

Cabinet Decision No. (52) of 2017
On the Executive Regulations
of the Federal Decree-Law No. (8) of 2017 on Value Added Tax

The Cabinet of Ministers:

Having reviewed the Constitution,

And Federal Law No. (1) of 1972, concerning the competencies of ministries and the powers of ministers, and its amendments,

And Federal Decree-Law No. (13) of 2016, on the establishment of the Federal Tax Authority,

And Federal Law No. (7) of 2017, on Tax Procedures,

And Federal Decree-Law No. (8) of 2017, on Value Added Tax,

And based on the proposal of the Minister of Finance,

Has decided:

Part One

Definitions

Article (1)

For the purposes of this Decision, the following words and phrases shall have the meanings assigned to each of them, unless the context otherwise requires:

The State	: The United Arab Emirates.
The Minister	: The Minister of Finance.
The Authority	: The Federal Tax Authority.
	A tax imposed on the import and supply of Goods and Services
Value Added Tax	: at each stage of production and distribution, including a Deemed Supply.
The Tax	: Value Added Tax.
	All countries that are full members of the Gulf Cooperation
GCC States	: Council for the Arab States of the Gulf in accordance with its Charter.
Implementing States	: The GCC States that implement the Tax law pursuant to an issued legislation.
Goods	: Physical property that can be supplied, including real estate, water, and all forms of energy as specified in this Decision.
Services	: Anything that can be supplied other than Goods.
The Standard Rate	: The tax rate specified in Article (3) of the Decree-Law.

Import	: The arrival of Goods from abroad into the territory of the State, or the receipt of Services from outside the State.
Concerned Goods	: Includes Goods that have been imported and would not be exempt from Tax if supplied in the State.
Concerned Services	: Services that have been imported where the place of supply is in the State, and which would not be exempt from Tax if supplied in the State.
Person	: A natural or legal person.
Taxable Person	: Any Person registered or obligated to register for Tax purposes under the Decree-Law.
Taxpayer	: Any Person obligated to pay Tax in the State under the Decree-Law, whether a Taxable Person or an end consumer.
Legal Representative	: The guardian, custodian, or curator for individuals lacking legal capacity, the court-appointed bankruptcy trustee for a company in a state of bankruptcy, or any person legally appointed to represent another person.
Tax Registration	: A procedure whereby the Taxable Person or their Legal Representative is registered for Tax purposes at the Authority.
Tax Registration Number	: A unique number issued by the Authority for each Person registered for Tax purposes.
Registrant	: The Taxable Person who has been issued a Tax Registration Number.
Recipient of Goods	: The Person for whom Goods are supplied or imported.
Recipient of Services	: The Person for whom Services are supplied or imported.
Tax Return	: The specified information and data for Tax purposes which the Taxable Person submits in accordance with the form prepared by the Authority.
Consideration	: All that is received or expected to be received for the supply of Goods or Services, whether in money or other acceptable forms of payment.
Business	: Any activity conducted regularly, continuously, and independently by any Person in any location, such as industrial, commercial, agricultural, professional, artisanal, service, or excavation activities, or anything related to the use of tangible or intangible property.
Exempt Supply	: A supply of Goods or Services for a consideration while conducting Business in the State, on which Tax is not charged

	and for which related Input Tax is not deductible, except as provided for in the Decree-Law.
Taxable Supply	A supply of Goods or Services for a consideration by a Person : conducting Business in the State, and does not include an Exempt Supply.
Deemed Supply	Anything considered as a supply and treated as a Taxable Supply in accordance with the cases stipulated in the Decree-Law.
Input Tax	The tax paid by a Person or due from them when Goods or Services are supplied to them or when they make an Import.
Output Tax	The tax charged on a Taxable Supply and on any supply considered a Taxable Supply.
Recoverable Tax	Amounts that have been paid and may be refunded by the Authority to a Taxpayer in accordance with the provisions of the Decree-Law.
Due Tax	The tax calculated and imposed pursuant to the Decree-Law.
Payable Tax	The tax that has become due for payment to the Authority.
Tax Period	The specified period of time for which Payable Tax must be calculated and paid.
Tax Invoice	A written or electronic document in which the occurrence and details of any Taxable Supply are recorded.
Tax Credit Note	A written or electronic document in which the occurrence and details of any amendment to reduce or cancel a Taxable Supply are recorded.
Government Entities	Federal and local ministries, government departments, agencies, authorities, and public institutions in the State.
Charities	Societies and associations of public welfare not aiming to make a profit, which are designated by a Cabinet Decision based on the Minister's proposal.
Mandatory Registration Threshold	An amount specified in this Decision which, if exceeded by the value of taxable supplies or is expected to be exceeded, requires the supplier to register for Tax.
Voluntary Registration Threshold	An amount specified in this Decision which, if exceeded by the value of supplies or taxable expenses or is expected to be exceeded, allows the supplier to register for Tax.
Transport-related Services	Services of transportation, packaging, bundling of shipments, preparation of customs documents, container management services, loading, unloading, storage, and moving of goods, or any other services that are closely related or necessary for the completion of transportation services.

