.
  - d. The services performed for the management of the funds, specified in paragraph (j) of Clause (2) of this Article.
  - e. The services specified in paragraphs (k) and (l) of Clause (2) of this Article, including the services supplied starting from January 01, 2018.
4. The supply of services set forth in Clause (2) of this Article shall be subject to the tax if the

due consideration thereof is an explicit fee, commission, discount, or the like.

5. Islamic financial products, being financial products under contracts complying with the Islamic Shariah, which simulate the intention and achieve the same result as a non-Shariah compliant financial product, shall be treated in a similar manner as the equivalent non-Shariah financial product for the purpose of applying the exemption from the tax.
6. Any supply made under an Islamic financial arrangement shall be treated in a similar manner as the equivalent non-Shariah financial services in accordance with the provisions of the Decree by Law and the decisions issued by the Authority, so that the tax treatment shall be the same in the two cases.
7. If the provisions of Article (31) of this Resolution applies to a supply of financial services, such supply shall be zero-rated.

### **Article (43)**

#### **Exemption of Residential Buildings**

1. The supply of residential buildings shall be exempted, except for zero-rated supplies, if the term of the lease contract is more than (6) six months or the lessee of the property holds an ID card issued by the Federal Authority for Identity and Citizenship.
2. The term of the lease contract referred to in Clause (1) of this Article shall be determined with reference to the contractual period and shall not take into account any period arising from a right or option to extend the term of the lease contract or renew the contract.
3. For the purposes of Clause (1) of this Article, any right of any party to terminate the lease contract early shall be disregarded.

### **Article (44)**

#### **Exemption of Vacant Lands**

The "vacant land" means the land on which no completed or partially completed buildings or civil engineering works are established.

## **Article (45)**

### **Exemption of Domestic Passenger Transport Services**

1. The supply of domestic passenger transport services by a qualifying means of transport by land, water or air from a place in the State to another place in the State shall be exempted.
2. The "qualifying means of transport" means:
  - a. Any motor vehicle, including a taxi, bus, train, tram, monorail train or similar means of transport designed or adapted for transport of passengers;
  - b. Any passenger boat, ferry or other similar vessel designed or adapted for transport of passengers;
  - c. Any helicopter or airplane designed or adapted for transport of passengers in accordance with Federal Law No. (20) of 1991 regarding Civil Aviation.
3. Notwithstanding the provisions of Clause (1) of this Article, the passenger transport services from a place in the State to another place in the State shall not be considered domestic passenger transport services if the transport is carried out by an aircraft and shall be deemed as "international carriage" as defined in the Warsaw International Convention for the Unification of Certain Rules Relating to International Carriage by Air 1929.
4. Notwithstanding the provisions of Clause (1) of this Article, the transport of passengers shall not be deemed as domestic passenger transport services if it is undertaken in the context of a pleasure trip whose main objective is sightseeing, or enjoyment of catering services, or other forms of pleasure or entertainment.

## **Part Eight**

### **Calculating the Tax on Certain Supplies**

## **Article (46)**

### **Levying Tax on Multi-Component Supply**

For the purposes of the supply composed of more than one component:

1. If the supply is a single composite supply as set forth in Article (4) of this Resolution:
  - a. The supply shall be subject to the same tax treatment of the principal component of the supply.

- b. Where the single composite supply does not include a principal component, the tax treatment shall be applied depending on the nature of the supply as a whole in general.
- 2. If the supply composed of multiple components is not a single composite supply, the supply of each component shall be treated as a separate supply.

## **Article (47)**

### **General Provisions relating to the Importation of Goods**

- 1. Without prejudice to the provisions of the Decree by Law and this Resolution, goods shall not be treated as imported into the State according to the following:
  - a. If they are under a customs suspension scheme in accordance with the GCC Common Customs Law, and provided that a financial guarantee or a cash deposit equal to the value of the due tax is provided if requested by the Authority, in the following cases:
    - 1. Temporary admission;
    - 2. Goods placed in a customs warehouse;
    - 3. Goods in transit;
    - 4. Imported goods to be re-exported by the same person;
  - b. Imported goods into a designated area from a place outside the State.
- 2. The tax shall not be due on any importation of goods if exempted from customs duties as per the following categories in accordance with the GCC Common Customs Law:
  - a. Goods imported by the armed forces and internal security forces;
  - b. Personal effects and gifts in the possession of travelers;
  - c. Importation of used personal effects and household items brought by nationals residing abroad or foreigners coming to reside in the State for the first time;
  - d. Returned goods.
- 3. If a person imports goods to the State through another applying state, the tax shall not be due on such import, if the Authority establishes that the tax is due on the supply or transport of goods in such other applying state.
- 4. The Authority may determine the procedures to be followed by importers and Customs Departments in respect of the importation of goods.

## **Article (48)**

### **Calculating the Tax Under the Reverse Charge Mechanism on Importation of Relevant Goods or Relevant Services**

1. For the purposes of importing relevant goods, the provisions of Clause (1) of Article (48) of the Decree by Law shall apply if the following conditions are met:
  - a. At the time of importation, the taxable person can prove his tax registration.
  - b. The taxable person has sufficient details for the Authority to verify the importation and the tax to be due thereon and is able to provide the same to the Authority upon request.
  - c. The taxable person provides the Authority with its own customs registration number issued by the competent Customs Department, and such Customs Department verifies the importation in accordance with the rules laid down by the Authority.
  - d. The taxable person cooperates with, and complies with any rules imposed by, the Authority in respect of the importation.
2. If the conditions stipulated in Clause (1) of this Article are not met, the taxable person shall calculate the tax in respect of the importation in accordance with Clause (1) of Article (50) of this Resolution.
3. If the taxable person who has a place of residence in the State receives a supply of goods or services, and the place of supply is in the State, from a supplier who has no place of residence in the State and does not charge a tax on the supply, the supply shall be treated as being of relevant goods or relevant services subject to Clause (1) of Article (48) of the Decree by Law.
4. If Clause (1) of Article (48) of the Decree by Law applies, the taxable person shall:
  - a. charge the tax on the value of the relevant goods or relevant services at the rate which would be applicable if the supply of the relevant goods or relevant services is made by a taxable person within the State.
  - b. declare and pay the due tax in the tax return which relates to the tax period in which the date of supply for the relevant goods or relevant services takes place.
5. If the taxable person calculates the due tax in accordance Clause (1) of Article (48) of the Decree by Law, such taxable person shall keep the following documents relating to the

supply:

- a. The supplier's invoice containing the details and consideration paid for the relevant goods or relevant services;
- b. In case of relevant goods, a statement issued by the relevant Customs Department showing the details and value of the relevant goods.

