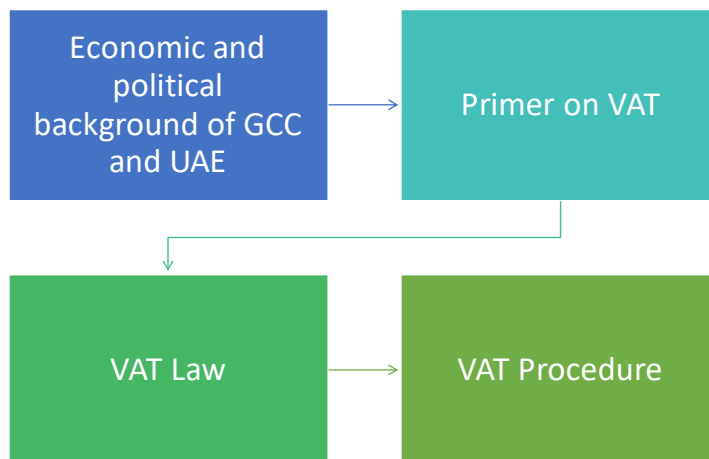


# UAE VAT INSIGHTS

CA Pritam Mahure



## Path to tread



# Where?

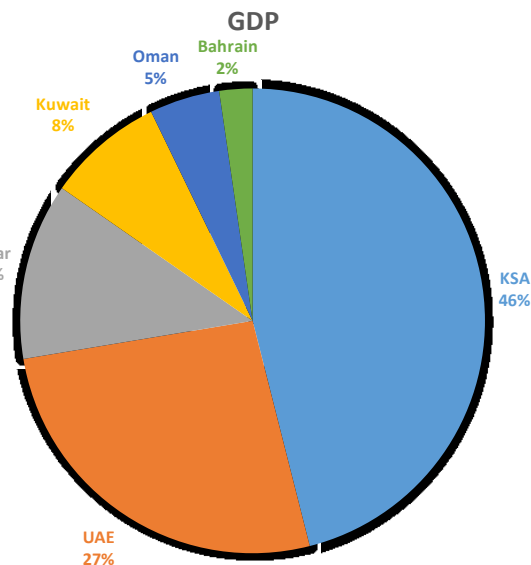


United Arab Emirates, Saudi Arabia, Bahrain, Kuwait, Oman and Qatar

\*not political maps – Only for reference

## About GCC

- Established in May 1981
- Population 55 mn
- Combined GDP \$ 1,390 bn
  - India's GDP \$ 2,250
- VAT revenue
  - Expected to be \$ 25 bn