Place of Establishment	The place where a Business is legally established in a country pursuant to its establishment decision, and where significant management decisions are taken or central management functions are exercised.
Fixed Establishment	Any fixed place of business, other than the Place of Establishment, in which the Person conducts their business regularly or permanently and where sufficient human and technical resources exist to enable the Person to make or acquire supplies of Goods or Services, including the Person's branches.
Place of Residence	The place where a Person has a Place of Establishment or a Fixed Establishment, in accordance with the provisions of the Decree-Law.
Non-Resident	Any person who does not have a Place of Establishment or Fixed Establishment in the State and does not usually reside in it.
Related Parties	Two or more persons who are not separated from an economic, financial, or organizational perspective, where one can control the others either by law or by the ownership of shares or voting rights.
Designated Zone	Any area specified by a Cabinet Decision based on the Minister's proposal as a designated zone for the purposes of the Decree-Law.
Export	The departure of Goods from the territory of the State, or the provision of Services to a person whose place of establishment or fixed establishment is outside the State, including direct export and indirect export.
Direct Export	The export of Goods to a destination outside the Implementing States where the supplier is responsible for arranging the transport or appoints an agent to do so on their behalf.
Indirect Export	The export of Goods to a destination outside the Implementing States where the overseas customer is responsible for arranging the collection of the Goods from the supplier in the State and exporting them, or appoints an agent to do so on their behalf.
Overseas Customer	A recipient who does not have a Place of Establishment or Fixed Establishment in the State, is not a resident in it, and does not have a Tax Registration Number in the State.
Voucher	Any instrument that gives the right to receive Goods or Services against the value stated on it or embodied in it, or the right to receive a discount on the price of the Goods or

	Services. The Voucher does not include postage stamps issued by the Emirates Post Group.
Capital Assets	: Business assets designated for long-term use.
Capital Assets Scheme	: A system under which initially recovered Input Tax is adjusted based on actual use over a specified period.
Administrative Penalties	Monetary amounts imposed on a Person by the Authority for violating the provisions of the Decree-Law and Federal Law No. (7) of 2017 on Tax Procedures.
Tax Group	Two or more persons registered with the Authority for Tax purposes as a single taxable person in accordance with the provisions of the Decree-Law.
Notification	Notifying a Person of the decisions issued by the Authority through one of the means stipulated in the Tax Procedures Law and its Executive Regulations.
Business Day	: Any day of the week, excluding weekends and official public holidays of the Federal Government.
Tax Evasion	A person's use of illegal means resulting in the reduction of the amount of Due Tax, non-payment thereof, or a refund of tax to which they were not entitled under the Decree-Law.
Virtual Assets	A digital representation of value that can be digitally traded or transferred, and can be used for investment purposes. It does not include digital representations of fiat currencies or securities.
The Decree-Law	Federal Decree-Law No. (8) of 2017 on Value Added Tax, and its amendments.

Part Two

Supply

Article (2)

Supply of Goods

1. The transfer of ownership of Goods or the right to use them from one person to another includes, for example:
 - a. The transfer of ownership of Goods pursuant to a written or verbal agreement for any sale.
 - b. The compulsory transfer of ownership of Goods for a consideration in accordance with applicable legislation.
2. For the purposes of Clause (1) of this Article, the transfer of the right to use any assets shall not be considered a supply of Goods unless the other person is able to dispose of them as an owner.

3. The conclusion of a contract between two or more parties that results in the transfer of Goods at a later time shall be considered a supply of Goods if the contract provides for, intends to transfer, or will transfer ownership of the Goods in the future.