## **Article (49)**

### **Payments for Goods Transferred to Another Applying States**

1. For the purposes of Clause (2) of Article (48) of the Decree by Law, the taxable person shall pay the due tax by using the payment method identified by the Authority.
2. The payment referred to in Clause (1) of this Article shall be made before or at the time of the importation of the goods as determined by the Authority, unless expressly approved by the Authority to defer the payment of the due tax.

## **Article (50)**

### **Special Provisions on Import**

1. If non-registrant person imports certain goods or if the taxable person does not meet the conditions stipulated in Clause (1) of Article (48) of this Resolution, the tax shall be paid to the Authority by or on behalf of the person before the goods may be released.
2. The Customs Departments shall cooperate with the Authority to ensure that the payable tax on importation has been settled before releasing the goods.
3. The tax referred to in Clause (1) of this Article shall be settled using the payment method determined by the Authority.
4. For the purposes of Clause (1) of this Article, if a non-registrant person imports goods through hiring an agent who acts on its behalf for the purposes of importing the goods into the State, the agent shall be responsible for the payment of the tax in respect of the importation of goods.
5. For the purposes of Clause (4) of this Article, the tax shall be declared and paid through the agent's tax return as if the agent were the importer of the goods.
6. An agent who has paid tax in accordance with Clause (4) of this Article shall not recover

as input tax any tax paid on behalf of another person in accordance with obligations set out in this Article.

7. If an agent pays the tax on behalf of another person in accordance with this Article, it shall issue a statement to that other person which contains, at the minimum, all of the following details:
  - a. The name, address, and tax registration number of the agent.
  - b. The date upon which the statement is issued.
  - c. The date of importation of the relevant goods.
  - d. A description of the imported goods.
  - e. The amount of tax paid by the agent to the Authority in respect of the imported goods.
8. The statement issued by the agent to a person in accordance with this Article shall be treated as a tax invoice for the purposes of the documentation requirements in Paragraph (a) of Clause (1) of Article (55) of the Decree by Law.

## **Part Nine**

### **Designated Areas**

#### **Article (51)**

### **Designated Areas**

1. Any designated area specified by a resolution of the Cabinet shall be treated as being outside the State and outside the applying states, subject to the following conditions:
  - a. The designated area is a specific fenced geographic area and has security measures and customs controls in place to monitor the entry and exit of individuals and the movement of goods to and from the area.
  - b. The designated area shall have internal procedures regarding the method of keeping, storing and processing of goods therein.
  - c. The operator of the designated area complies with the procedures set by the Authority.
2. If the designated area changes the manner of operating or no longer meets any of the conditions imposed on it that led to it being specified as a designated area under the Cabinet Resolution, it shall be treated as if being inside the State. The transfer of goods between designated areas shall not be subject to the tax if the following two conditions

are met:

- a. If the goods, or part thereof, are not released, and are not in any way used or altered during the transfer between the designated areas.
  - b. If the transfer is undertaken in accordance with the rules for customs suspension in accordance with the GCC Common Customs Law.
3. If goods are moved between designated areas, the Authority may require the owner of the goods to provide a financial guarantee for the payment of tax, which such person may become liable for if the conditions for movement of goods are not met.
4. If a supply of goods is made within a designated area to a person to be used by him or a third person, then the place of supply shall be the State unless the goods are to be incorporated into, attached to or otherwise form part of or are used in the production or sale of another goods located in the same designated area which itself is not consumed.
5. If a supply of goods is made within a designated area to a person to be used by him or by a third person, then the place of supply shall be the State, except for any of the following situations:
  - a. The goods are to be incorporated into, attached to or otherwise form part of or are used in the production or sale of another goods located in the same designated area which itself is not consumed.
  - b. The goods have been delivered to a place outside the State with the supplier keeping a commercial or official record proving it and a customs record proving that the goods were evacuated from the designated area.
  - c. The goods have been evacuated from the designated area to a place inside the State with the supplier keeping an official record proving that the value added tax has been applied to this import.
6. The place of supply of water or any form of energy shall be considered to be inside the State if the place of supply is in a designated area.
7. In exception to the provisions of clause (6) of this article, the place of supply shall be considered outside the state if the supplied freight or delivery services were directly related to goods whose place of supply is outside the State in accordance with paragraphs (b) and (c) of clause (5) of this article, and the following conditions have been collectively met:



- a. The freight or delivery services are supplied by the same supplier of goods.
  - b. The supplier of goods shall be a non-resident and not registered for tax.
  - c. The goods shall be sold through an electronic sales platform; and by "electronic sales platform" it means any type of electronic platform for online sales, including electronic websites and applications, and that gathers people from sellers and buyers, and which enables the selling and buying of goods with or without freight or delivery services.
  - d. The person owning the electronic sales platform shall not be the supplier of goods.
8. The place of supply of water or any type of energy shall be considered inside the State if the place of supply was located in the designate area.
9. The goods present inside the designated area, for which its owner has not settled its tax, shall be treated as if it was imported into the State if:
- a. The goods were consumed by the owner, unless the goods are incorporated into, attached to or otherwise form part of or are used in the production of other goods located in a designated area which are not consumed.
  - b. The goods are unaccounted for.
10. Any person established, registered or which has a place of residence in a designated area shall be deemed to have a place of residence in the State for the purposes of the Decree by Law

## **Part Ten**

### **Calculation of the Due Tax**

#### **Article (52)**

#### **Input Tax Refund in Respect of Exempted Supplies**

1. Supplies referred to in paragraph (c) of Clause (1) of Article (54) of the Decree by Law are the supplies of financial Services, where the place of supply of these Services is treated as outside the State and the recipient of services is outside the State at the time when the services are performed.
2. For the purpose of Clause (1) of this Article a person is "outside the State" even if they are present in the State, provided it is only a short-term presence in the State of less than a

month, or that his presence is not effectively connected with the supply.

3. Any tax paid by a person in another applying state on the importation of goods to the State through that applying state or on the supply of goods to this person in such applying state where the goods are then transferred to the State, is refundable in the State if the relevant Goods will be used or are intended to be used in accordance with Clause (1) of Article 54 of the Decree by Law and the following conditions are satisfied:
  - a. The taxable person keeps evidence that he has paid the tax in another applying state in respect of the relevant goods.
  - b. The taxable person has not recovered the tax paid in any other applying state.
  - c. The taxable person has complied with any additional reporting requirement that the Authority may specify.
4. If the first supply of a residential building by a taxable person is by way of lease which is zero-rated in accordance with provisions of the Decree by Law, the taxable person may recover Input Tax in full in respect of that supply regardless of any future intention to make later exempt supplies in respect of that residential building.