## About GCC

### UAE

- 82 lacs
- Non-nationals 89%

### KSA

- 3.17 crore
- Non-nationals 37%

### Bahrain

- 14 lacs
- Non-nationals 53%

### Kuwait

- 44 lacs
- Non-nationals 70%

### Oman

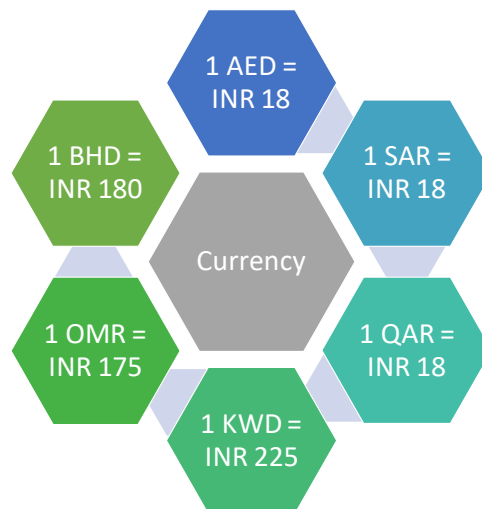
- 46 lacs
- Non-nationals 46%

### Qatar

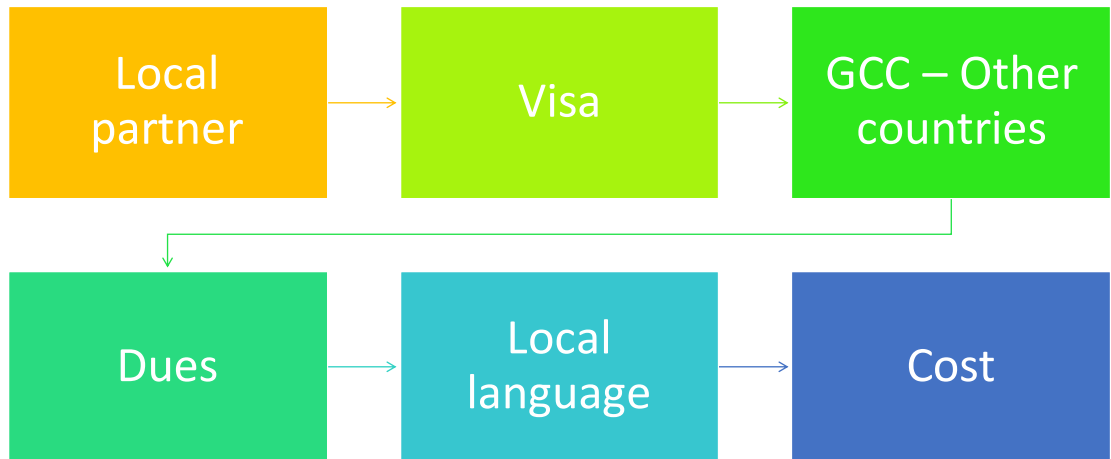
- 26 lacs
- Non-nationals 86%

## Currency

- United Arab Emirate Dirham (AED)
- Saudi Arabian Riyal (SAR)
- Qatari Riyal (QAR)
- Kuwaiti Dinar (KWD)
- Oman Rial (OMR)
- Bahraini Dinar (BHD)