4. The following supplies shall be considered a supply of Goods:

a. The supply of water.

b. The supply of real estate, including its lease, sale, and any other disposition leading to the transfer of its ownership from one person to another.

c. The supply of all forms of energy, including electricity and gas, which includes biogas, coal gas, liquefied petroleum gas (LPG), natural gas, petroleum gas, producer gas, refinery gas, reformed natural gas, heat-treated liquefied petroleum gas, and any mixture of gases, whether used for lighting, heat, cooling, air conditioning, or any other purpose.

Article (3)

Supply of Services

1. Any supply that is not considered a supply of Goods shall be considered a supply of Services, including any of the following:

a. The granting, assignment, cessation, or surrender of a right.

b. The provision of a facility or advantage.

c. Not participating in any activity, not permitting its occurrence, or agreeing to undertake any activity.

d. The transfer of an indivisible share in a good.

e. The transfer or licensing of intangible rights, such as copyrights, patents, artists' rights, trademark rights, and rights that the State's legislation considers to be within this category.

2. Notwithstanding Clause (1) of this Article, the duties of a director performed by a natural person appointed as a member of a board of directors in any government entity or private sector establishment shall not be considered a supply of services.

Article (3) bis

Supply Exceptions

1. The following shall not be considered a supply:

a. The grant or transfer of the right of ownership or disposal of government buildings, real estate assets, and other projects of a similar nature from one government entity to another government entity.

b. The grant or transfer of the right to use, exploit, or benefit from government buildings, real estate assets, and other projects of a similar nature from one

government entity to another government entity, including any such right to use, exploit, or benefit granted or transferred from January 1, 2023.

2. For the purposes of Clause (1) of this Article, government buildings, real estate assets, and other projects of a similar nature mean the following:

- a. Headquarters of government entities.
- b. Government capital projects.
- c. Government infrastructure projects.
- d. Real estate assets exploited and used by government entities.
- e. Real estate assets allocated and exploited for public utility and public use.
- f. Developed government lands.

3. The scope and contents of government buildings, real estate assets, and other projects of a similar nature shall be determined by a decision of the Minister.

Article (4)

Supply of More Than One Component

1. Where a person makes a supply consisting of more than one component for a single price, they must determine whether the supply constitutes a single composite supply or multiple supplies.

2. The phrase "single composite supply" means a supply of Goods or Services where the supply has more than one component, taking into consideration the contract and the overall circumstances of the supply.

3. A supply is considered a single composite supply in the following cases:

a. If the supply includes all of the following:

1. A principal component.

2. Another component or components that are either necessary or essential for making the supply, including ancillary elements that often accompany the supply but are not an essential part of it, or are not an end in themselves but are a means of better enjoying the principal supply.

b. If the supply includes two or more elements so closely linked that they form a single supply which it would be impossible or unnatural to split.

4. For a single composite supply to occur, the following must be met:

a. The supplier does not price the components of the supply separately or charge a different price for them.

b. All components of the supply are supplied by a single supplier.

5. If a Taxable Person supplies more than one component for a single price and the supply does not constitute a single composite supply, the supply of these components is considered to be multiple supplies.

Article (5)

Exceptions Relating to Deemed Supply

1. For the purposes of Clause (4) of Article (12) of the Decree-Law, the value of the supply of Goods for each recipient within a period of (12) twelve months must not exceed the amount of (500) five hundred dirhams.
2. For the purposes of Clause (5) of Article (12) of the Decree-Law, the total Output Tax due on all deemed supplies must not exceed the following:
 - a. The amount of (2,000) two thousand dirhams for each supplier, during a period of (12) twelve months, and any amount exceeding this limit shall be considered as tax due and payable.
 - b. The amount of (250,000) two hundred fifty thousand dirhams for each supplier that is a Government Entity or a Charity where the recipient is a Government Entity or a Charity, during a period of (12) twelve months, and any amount exceeding this limit shall be considered as tax due and payable.
3. For the purposes of Clauses (1) and (2) of this Article, the (12) twelve-month period is the period ending at the end of the month in which the Person made the supply referred to in these two Clauses.