## **Article (53)**

### **Non-Refundable Input Tax**

1. The input tax shall be non-refundable if incurred by a person in the following cases:
  - a. If the person is not a government agency as specified in a Cabinet Resolution in accordance with Article (10) and (57) of the Decree by Law, and there is provision of entertainment services to anyone not employed by the person, including customers, potential customers, officials, or shareholder or other owners or investors.
  - b. If a motor vehicle is purchased, rented or leased for use in the business and is available for personal use by any person.
  - c. If goods or services are purchased to be used by employees for no charge to them and for their personal benefit including the provision of entertainment services, except in the following cases:
    1. If it is a legal obligation to provide such services or goods to such employees under any applicable labor law in the State or designated area.

2. If there is a contractual obligation or documented policy to provide such services or goods to such employees in order that they may perform their role and it can be proven to be normal business practice in the course of employing those people;
  3. The taxable person gets its employees and their families (as the case may be) subscribed in a health insurance, including enhanced health insurance coverage for one spouse and up to three children who are under the age of eighteen, without prejudice to Clause (1) of this paragraph; or
  4. If the provision of goods or services is a deemed supply under the provisions of the Decree by Law.
2. For the purposes of this Article:
- a. The "entertainment services" mean hospitality of any kind, including the provision of accommodation, food and drinks which are not provided in a normal course of a meeting, access to shows or events, or trips provided for the purposes of pleasure or entertainment.
  - b. The "motor vehicle" means a road vehicle which is designed or adapted for the conveyance of no more than (10) ten people including the driver. A motor vehicle shall exclude a truck, forklift, hoist or other similar vehicle.
3. Provision of catering and accommodation services shall not be treated as entertainment services where it is provided by a transportation service operator, such as an airline, to passengers who have been delayed.
4. A motor vehicle shall not be treated as being available for private use if it is within any of the following categories:
- a. a taxi licensed by the competent authority within the State;
  - b. a motor vehicle registered as, and used for purposes of an emergency vehicle, including by police, fire, ambulance, or similar emergency service;
  - c. a vehicle which is used in a vehicle rental business where it is rented to a customer.

## **Article (54)**

### **Special Cases of Input tax**

1. The amount of refundable tax that can be reclaimed by a taxable person in the tax period in relation to the supply of goods or services made to him, is the amount of Input Tax that relates to the portion of consideration in respect of the supply that has been paid during such tax period.
2. For the purposes of paragraph (b) of Clause (1) of Article (55) of the Decree by Law, a taxable person shall be treated as having made a payment of consideration for a supply to the extent that the taxable person intends to make the payment before the expiration of six months after the agreed date for the payment for the supply.

## **Part Eleven**

### **Apportionment of Input Tax**

## **Article (55)**

### **Apportionment of Input Tax**

1. If there are quarterly tax periods, the tax year shall be as follows:
  - a. If a taxable person's tax period ends on 31 January and quarterly thereafter, the taxable person's tax year shall end on 31 January of every year.
  - b. If a taxable person's tax period ends on last day of February and quarterly thereafter, the taxable person's tax year shall end on the last day of February of every year.
  - c. If a taxable person's tax period ends on 31 March and quarterly thereafter, the taxable person's tax year shall end on 31 March of every year.
2. If the tax period is (12) twelve months, the tax year shall be the same as the tax period.
3. If the tax period is a calendar month, the tax year shall be the total tax periods in the year ending on last day of the calendar year.
4. Notwithstanding Clauses (1), (2) and (3) of this Article, the tax year ends in the following cases:
  - a. If the taxable person cancels its tax registration, the tax year ends on the last day the person was subject to tax.

- b. If a member joins a tax group, the tax year ends on the last day before the member joins the tax group.
  - c. If a member leaves a tax group, the tax year ends on the last day the member is part of the tax group.
- 5. The Authority shall determine the tax year in any other cases not covered by Clauses (1), (2), (3), and (4) of this Article.
- 6. To ascertain the recoverable input tax, the taxable person shall allocate the input tax as follows:
  - a. The full input tax related to the supplies specified in Clause (1) of Article (54) and Article (57) of the Decree by Law made by the taxable person may be recovered.
  - b. Any input tax that cannot be recovered under Article (53) of this Resolution, or that is not associated with the supplies outlined in Clause (1) of Article (54) and Article (57) of the Decree by Law, may not be recovered by the taxable person unless the provisions of the Decree by Law and this Resolution state otherwise.
  - c. Input tax that is partially related to the supplies specified in Clause (1) of Article (54) and Article (57) of the Decree by Law, and partially to other supplies, shall be calculated according to the mechanism outlined in Clause (7) of this Article. Only the amount related to the supplies stipulated in Clause (1) of Article (54) and Article (57) of the Decree by Law are refundable.
- 7. The input tax that could be refundable shall be calculated as follows:
  - a. The taxable person shall calculate the percentage of refundable input tax in accordance with Clause (1) of Article (54) and Article (57) of the Decree by Law to the total of input tax for the tax period.
  - b. The percentage calculated under paragraph (a) of this Clause shall be rounded to the nearest whole number.
  - c. The percentage calculated under paragraph (b) of this Clause shall be multiplied by the amount of the input tax referred to in Paragraph (c) of Clause (6) of this Article to establish the refundable portion of such input tax.
- 8. The calculations referred to above shall be undertaken in respect of each tax period where input tax incurred relates to making exempted supplies or to activities that are not in the

course of the business.

9. At the end of each tax year, the taxable person shall undertake the calculation mentioned in Clause (7) of this Article, but in respect of the entire tax year just ended in the first tax period of its subsequent tax year.
10. The input tax properly refundable for the tax year just ended as described in Clause (9) of this Article shall be compared to the input tax amount actually recovered in all the tax periods making up the tax year, and an adjustment to the refundable tax shall be made in the tax period mentioned in Clause (9) of this Article.
11. If the difference in any tax year between the refundable tax as calculated under this Article and the refundable tax which would arise if a calculation is made which reflects the actual use of the goods and services to which the input tax relates, exceeds AED 250,000 (two hundred fifty thousand dirhams), the taxable person shall, in the tax period referred to in Clause (9) of this Article, make an adjustment to the input tax in respect of the difference.
12. For the purposes of Clauses (4) and (11) of this Article, in cases where the tax year is less than twelve (12) months, the amount specified in Clause (11) shall be adjusted proportionally to reflect the duration of that tax period.
13. If the application of the calculations mentioned in this Article gives a result which the taxable person considers would not reflect the actual extent to which the input tax relates to making taxable supplies, he may apply to the Authority to authorize the use of an alternative basis of calculation based on the list of accepted mechanisms issued by the Authority. Moreover, the Authority may oblige the taxable person to submit such application.
14. The Authority may accept that the taxable person may use an alternative mechanism of apportionment of input tax than that referred to in this Article from such future date and as per any further conditions as determined by the Authority.
15. The taxable person may only apply to change the alternative mechanism with effect from at least two tax years after he was first approved to use it.
16. Without prejudice to Clauses (9), (10), and (11) of this Article, the taxable person may submit an application to the Authority for approval to apply a specific recovery percentage for calculating the refundable input tax in any tax period, based on the recovery

percentage from the previous tax year.