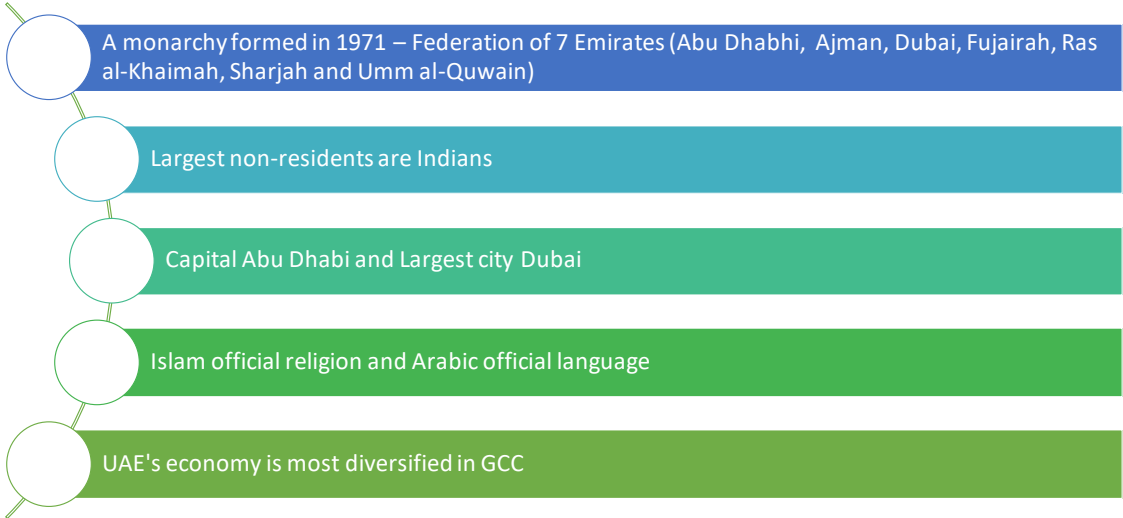


## Local laws

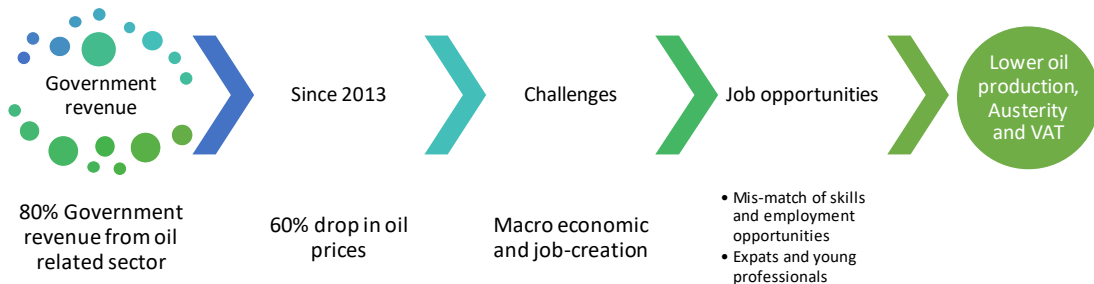


Social

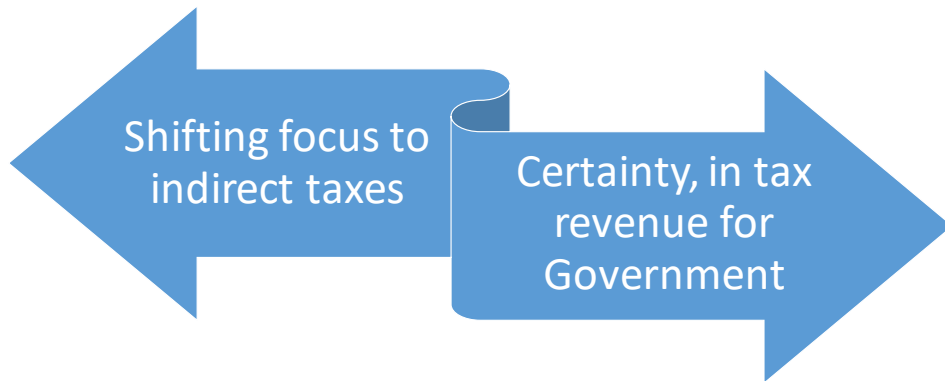
# UAE



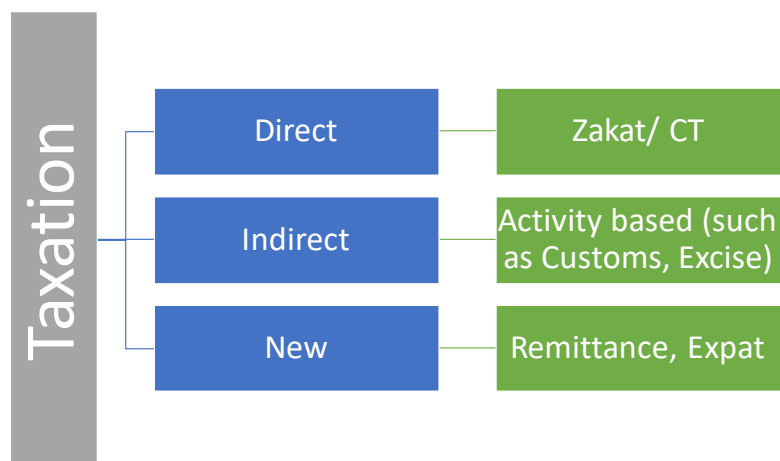
# Why?



## Why VAT?



## Taxation



## VAT - Evolution

1981 - Economic Agreement Between the GCC States” and “The GCC Customs Union



2016 – Agreed for introduction for VAT



2017 - Unified Agreement for VAT



2018 - UAE and Saudi Arabia introduced from 1<sup>st</sup> January 2018



2019 or later – Other 4 Countries



# VAT

Taxing everything under the sun...