Chapter Three

Registration

Article (6)

Application for Registration

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

Article (7)

Mandatory Registration

1. The mandatory registration threshold shall be (375,000) three hundred seventy-five thousand dirhams.
2. A Person required to register for Tax in accordance with the provisions of the Decree-Law must submit a Tax Registration application to the Authority within (30) thirty days of being so required.
3. If a Person is required to register for Tax and has not submitted an application, the Authority shall register him from the date on which the obligation arose and shall impose the associated penalties in accordance with the Tax Procedures Law.

4. If a Person's supplies according to the Decree-Law exceeded the mandatory registration threshold during the preceding (12) twelve-month period, the Authority shall register the Person from the first day of the month following the month in which the Person became obligated to register, whether or not they submitted a Tax Registration application, or from any earlier date agreed upon between the Authority and the Person.

5. If a Person anticipates that their supplies according to the Decree-Law will exceed the mandatory registration threshold within the next (30) thirty days, the Authority shall register them from the date on which reasonable grounds arose to believe that the Person must undertake Tax Registration as specified in this Clause, whether or not they have notified the Authority of their obligation to register for Tax, or from an earlier date agreed upon between the Authority and the Person.

6. If a Person does not have a place of residence in the State and is obliged to register for Tax in accordance with the provisions of the Decree-Law, the Authority shall register them from the date they start making supplies in the State, whether or not they have notified the Authority of their obligation to register for Tax, or from an earlier date agreed upon between the Authority and the Person.

7. A Taxable Person who is late in registering for Tax purposes in accordance with the provisions of this Article shall be responsible for calculating and paying the tax due to the Authority on all taxable supplies and imports made before their registration.

Article (8)

Voluntary Registration

1. The voluntary registration threshold shall be (187,500) one hundred eighty-seven thousand five hundred dirhams.

2. If a Person applies for voluntary Tax Registration based on the provisions of the Decree-Law, the Authority shall register them from the first day of the month following the month in which the application was submitted, or from any earlier date at the request of the Person and with the Authority's approval.

3. If a Person applies for voluntary Tax Registration based on the expectation that their supplies according to the Decree-Law will exceed the voluntary registration threshold within the next (30) thirty days, they must provide proof of making taxable supplies or incurring taxable expenses exceeding the voluntary registration threshold.

4. The Authority shall determine the evidence it deems necessary to verify that the Person is entitled to register for Tax voluntarily.

5. For the purposes of voluntary Tax Registration, the term "Taxable Expenses" means expenses subject to the standard rate which were incurred in the State by a Person who has a place of residence therein.

6. A Person may not register for Tax voluntarily unless they prove to the Authority the following:

- a. That they are conducting business in the State.
- b. That they intend to make any of the supplies specified in paragraph (a), (b), or (c) of Clause (1) of Article (54) of the Decree-Law.

Article (9)

Related Parties

1. For the purposes of the Tax Group provisions, the definition of Related Parties pertains to two legal persons in cases including, for example:

- a. One or more persons, through a partnership, own any of the following:
 1. A voting right in each of the legal persons equal to 50% or more.
 2. A market value share in each of the legal persons equal to 50% or more.
 3. Control over each of the legal persons by any other means.
- b. Each of the two persons is a related party to a third person.

2. Two or more persons are considered Related Parties if they are linked economically, financially, and organizationally, taking into account the following:

- a. Economic practices, including at least one of the following:
 1. Pursuing a common commercial objective.
 2. The business of one person benefits the business of another person.
 3. Supplying goods or services from the businesses of different persons to the same customers.
- b. Financial practices, including at least one of the following:
 1. Financial support provided from the business of one person to the business of another person.
 2. The business of one person cannot continue financially without the business of another person.
 3. Common financial interests in the returns.
- c. Organizational practices, including any of the following:
 1. Common management.
 2. The existence of common employees, whether jointly appointed or not.
 3. The existence of common shareholders or common economic ownership.

3. For the purposes of this Article:

a. The term "market value share" in a legal person means the ratio of the total market value of the shares and option contracts held by a person to the total market value of all shares of the legal person.

b. Any shareholding shall be disregarded if there is another agreement that contradicts it, and the adjusted value in the shareholding shall be calculated according to the other agreement.

Article (10)

Registration as a Tax Group

1. The Tax Group shall select one of the registered persons as its members to be the representative member of that group.

2. An application for registration of a Tax Group shall be submitted by the representative member of the group.

3. The Authority shall decide on any application received to register two or more persons as a Tax Group within a period of 20 working days starting from the date of its receipt of the application.