17. The Authority may request such information from the taxable person as it believes is necessary to make a decision regarding application made under Clause (13) or (16) of this Article.
18. If the Authority accepts the application made under Clause (13) or (16) of this Article, it shall issue a notification to the taxable person setting out the alternative calculation method and conditions for using of such method.

## **Article (56)**

### **Adjustment of Input Tax Post-Refund**

1. If the input tax is refunded because it is attributed to supplies as specified in Clause (1) of Article (54) of the Decree by Law but, before the consumption of the goods or services upon which that input tax is incurred the input tax becomes not so attributable, then the taxable person shall be required to repay such input tax.
2. If the input tax is not refunded because it is not attributed to supplies specified in Clause (1) of Article (54) of the Decree by Law but, before the consumption of the goods or services upon which such input tax is incurred, the input tax becomes attributable to supplies as specified in Clause (1) of Article (54) of the Decree by Law, then the taxable person shall be able to recover the input tax attributable to the use of the goods or services for making such supplies.
3. If the input tax is treated as subject to apportionment to calculate the input tax that could be refunded, but before the consumption of the goods or services upon which such input tax is incurred, the use of such input tax changes, then it shall be adjusted as follows:
  - a. If it becomes attributable to supplies as specified in Clause (1) of Article (54) of the Decree by Law, then the taxable person shall be able to recover the input tax not previously recovered to the extent that it is attributable to the use of the goods or services for making such supplies.
  - b. If it ceases to be attributable to any supplies specified in Clause (1) of Article (54) of the Decree by Law then the taxable person shall be required to repay such input tax.
4. The adjustments for change in use of goods or services under this Article shall be made

only if all of the following conditions are met:

- a. The change in use occurred within five years of the date of supply of the relevant goods and services.
- b. The taxable person is not required to adjust the same input tax under mechanisms provided in Articles (55) and (57) of this Resolution in which case those mechanisms will apply.

## **Part Twelve**

### **Capital Asset Scheme**

#### **Article (57)**

##### **Assets Considered Capital Assets**

1. A Capital Asset is a single item of expenditure of the business amounting to AED 5,000,000 or more excluding the tax, on which tax is payable and which has estimated useful life equal or longer than:
  - a. 10 years in case of a building or a part thereof.
  - b. 5 years for all Capital Assets other than buildings or parts thereof.
2. Items of stock, which are for resale, shall not be treated as capital assets.
3. Expenditure consisting of smaller sums which collectively amount to AED 5,000,000 or more shall be treated as a single item of expenditure of AED 5,000,000 or more for the purposes of this Article where the sums are staged payments for any of the following:
  - a. For the purchase of a building.
  - b. For the construction of a building.
  - c. In relation to an extension, refurbishment, renewal, fitting out, or other work undertaken to a building, except that where there is a distinct break between any such works being under taken they shall be taken to be separate items of expenditure.
  - d. For the purchase, construction, assembly or installation of any goods or immovable property where components are supplied separately for assembly.



## Article (58)

### Adjustments Under Capital Assets Scheme

1. A capital asset eligible for the Capital Asset Scheme shall be monitored and the input tax incurred shall be adjusted, as required in accordance with the provisions of this Article, over a period of either (10) ten consecutive years for buildings or parts thereof or (5) five consecutive years for other capital assets, commencing on the day on which the owner first uses the capital asset for the purposes of its business.
2. Notwithstanding the provisions of Clause (1) of this Article, if a capital asset is destroyed, sold, or otherwise disposed of before the end of the period referred to in Clause (1) of this Article, the Capital Asset Scheme shall cease in respect of the asset in the tax year in which the asset was destroyed, sold or disposed of.
3. The tax year in which the capital asset is acquired shall be treated as Year 1 for the purposes of the Capital Asset Scheme.
4. A taxable person shall keep a capital asset register and record therein the input tax incurred on the capital asset in Year 1 (represented by "W" in this Article) as well as details of any adjustments made to the input tax calculations under this Article.
5. The refundable input tax on the capital asset in Year 1 after any adjustment that may be due under Article (58) of the Decree by Law shall be recorded together with the percentage that gave rise to that refund (referred to as "X" in this Article).
6. At the end of each year from Year 2 onwards, the taxable person shall calculate the percentage of Refundable Tax for that Capital Asset for that year in accordance with Article (58) of the Decree by Law (referred to as "Q" in this Article).
7. If Q is not equal to X, the taxable person shall perform the calculation described in Clauses (8) to (11) of this Article, and shall make an adjustment to his Input Tax.
8. The taxable person shall calculate an amount (referred to as "R" in this Article) as:
  - a. One tenth of W multiplied by Q if the capital asset is a building or a part thereof; or
  - b. One fifth of W multiplied by Q if the capital asset is not a buildings or a part thereof.
9. The taxable person shall calculate an amount (referred to as "Z" in this Article) as:
  - a. One tenth of W multiplied by X if the capital asset is a building or a part thereof.
  - b. One fifth of W multiplied by X if the capital asset is not a buildings or a part thereof.

10. If R is more than Z, the taxable person shall increase his input tax by the difference.
11. If R is less than Z, the taxable person shall reduce his input tax by the difference.
12. If the capital asset is disposed of by the taxable person in any year other than the final year or the taxable person deregisters from tax and is required to account for tax on the asset as a deemed supply, the use to which the capital asset is deemed to have been put in any remaining years will be:
  - a. For making taxable supplies, where it is disposed of by way of a supply or deemed supply that is subject to the tax or would be subject to the tax were it to be made in the State.
  - b. For making exempted supplies, where it is disposed of by way of a supply that is exempt or would be exempt were it to be made in the State.
  - c. Not in the course of conducting business, where it is disposed of by way of a transaction that is not deemed as supply in the course of business, unless it is deemed as a supply according to the meaning provided in Clause (2) of Article (7) of the Decree by Law.
13. If a taxable person transfers his capital assets as part of a transfer of his Business or a part thereof according to Clause (2) of Article (7) of the Decree by Law, or to become a member of a tax group, or to leave a tax group and immediately become a taxable person on a stand-alone basis, then the tax year then applying shall end on the day the taxable person transfers the business or part of the Business, or becomes or ceases to be part of a tax group. On the next day, the next tax year shall commence with the owner of the capital assets.
14. If a person who registers for tax has already owned a capital asset for the purpose of his business before registration for tax, Year 1 shall be deemed to have commenced on the date of first use by such person.
15. For the purposes of Clauses (12) and (13) of this Article, any adjustments that may be required in respect of any such remaining years shall be included in the tax return relating to the tax period in which the capital asset is disposed of.
16. Any adjustments other than required under Clauses (12) and (13) of this Article shall be made in the tax period mentioned in Clause (9) of Article (55) of this Resolution.