## When?

1 January 2018

UAE

KSA

1 January 2019 or later

Bahrain, Kuwait, Oman and Qatar

## How and who?

### About

Framework

Tax Authority

Law

Regulations

### UAE

GCC VAT Agreement

Federal Tax Authority

VAT Law and Procedure

Executive Regulations and  
Cabinet Decisions

### KSA

GCC VAT Agreement

General Authority on Zakat  
and Tax

VAT Law and Procedure

Implementation  
Regulations



## VAT – Broad concepts

### GCC VAT Framework Agreement

- Broad guidelines

### VAT Legislation

- Act
- Regulations
- Cabinet Decisions

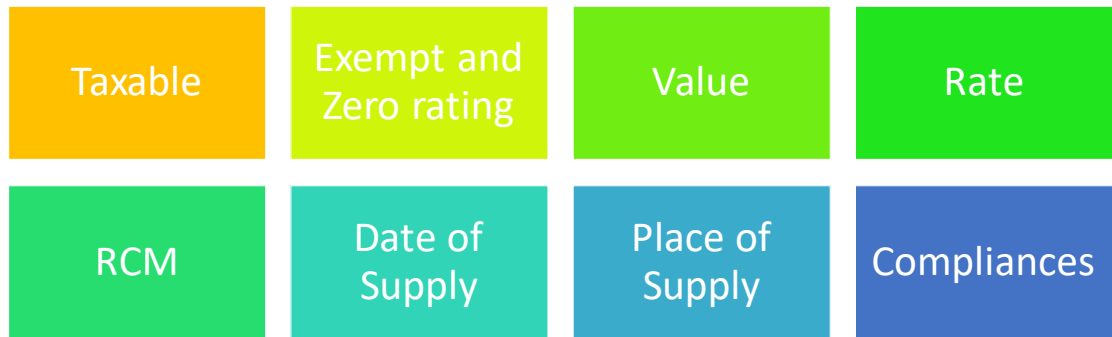
### Authority

- To make changes

## VAT

- Different across world
  - Consumption tax
  - ITC allowed

## VAT – Broad concepts



## Key Articles

2 Scope of Tax

3 Tax rate

4 Responsibility of Tax

5 to 12 Supply

13 to 24 Registration

25 to 26 Date of supply

27 to 33 Place of supply

34 to 43 Value

44 to 46 Zero rate and exempt

48 to 49 RCM and import

54 to 56 Recoverable input tax

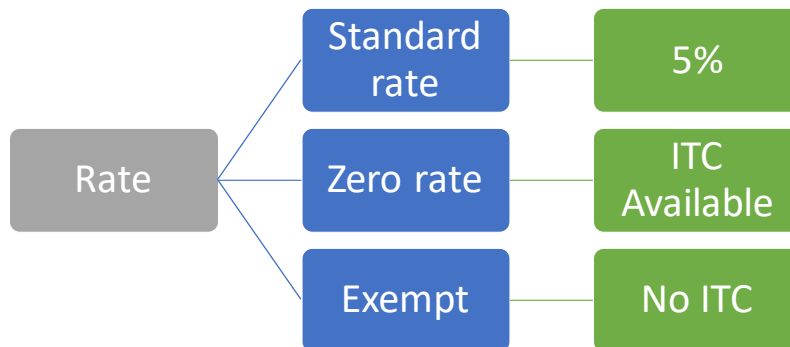
65 to 70 Invoice and CN

83 Tax Procedure Law

# Single rate!

## Rate of VAT

- Standard rate of 5% shall be imposed on any supply or Import
- Rate of VAT is as under



Globally...

Rates	Japan	NZ	Denmark	Canada	Singapore	UK
Standard	5	12.5	25	5	7	17.5
Exempt	-	-	-	0	0	5
Other	-	-	-			0

RCM – Disclosure!

One page return!  
Emirate-wise details

Threshold!  
Income and Expenses

Tax Grouping!

Staggered VAT filing  
281,000

# Challenges!

## FTZ

### UAE and KSA

#### Differences

- Tax treatment (eg. Healthcare, crude, Local transport)
- Compliance (14 days vs 15 days from month end)
- RCM (on fuel)

#### Experience

- ERP system and manual intervention
- Initial divergent views on taxability
- Registration delay by taxpayers
- Maintaining records in Arabic
- Last minute rush by taxpayers

Thank you –

E-book – Freely available

Video – Youtube.com

Articles – News

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