4. If the application to form a new Tax Group is approved, its registration will be effective as follows:

a. From the first day of the Tax Period following the Tax Period in which the application was received.

b. From any date determined by the Authority.

5. The Authority may reject an application for Tax Registration as a Tax Group in any of the following cases:

a. If the persons do not meet the conditions for applying for registration of a Tax Group in accordance with the provisions of the Decree-Law and Article (9) of this Decision.

b. If there are serious reasons to believe that if Tax Registration as a Tax Group were permitted, it would enable tax evasion, significantly reduce the Authority's tax revenues, or significantly increase the Authority's administrative burden.

c. If one of the persons included in the application is not a legal person.

d. If one of the persons is a Government Entity according to Articles (10) and (57) of the Decree-Law, and the other person is not.

e. If one of the persons is a Charity according to Article (57) of the Decree-Law and the other person is not.

6. The Authority may reject an application to add a person to a Tax Group if that person does not meet the conditions for applying for registration of a Tax Group in accordance with the provisions of the Decree-Law or for the reasons stipulated in Clause (5) of this Article.

7. If it becomes apparent to the Authority that two or more persons are related as a result of their economic, financial, and organizational practices in business, the Authority may register them as a Tax Group after considering the specific circumstances of each case, including the fulfillment of the factors stipulated in Clause (2) of Article (9) of this Decision.

8. The Authority may not register a person as part of a Tax Group in accordance with Clause (7) of this Article unless the following two conditions are met:

a. The business of that person includes making taxable supplies or importing the Concerned Goods or Concerned Services.

b. All taxable supplies or imports of Concerned Goods or Concerned Services by the persons conducting business exceed the mandatory registration threshold.

9. The Authority may reject an application to register a Tax Group if there are serious reasons indicating that this registration would lead to a reduction in tax revenues.

Article (11)

Amendment to the Tax Group

1. The representative member appointed in accordance with Article (10) of this Decision has the right to apply to the Authority to do any of the following:

a. Add another person to be a member of the Tax Group.

b. Remove a member of that Tax Group.

c. Choose another member of the Tax Group to be the representative member after the approval of the other member.

d. Deregister the Tax Group.

2. For the purposes of Clause (1) of this Article, the Authority has the right to approve any of the applications with effect from any of the following:

a. The first day of the Tax Period following the Tax Period in which the application was received.

b. Any date determined by the Authority.

3. Any notification sent by the Authority to the representative member of any Tax Group is considered received by the representative member and all members of that Tax Group.

Article (12)

Effect of Registering a Tax Group

1. The registration of persons as a Tax Group shall have the following consequences:

a. Any business carried on by any member of the Tax Group shall be deemed to be carried on by the representative member and not by any other member of that Tax Group.

- b. Any supplies made from one member to another member of the same Tax Group may be disregarded.
- c. Any supply, whether taxable or not, made by any member of the Tax Group shall be deemed to be a supply made by the representative member.
- d. Any import of Concerned Goods or Concerned Services by a member of the Tax Group shall be deemed to be an import made by the representative member.
- e. Any supply of goods or services to a member of the Tax Group by a person who is not a member of that Tax Group shall be deemed to be 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 have been incurred by the representative member.

2. For the purposes of Clause (1) of this Article, all members of the Tax Group are personally and jointly liable for any taxes payable by the representative member.

Article (13)

Aggregation of Related Parties

- 1. If it is found that two or more persons are related as a result of their economic, financial, and organizational practices in business in accordance with Clause (2) of Article (9) of this Decision and they are not registered as a Tax Group and have artificially separated their businesses, the value of the taxable supplies of each of the persons shall be aggregated to determine whether together they have exceeded the mandatory registration threshold and the voluntary registration threshold.
- 2. If the businesses are not artificially separated but it becomes apparent to the Authority that there is a shortfall in tax revenues as a result of the separation of these businesses, the Authority may aggregate the taxable supplies of each of the persons to determine whether the total taxable supplies exceed the mandatory registration threshold and the voluntary registration threshold.
- 3. If any of the circumstances provided for in Clause (1) or (2) of this Article are met, each of the persons shall be treated as having made the taxable supplies made by the other Related Parties and must register for Tax if the mandatory registration threshold has been exceeded in accordance with the provisions of the Decree-Law.