17. The first tax year for an internally developed capital asset is the year in which the asset is first put into use.

## **Part Thirteen**

### **Tax Invoices and Tax Credit Notes**

#### **Article (59)**

##### **Tax invoices**

1. A tax invoice shall include all of the following particulars:
  - a. The phrase "Tax Invoice" clearly displayed on the invoice.
  - b. The name, address, and tax registration number of the Registrant making the supply.
  - c. The name, address, and tax registration number of the recipient of goods or recipient of services, if the recipient is a registrant.
  - d. A sequential tax invoice number or a unique number that enables identification of the tax invoice and its order within a series of invoices.
  - e. The date of issuing the tax invoice.
  - f. The date of supply if different from the date the tax invoice was issued.
  - g. A description of the Goods or Services supplied.
  - h. The unit price for each good or service, the quantity or volume supplied, the rate of tax, and the amount payable in AED.
  - i. The amount of any discount offered.
  - j. The gross amount payable in AED.
  - k. The amount of Tax levied in accordance with the provisions of the Decree by Law in AED, and the exchange rate applied if the currency was converted from a currency other than the UAE Dirham.
  - l. If the invoice relates to a supply for which the recipient of goods recipient of services is required to account for the Tax, a statement that the Recipient is required to account for the Tax, with reference to the relevant provision of the Decree by Law.
2. A simplified tax invoice shall include all of the following details:
  - a. The phrase "Tax Invoice" clearly displayed on the invoice.
  - b. The name, address, and tax registration number of the Registrant making the supply.

- c. The date of issuing the tax invoice.
  - d. A description of the Goods or Services supplied.
  - e. The total Consideration and the amount of Tax charged in AED.
3. If sufficient records are or will be available to establish the particulars of a supply, the Registrant may not issue a tax invoice for the supply if the supply is wholly zero-rated.
  4. If the Registrant is required to issue a tax invoice, the tax invoice shall meet the requirements of Clause (1) of this Article.
  5. Notwithstanding the provisions of Clause (4) of this Article, and in cases where the reverse charge mechanism is not applied under Article (48) of the Decree by Law, the Registrant may issue a simplified tax invoice that meets the requirements of Clause (2) of this Article in either of the following cases:
    - a. If the recipient of goods or recipient of services is not a Registrant.
    - b. If the recipient of goods or recipient of services is a Registrant and the Consideration for the supply does not exceed (AED 10,000) ten thousand Dirhams.
  6. A Registrant shall not issue separate tax invoices for supplies where more than one supply of Goods or Services is made to the same Person and these supplies are included in a summary tax invoice issued and delivered to the recipient of goods or recipient of services.
  7. If the Authority determines that sufficient records are or will be available to establish the particulars of any supply or class of supplies, and that it would be impractical to require the Registrant to issue a tax invoice, the Authority may decide any of the following, subject to any conditions it deems necessary:
    - a. That any of the particulars referred to in Clauses (1) or (2) of this Article shall not be included in the tax invoice.
    - b. That a tax invoice is not required to be issued or delivered in specific cases.
  8. A Registrant may issue a tax invoice by electronic means provided that:
    - a. The Registrant is capable of securely storing a copy of the electronic tax invoice in compliance with record-keeping requirements.
    - b. The authenticity of the content and origin of the electronic tax invoice is guaranteed.

9. If the recipient of goods or recipient of services agrees to raise a tax invoice on behalf of a Registrant supplier for a supply of Goods or Services to them, that document shall be treated as if it has been issued by the supplier if the following conditions are met:
  - a. The recipient of the goods or services is a Registrant.
  - b. The supplier and the recipient of the goods or services agree in writing that the supplier shall not issue a tax invoice for any supply to which this Clause applies.
  - c. The tax invoice includes the particulars required in Clause (1) of this Article.
  - d. The phrase "Tax Invoice issued by the buyer" is clearly displayed on the tax invoice.
10. If a tax invoice is issued pursuant to Clause (9) of this Article, any invoice issued by the supplier for that supply shall not be considered a tax invoice.
11. If a registered agent supplies Goods or Services for and on behalf of their principal, the agent may issue a tax invoice for that supply as if the agent had made the supply, provided that the principal does not issue a tax invoice, and that the following requirements are met:
  - a. The agent shall maintain sufficient records to identify the name, address, and Tax Registration Number of the principal supplier.
  - b. The principal supplier shall maintain sufficient records to identify the name, address, and Tax Registration Number of the agent.
12. When supplying Goods or Services that are considered supplied in any of the Implementing States, the Registrant shall include the following additional particulars in the issued document:
  - a. The Tax Registration Number of the recipient of goods or services for tax purposes issued by the competent authority of the Implementing State where the supply is considered to have taken place.
  - b. A statement indicating that the supply was made between a supplier in the State and a recipient of goods or recipient of services in an Implementing State.
  - c. Any other information determined by the Authority.
13. For the purposes of Clause (2) of Article (67) of the Decree by Law, the Registrant shall issue the tax invoice within (14) fourteen days from the date of supply specified in Article (25) or (26) of the Decree by Law, except in the following cases:

- a. If the tax invoice is issued in accordance with Clause (2) of this Article, the Registrant shall issue the tax invoice on the date of supply.
  - b. For the purposes of Clause (6) of this Article, the Registrant shall issue and deliver a summary tax invoice to the recipient of goods or recipient of services within (14) fourteen days from the end of the calendar month that includes the date of supply for those supplies.
  - c. Any other cases determined by the Authority.
14. If the Authority grants approval in accordance with Clause (7) of this Article, such approval may be withdrawn at any time if the Authority determines that the conditions for approval are no longer met.
15. Notwithstanding the provisions of Clause (5) of this Article, the Authority may specify circumstances in which a tax invoice shall be issued in accordance with the requirements of Clause (1) of this Article, even if any of the conditions set forth in Clause (5) applies.
16. The provisions of Clauses (2), (3), (5), (7), (8), and (15) of this Article and any other clause specified by a decision of the Minister shall not apply in cases where the Registrant is required to issue a tax invoice in electronic format in accordance with Clause (5) of Article (65) of the Decree by Law, or in cases where a tax invoice is issued in electronic format on an optional basis.