Article (14)

Tax De-Registration

- 1. The Registrant must apply for Tax De-Registration in the cases stipulated in the Decree-Law within (20) twenty working days of the occurrence of any of them.
- 2. The Authority must approve the application for Tax De-Registration of the Registrant upon fulfillment of the following two conditions:

- a. The Registrant has ceased to make the supplies referred to in Article (19) of the Decree-Law and does not anticipate making such supplies during the next (12) twelve-month period.
- b. The value of the supplies referred to in Article (19) of the Decree-Law made by the Registrant or the taxable expenses incurred by the Registrant during the previous (12) twelve months is less than the voluntary registration threshold, and it is apparent to the Authority that this Registrant is not expected to exceed the value of their supplies in accordance with the provisions of the Decree-Law or their expected taxable expenses during the next (30) thirty days, the voluntary registration threshold.
3. If the application for Tax De-Registration is approved, the Authority must cancel the Tax Registration of the Registrant with effect from the last day of the Tax Period in which the Registrant met the conditions for de-registration or any other date determined by the Authority.
4. If it becomes apparent to the Authority that the Registrant has met the conditions stated in Clause (2) of this Article and has not submitted a request for Tax De-registration or has submitted a request but has not completed its procedures, the Authority must de-register the Registrant for Tax purposes effective from the date it became apparent to it that he met the de-registration conditions or any other date determined by the Authority.
5. If the Registrant requests Tax De-registration based on his Taxable Supplies falling below the Mandatory Registration Threshold, the Authority shall de-register him for Tax purposes after approving the request, effective from any of the following:
 - a. The date specified by the Registrant in his request.
 - b. The date the request is submitted, if the Registrant did not specify the requested date for Tax De-registration in his request.
 - c. Any other date determined by the Authority.
6. If the Authority de-registers the Registrant for Tax purposes, it must notify him of the effective date of the de-registration within (10) ten business days from the date of issuing its de-registration decision.
7. In the event the Registrant submits a request for Tax De-registration, he must settle the total Tax and administrative penalties due from him and submit the final Tax Return required under the Decree-Law and the Tax Procedures Law.
8. Any goods and services forming part of the business assets practiced by the Registrant shall be considered as having been supplied by him immediately before his Tax De-registration, and he must include the Tax due thereon in the final Tax Return, unless the business is carried on by the legal representative in accordance with the provisions of the Tax Procedures Law.
9. Tax De-registration shall not prejudice the person's obligation to comply with the provisions of the Decree-Law and this Decision, including the obligation to submit

another Tax Registration application upon meeting the Tax Registration requirements.

Article (14) bis

Tax De-registration to Protect the Integrity of the Tax System

1. The Authority may issue a decision to de-register a person for Tax purposes if it becomes apparent to it that maintaining the Tax Registration would prejudice the integrity of the tax system, in the event that any of the following conditions are met:
 - a. The Registrant does not meet the Tax Registration requirements in accordance with the provisions of the Decree-Law.
 - b. The Registrant fails to submit a request to the Authority for his Tax De-registration as stipulated in Clause (1) of Article (21) of the Decree-Law, or the Registrant initiates a request to the Authority for his Tax De-registration but the request is not completed.
 - c. Any other conditions determined by the Authority.
2. The Authority must verify the person's ineligibility for Tax Registration before de-registering him.
3. The Authority's de-registration of a person for Tax purposes shall not prejudice the person's obligation to comply with the provisions of the Decree-Law and this Decision, including the obligation to submit another Tax Registration application upon meeting the Tax Registration requirements.

Article (15)

De-registration or Amendment of a Tax Group Registration

1. The Authority must de-register a Tax Group in any of the following cases:
 - a. If the persons registered as a Tax Group no longer meet the conditions for being registered as a Tax Group in accordance with the Decree-Law.
 - b. If the persons registered as a Tax Group are no longer associated based on their economic, financial, and regulatory practices of business.
 - c. If there are serious reasons to believe that allowing the registration as a Tax Group to remain would enable tax evasion or significantly reduce the Authority's tax revenues.
2. The Authority must amend those registered as a Tax Group as follows:
 - a. A member shall be removed from the Tax Group if any of the cases stated in Clause (1) of this Article apply to that member, or when the member ceases to make Taxable Supplies.
 - b. A person shall be added as a member to the Tax Group if it becomes apparent to the Authority that the activities carried out by that person are considered part of the

business practiced by the Tax Group, in accordance with Clause (7) of Article (10) of this Decision.