## **Article (60)**

### **Tax Credit Note**

1. The tax credit note shall include the following particulars:
- a. The phrase "Tax Credit Note" clearly displayed on the invoice.
  - b. The name, address and tax registration number of the Registrant making the supply.
  - c. The name, address and tax registration number of the recipient of goods or recipient of services, if the recipient is a registrant.
  - d. The date of issuing the tax credit note.
  - e. The value of the supply shown on the tax invoice, the correct value of the supply, the difference between these two amounts, and the Tax charged related to that

difference in AED. In case multiple credit notes are issued in relation to the same tax invoice, the supply value stated in the tax invoice in the subsequent tax credit note shall be the value adjusted according to the previous tax credit note.

- f. A brief explanation of the circumstances giving rise to the issuing of the tax credit note.
  - g. Information sufficient to identify the supply to which the tax credit note relates.
2. If the Authority determines, upon an application by a Registrant, that sufficient records are or will be available to establish the particulars of any supply or class of supplies, and that it would be impractical to require the Registrant to issue a tax credit note, the Authority may decide any of the following, subject to any conditions it deems necessary:
- a. That any one or more of the particulars specified in Clause (1) of this Article shall not be included in the tax credit note.
  - b. That a tax credit note is not required to be issued or delivered.
3. A Registrant may issue a tax credit note by electronic means provided that:
- a. The Registrant is capable of securely storing a copy of the electronic tax credit note in compliance with record-keeping requirements.
  - b. The authenticity of the content and origin of the electronic tax credit note is guaranteed.
4. If the recipient of goods or recipient of services agrees to raise a tax credit note on behalf of a Registrant Supplier for a supply of Goods or Services, that document shall be treated as if it had been issued by the supplier if the following conditions are met:
- a. The recipient of goods or recipient of services is a Registrant.
  - b. The supplier and the recipient of goods or recipient of services agree that the supplier shall not issue a tax credit note for any supply to which this Clause applies.
  - c. The tax credit note includes the particulars required in Clause (1) of this Article.

- d. The phrase "Tax Credit Note issued by the buyer" is clearly displayed on the tax credit note.
- 5. If a tax credit note is issued pursuant to Clause (4) of this Article, any tax credit note issued by the supplier for that supply shall not be considered a tax credit note.
- 6. If a registered agent supplies Goods and Services for and on behalf of their principal, the agent may issue a tax credit note for that supply as if the agent had made the supply, provided that the principal does not issue a tax credit note, and that the following requirements are met:
  - a. The agent shall maintain sufficient records to identify the name, address, and Tax Registration Number of the principal supplier.
  - b. The principal supplier shall maintain sufficient records to identify the name, address, and Tax Registration Number of the agent.
- 7. If approval has been granted by the Authority under Clause (2) of this Article, that approval may be withdrawn at any time if the Authority considers that the conditions for that approval have not been met.
- 8. The provisions of Paragraph (e) of Clause (1), and Clauses (2) and (3) of this Article, and any other clause specified by a decision of the Minister, shall not apply in cases where the Registrant is required to issue a credit note in electronic format in accordance with Clause (4) of Article (70) of the Decree by Law, or in cases where a credit note is issued in electronic format on an optional basis.

## **Article (61)**

### **Fractions of Fils**

If the tax levied on a supply is calculated to a fraction of a Fils, the taxable person is permitted to round the amount to the nearest Fils on a mathematical rounding.



## **Part Fourteen**

### **Tax Returns and Tax Periods**

#### **Article (62)**

##### **Duration of the Tax Period**

1. The standard tax period applicable to a taxable person shall be a period of three calendar months ending on the date that the Authority determines.
2. Notwithstanding the provisions of Clause (1) of this Article, the Authority may assign a person or class of persons a shorter or longer tax period where it considers that a non-standard tax period length is necessary or beneficial to:
  - a. Reduce the risk of tax Evasion.
  - b. Enable the Authority to improve the monitoring of compliance or collection of tax revenues.
  - c. Reduce the administrative burden on the Authority or the compliance burden on a person or class of persons.
3. If a taxable person is assigned the standard tax period, he may request that the tax period ends with the month as requested by him, and the Authority may accept such request at its discretion.

#### **Article (63)**

##### **Tax Periods in the Case of Loss of Capacity**

1. If a person becomes incapacitated, his current tax period shall end on the day before the person became an incapacitated person. A new tax period shall commence on the day the person became incapacitated person in the name of the legal representative.
2. For the purposes of Clause (1) of this Article, the "incapacitated person" means a registrant who dies, or goes into liquidation or receivership, or becomes bankrupt or incapacitated.
3. For the purposes of the new tax period referred to in Clause (1) and subsequent tax periods, the legal representative shall be treated as the registrant himself for the purposes of the Decree by Law and this Resolution throughout the period of incapacitation.

## **Article (64)**

### **Tax Return and Payment**

1. A tax return shall be delivered to the Authority no later than the 28th day following the end of the relevant tax period or by such other date as determined by the Authority.
2. A person whose registration has been cancelled shall provide a final tax return for the last tax period for which he was registered.
3. The taxable person shall pay the payable tax by the means determined by the Authority so that it is received by the Authority no later than the date specified in Clause (1) of this Article.
4. If the refundable tax for a tax period exceeds the due tax for such tax period, the excess refundable tax may be refunded to the taxable person in accordance with the provisions of the Decree by Law and the Tax Procedures Law.
5. Any tax return shall contain such details as the Authority may require in addition to at least the following data:
  - a. The name, address and TRN of the registrant;
  - b. The tax period to which the tax return relates.
  - c. The date of the tax return submission.
  - d. The value of taxable supplies made by the person in the tax period and the output tax charged.
  - e. The value of zero-rated taxable supplies made by the person in the tax period.
  - f. The value of exempted supplies made by the person in the tax period.
  - g. The value of any supplies subject to the provisions of Clauses (1) and (3) of Article (48) of the Decree by Law.
  - h. The value of expenses incurred in respect of which the person seeks to recover the input tax and the amount of the refundable tax.
  - i. The total value of the due tax and the refundable tax for the tax period.
  - j. The payable tax or excess tax, if any, for the tax period.

**Part Fifteen**  
**Refund of Excess Tax**

**Article (65)**

**Refund of Excess Tax**

If the taxable person has excess refundable tax for a tax period and submits a request to the Authority by the means specified by the Authority to be repaid the amount of the excess, then the Authority shall refund the amount to the taxable person within the timelines and according to the procedures set out in the Tax Procedures Law.

**Part Sixteen**  
**Other Provisions Relating to Refund**  
**Article (66)**

**New Residence**

1. If a person owns or acquires land in the State on which he builds, or authorizes the construction of, his own residence, he shall be entitled to make a claim to the Authority to refund the tax on the expenses of constructing the residence.
2. For the purposes of Clause (1) of this Article:
  - a. The claim may only be made by a natural person who is a national of the State.
  - b. The claim shall relate to a newly constructed building to be used exclusively as residence of the person or his family.
  - c. The claim may not be made in connection with a building which will not be used exclusively as a residence by the person or his family, for example if it is to be used as a hotel, guest hostel, hospital or for any other purpose not consistent with being used as a residence.
3. The refund claim in accordance with this Article shall be filed within twelve (12) months from the date of completion of the newly built residence. For the purposes of this Clause, any newly built residence shall be considered completed at the earlier of the date the residence becomes occupied, or the date when it is certified as completed by the competent authority in the State, or as may otherwise be stipulated by the Authority.

4. The refund claim shall be submitted to the Authority in such manner and contain details as determined by the Authority.
5. If the Authority refunds the tax in accordance with this Article, and following the receipt of such refund the person breaches any condition stipulated in Paragraph (c) of Clause (2) of this Article, the Authority may require the person to repay the amount of refunded tax.
6. The categories of expenses on which the person may claim a refund of tax under this Article are:
  - a. Services provided by contractors, including services of builders, architects, engineers, and other similar services necessary for the successful construction of the building.
  - b. Building materials, being goods of a type normally incorporated by builders in a residential building or its site, but not including furniture or electrical appliances.

## **Article (67)**

### **Visitors for Business Purposes**

1. The Authority shall apply the VAT Refunds for Foreign Businesses Scheme to allow the refund of tax on expenses incurred in the State by a foreign entity which has no business establishment or fixed establishment in the State or the applying state, and is not registered in the State.
2. For the purposes of this Article, the "foreign entity" means any person that practices a business as defined in this Resolution and is registered as an establishment with the competent authority in the state in which it is established.
3. Any foreign entity shall not be entitled to make a claim under the VAT Refunds for Foreign Businesses Scheme in the following cases:
  - a. If it makes supplies which have a place of supply in the State, unless the recipient of goods or recipient of services is obligated to calculate the tax on such supplies in accordance with Clause (1) of Article (48) of the Decree by Law.
  - b. If the input tax is related to goods or services for which the tax may not be refundable in accordance with Article (53) of this Resolution.
  - c. If the foreign entity belongs to a state that does not permit VAT refund, in similar cases, to entities that belong to the State.

4. A foreign tour operator shall not be entitled to make a claim under the VAT Refunds for Foreign Businesses Scheme in connection with undertaking activities as a tour operator.
5. The claim for any refund shall be made on an electronic form provided by the Authority for such purpose.
6. The claim form shall contain the particulars as may be required by the Authority, including:
  - a. Name and address of the foreign entity;
  - b. Nature of activities of the foreign entity;
  - c. Details of the registration of the foreign entity with the competent authority in the state where it is established;
  - d. Description of reasons for incurring expenses in the State;
  - e. Description of activities carried out in the State;
  - f. Details of expenses incurred in the State during the period of the claim.
7. The claim shall be accompanied by any documents or evidence as may be required by the Authority.
8. The period of the claim shall be (12) calendar months.
9. The minimum tax that may be claimed under the VAT Refunds for Foreign Businesses Scheme shall be (AED 2,000) two thousand dirhams.
10. Notwithstanding the provisions of Clause (1) and Paragraph (c) of Clause (3) and Clause (8) of this Article, the businesses residing in any GCC State that is not considered to be an applying state according to the Decree by Law and this Resolution, may claim refund of tax incurred on goods and services supplied to them in the State.

## **Article (68)**

### **Tourist Visitors**

1. The Cabinet may issue a resolution applying the Tax Refunds for Tourists Scheme determining the following:
  - a. The effective date of the Scheme;
  - b. The mechanism for tax refunds;
  - c. Controls on claiming tax refunds;
  - d. Processes for any verifications to be made under the Scheme;

- e. Any other conditions or procedures deemed necessary by the Cabinet for application of the Scheme.
- 2. The following conditions shall apply to the Tax Refunds for Tourists Scheme:
  - a. The goods subject to the Tax Refunds for Tourists Scheme shall be supplied to an overseas tourist who is in the State during the purchase of the goods from the supplier.
  - b. At the date of supply, the overseas tourist shall intend to depart from the State within ninety (90) days from the date of supply, accompanied by the purchased goods.
  - c. The relevant goods shall be exported by the overseas tourist to a place outside the applying states within (90) days from the date of supply, subject to the conditions and verification procedures as may be imposed by the Authority.
- 3. The "overseas tourist" means any natural person who is not resident in any of the applying states and is not a crew member on a flight or aircraft leaving an applying state.
- 4. The Authority may publish a list of goods that shall not be subject to the Tax Refunds for Tourists Scheme.

## **Article (69)**

### **Foreign Governments**

If the tax is incurred by a foreign government, international organization, diplomatic body and mission, or by an official thereof, any of them shall be entitled to submit a claim on the form issued by the Authority requesting repayment of the incurred tax, provided that the following conditions are met:

- 1. Goods and services shall be acquired exclusively for official use.
- 2. The state in which the relevant foreign government, international organization, or diplomatic body or mission is established or has its official seat shall exclude the same type of bodies of the State from the any tax burdens in such state or the refund claim shall be consistent with the terms of any international treaty or other agreement concerning the tax liability of such foreign government, international organization, or diplomatic body or mission.
- 3. The official of a foreign government, international organization, or diplomatic body or

mission who benefits from the refund shall not hold the UAE nationality or have a residence visa under the sponsorship of an entity other than the foreign government, international organization, or diplomatic body or mission itself, and shall not engage in any business in the State. The above-mentioned application for the refund of the tax shall be submitted within (36) thirty-six months from the date of the tax was incurred by the official or within any other period determined as per any international convention or another agreement in force in the State.

## **Part Seventeen**

### **Article (70)**

#### **Transitional Provisions**

1. For the purposes of Paragraph (e) of Clause (1) of Article (80) of the Decree by Law, "acceptance by the recipient of goods" means the stage where the recipient of goods considers that the supplier has fulfilled his obligations towards him.
2. In case of applying the provisions of Clause (1) of Article (80) of the Decree by Law, the date of supply shall be the date of entry into force of the Decree by Law only in respect of the amounts of consideration received or specified in the invoice issued before the entry into force of the Decree by Law.
3. In case of Clause (3) of Article (80) of the Decree by Law, the supply shall be deemed to have been made in accordance with the following provisions:
  - a. For supplies to which the provisions of Article (25) of the Decree by Law apply, the date of supply shall be determined in accordance with Clauses (1) to (6) of the said Article.
  - b. For supplies to which the provisions of Article (26) of the Decree by Law apply, the supply shall be deemed to be made in accordance with the provisions of the said Article.
4. For the purposes of Clause (3) of this Article, if the date of supply in respect of a supply of goods or services is before the entry into force of the Decree by Law, part of the supply is made before the date of entry into force of the Decree by Law and another part thereof is

made after such date, the date of supply shall be treated as taking place after the entry into force of the Decree by Law for such part of the supply actually taking place after the said date.