3. The representative member of the Tax Group must notify the Authority within (20) twenty business days from the date of ineligibility, in case any member of the Tax Group becomes ineligible to be part of that group.
4. If the Authority decides to de-register or amend the registration of a Tax Group, it shall send a notification to the representative member of the Tax Group of its decision and its effective date within (10) ten business days from the date the decision is issued.
5. If a Taxable Person is no longer a member of a Tax Group, the Authority must issue a new Tax Registration Number for him or reactivate the Tax Registration Number that was his before joining the Tax Group, and treat him as a Registrant immediately after he leaves the Tax Group.

Article (16)

Exception from Registration

1. A Taxable Person who wishes to apply for an exception from Tax Registration because his supplies are subject only to the zero rate, must submit an application to the Authority in accordance with the forms and means approved by it in this regard.
2. The Authority must review the application for exception from Tax Registration, issue its decision whether to approve or reject it, and notify the Taxable Person thereof.
3. A person excepted from Tax Registration must notify the Authority if any changes occur in his business that have led or would lead to him no longer qualifying for the exception from Tax Registration under Clause (1) of Article (15) of the Decree-Law, within (10) ten business days from the date of making a supply or import subject to the standard rate of tax.
4. If a person no longer meets the condition for exception from Tax Registration, he must proceed with Tax Registration.

Article (17)

Registration upon the Entry into Force of the Decree-Law

1. A person who will be a Taxable Person on the date of entry into force of the Decree-Law must apply for Tax Registration before that date in accordance with the deadlines announced by the Authority.
2. The effective date of registration for the Taxable Person shall be from 1 January 2018 if he has notified it of his obligation to register in accordance with Clause (1) of this Article.

3. If a person registers for Tax purposes before the Decree-Law comes into force, he will have the same rights and obligations as if he had registered for Tax purposes after the Decree-Law came into force.

Article (18)

Obligations Due Before Tax De-registration

Tax De-registration shall not result in exempting the person from performing the duties and obligations stipulated in the Decree-Law that were applicable to him when he was registered.

Chapter Four

Rules Related to Supplies

Article (19)

Tax Due on the Date of Supply

For the purposes of Articles (25), (26), and (80) of the Decree-Law, if Tax becomes due because a payment has been made or a tax invoice has been issued in relation to a supply of Goods or Services, the Tax shall be due in respect of the amount paid or mentioned in the tax invoice, and the remaining amount of Tax due on that supply shall become payable in accordance with the provisions of the Decree-Law.

Article (20)

Place of Supply for Goods Delivered in the State

If the process of supplying Goods requires them to exit and re-enter the State while being transported from one location to another within the State, these Goods shall not be treated as exported or imported if all of the following conditions are met:

1. If the exit from and re-entry into the State is in the context of a journey between two points within the State.
2. If there is no significant interruption in the transportation process while the Goods are outside the State, and any interruption is limited to what is reasonably expected in the context of the normal transport of Goods.
3. If the Goods are not unloaded from the relevant means of transport while they are outside the State.
4. If the Goods are not consumed, supplied, or subjected to any form of processing while they are outside the State.
5. If the nature, quantity, or quality of the Goods is not changed as a result of their exit from and re-entry into the State.

Article (21)

Place of Supply of Services Related to Real Estate

1. For the purposes of the Decree-Law and this Decision, "Real Estate" includes, for example:
 - a. Any area of land over which rights, interests or services can be created.
 - b. Any building, structure, or engineering work permanently attached to the land.
 - c. Any fixtures or equipment that form a permanent part of the land or are permanently attached to the building, structure, or engineering work.
2. The supply of Services is considered related to Real Estate if the supply of Services is directly connected with the Real Estate or is the granting of a right to use the Real Estate.
3. The supply of Services directly connected with Real Estate includes the following:
 - a. Granting, transferring, or surrendering an interest in or right over Real Estate.
 - b. Granting, transferring, or surrendering a personal right to an interest in or right over Real Estate.
 - c. Granting, transferring, or surrendering a license to occupy land or any other contractual right exercisable over or in relation to Real Estate, including the provision and lease of sleeping accommodation in a hotel or similar establishment.
 - d. The supply of services by experts or real estate agents.
 - e. The supply of services that include the preparation, coordination, and execution of construction, demolition, maintenance, conversion, and other similar works.