5. Any payment of consideration made before the date of entry into force of the Decree by Law shall be disregarded to determine whether a supply takes place before such date if, or to the extent that, it appears to the Authority that it would not have been so made but for the tax.
6. In case of Clause (3) of Article (80) of the Decree by Law, the consideration shall be treated as exclusive of the tax and the recipient of goods or recipient of services shall be obligated to pay the VAT plus the consideration if all of the following conditions are met:
  - a. If the recipient of goods or recipient of services is a registrant.
  - b. If the recipient of goods or recipient of services has the right to recover the input tax incurred on the supply either in full or in part.
7. Clause (6) of this Article shall apply only if the supplier requests, prior to the date of entry into force of the Decree by Law, from the recipient of goods or recipient of services to confirm the following information:
  - a. Whether the recipient of goods or recipient of services is registrant or is expected to be a registrant on the date of entry into force of the Decree by Law.
  - b. The extent to which the recipient of goods or recipient of services expects to be able to recover the tax incurred on such supply.
8. The recipient of goods or recipient of services shall, within (20) working days as of the date of receiving the request for information referred to in Clause (7) of this Article, respond to the supplier in writing and provide the same with the requested information.
9. The supplier may rely on the information provided in accordance with Clause (8) of this Article for the purposes of determining the tax treatment of the supply. If the recipient of goods or recipient of services intentionally provides false information that results in that the supplier has to treat the consideration as inclusive of the tax, the recipient of goods or recipient of services shall not be entitled to reclaim the input tax on such supply.
10. In case that the recipient of goods or recipient of services fails to provide the information in accordance with Clause (8) of this Article, the supplier may treat the consideration in



respect of the supply as exclusive of the tax, and request the recipient of goods or recipient of services to pay the tax.

11. The supplier and the recipient of goods or recipient of services shall keep the records of the request referred to in Clause (7) of this Article and the information provided in accordance with Clause (8) of this Article.
12. For the purposes of Clause (6) of this Article, if the recipient of goods or recipient of services makes sure that he is able only to recover the input tax in part, the consideration shall be treated as exclusive of the tax only to the extent that relates to the refundable input tax percentage that the recipient of goods or recipient of services discloses to the supplier under Clause (8), and the remaining portion of the consideration relating to the supply shall be treated as inclusive of the tax.
13. In all cases, the supplier shall remain liable for calculating the tax and paying it to the Authority.
14. If a taxable supply is treated as a supply made periodically or successively, the tax shall not be charged on the portion of the consideration related to a supply made before the date of entry into force of the Decree by Law.
15. Any GCC State shall be treated as an applying state in accordance with the provisions of the Decree by Law and this Resolution if the following conditions are met:
  - a. If such GCC State treats the State similarly as an applying state in its issued legislation.
  - b. Full compliance with the provisions of the Unified Agreement for Value Added Tax (VAT) of the Cooperation Council for the Arab States of the Gulf (GCC).

## **Article (71)**

### **Recordkeeping Requirements**

1. Subject to Clause (2) of this Article, any records required to be kept in accordance with the provisions of the Decree by Law shall comply with the time periods, controls and conditions for keeping records provided for in the Tax Procedures Law and its Executive Regulations.
2. Any records related to a real property required to be kept shall be held for a period of (15) years following the end of the tax period to which such records relate.

3. If a government agency is listed in the Cabinet resolution under Clause (2) of Article (72) of the Decree by Law, such government agency may:
  - a. Reject the Authority's request to take any records or copies thereof from the premises of the government agency;
  - b. Establish controls for the access of the Authority's employees to the records and premises of the government agency.
  - c. If the Authority holds any records of a government agency listed by the Cabinet under Clause (2) of Article (72) of the Decree by Law, the records shall be kept in such manner that they can be accessed only by the Authority's employees expressly authorized to review the records of such government agency.

### **Article (72)**

1. The records of all goods and services supplied by or for the benefit of the taxable person, shall be kept and shall show the goods, services, suppliers and their agents in sufficient detail, so as to enable the Authority to easily identify such goods and services, suppliers and agents.
2. Subject to the provisions of Article (78) of the Decree by Law, the taxable person that makes any taxable supply of goods or services in the State shall keep the transaction's records to prove the emirate wherein the fixed establishment related to such supply is located.
3. Notwithstanding the provisions of Clause (2) above, if the taxable person that makes any taxable supply of goods or services does not have a fixed establishment in the State, the following shall apply:
  - a. In the event that it has a headquarters in the State, it shall keep records of the transaction to prove the emirate in which the headquarters is located.
  - b. In the event that it does not have a headquarters in the State, it shall keep records of the transaction to prove the emirate in which the supply is received.
4. Notwithstanding what is stated in Clauses (2) and (3) of this Article, in the event that the value of taxable supplies made by the taxable person through electronic commerce exceeds the amount of (AED 100,000,000) one hundred million dirhams During the

calendar year, it shall keep records of the transaction to prove the emirate in which the supply is received for the period specified in Clause (6) of this Article.

5. For the purposes of Clause (4) of this Article, electronic commerce refers to the transaction involving the sale of goods or services through electronic means, an electronic platform, a store on social media, or electronic applications in accordance with criteria and conditions specified by the Minister.
6. For the purpose of implementing the provisions of Clause (4) of this Article, the provisions relating to taxable supplies via electronic commerce shall apply to each taxable person as follows:
  - a. Starting from the first tax period that begins on or after July 1, 2023 and for a period of 18 months for the taxable person whose taxable supplies made via electronic commerce has exceeded the limit stipulated in Clause (4) of this Article during the calendar year ending on December 31, 2022; and/or
  - b. For a period of two years starting from the first tax period of the calendar year that begins after the date of exceeding the taxable supplies made by the taxable person through electronic commerce, the limit stipulated in Clause (4) of this article.

## **Part Eighteen**

### **Final Provisions**

#### **Article (73)**

The Authority shall be competent to issue clarifications and directives regarding the application of the provisions of this Resolution.

#### **Article (74)**

### **Repeal of Conflicting Provisions**

Any provision inconsistent or discrepant with the provisions of this Resolution is hereby repealed.

## **Article (75)**

### **Publishing and Entry into Force**

This Resolution shall be published in the Official Gazette and shall enter into force as of 1st January 2018 at the earlier of the following:

1. The time of opening of the business on 1 January 2018; or
2. 7 am on 1st January 2018.

**Mohammad bin Rashid Al Maktoum**

**Prime Minister**

Issued by us:

On: 7 Rabi al-Awwal 1439 A.H.

Corresponding to: 26 November 2017 A.D.