Article (22)

Place of Supply of Certain Transportation Services

1. The place of supply of each transportation service shall be the place where the supply of that transportation service began, if a journey includes more than one stop and involves multiple supplies according to Clause (5) of Article (4) of this Decision.
2. The place of supply of services related to transportation shall be the same as the place of supply of the transportation service to which they relate.

Article (23)

Telecommunications Services and Electronic Services

1. The term "Telecommunications Services" means the transmission, emission, or reception of any of the following services through the use of any telecommunications devices or equipment that transmit, emit, or receive those services by means of electrical, magnetic, electromagnetic, electrochemical, electromechanical, or other means of communication, including:
 - a. Wired and wireless communications.
 - b. Speech, music, and other sounds.
 - c. Visual images.

- d. Signals used for broadcasting, excluding public broadcasting.
- e. Signals used for the operation and control of any machinery or equipment.
- f. Services of an equivalent type that have a similar purpose and function.

2. The term "Electronic Services" means services that are delivered automatically over the internet, an electronic network, or an electronic marketplace, including:

- a. The supply of domain names, web-hosting, and remote maintenance of programs and equipment.
- b. The supply and updating of software.
- c. The supply of images, text, and information electronically, such as photos, screensavers, electronic books, documents, and other digital files.
- d. The supply of music, films, and games on demand.
- e. The supply of online magazines.
- f. The supply of advertising space on a website or rights associated with such advertising.
- g. The supply of political, cultural, artistic, sporting, scientific, educational, or entertainment broadcast programs, including the broadcast of events.
- h. Live streaming via the internet.
- i. The supply of distance learning services.
- j. Services of an equivalent type that have a similar purpose and function.

3. The term "Electronic Marketplace" means a distribution service operated by electronic means, including through a website, internet portal, gateway, store, or distribution platform, provided that the following are met:

- a. It allows suppliers to make supplies of electronic services to customers.
- b. The supplies are made through the electronic marketplace by electronic means.

Article (24)

Proof for Certain Supplies between Implementing States

1. If a Taxable Person supplies Goods from the State to a person who has a place of residence in another Implementing State, and the supply requires the actual transfer of the Goods to the other Implementing State, the Taxable Person must retain official and commercial evidence proving the export of those Goods to the other Implementing State.
2. The Authority may request a Taxable Person who supplies Goods or Services to another Implementing State to collect and retain any evidentiary information in addition to what is stated in Clause (1) of this Article and to submit it through the means specified by the Authority.

3. Customs departments must match the type and quantity of the exported Goods with the export documents issued by them.

Article (25)

Market Value

1. The term "similar supply" in relation to a supply of Goods or Services means any other supply of Goods or Services that is similar in characteristics, quality, quantity, functional components, materials, and reputation, or is substantially the same.
2. The market value of a supply of Goods or Services on a particular date is considered to be the monetary consideration that the supply would generally fetch if it were supplied in similar circumstances on that date in the State, being a supply freely available between persons who are not connected in any way.
3. If it is not possible to determine the market value of a supply of Goods or Services on a particular date as stipulated in Clause (2) of this Article, the market value shall be the monetary consideration that a similar supply would fetch if it were supplied in similar circumstances on that date in the State, being a supply freely available between persons who are not connected in any way.
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 based on the cost of replacing the Goods or Services with alternative Goods or Services, with the supply being provided by a supplier not connected in any way to the recipient.

Article (26)

Apportionment of a Single Consideration

For the purposes of Clause (4) of Article (34) and Article (47) of the Decree-Law, if the consideration payable to the Taxable Person relates to a supply of Goods or Services and to other matters other than the supply of Goods or Services, or to two different supplies of Goods or Services, the Taxable Person must determine the part of the consideration that represents the market value of each part of the supply in accordance with the provisions of Article (25) of this Decision.

Article (27)

Price Exclusive of Tax

1. The advertised prices shall be inclusive of Tax in the case of a Taxable Supply.
2. Notwithstanding Clause (1) above, a Taxable Person may advertise prices exclusive of Tax in the following cases:
 - a. Supply of Goods or Services for export.
 - b. If the customer is registered.

3. If the advertisement of prices exclusive of Tax is applied in accordance with clause (2) of this Article, it must be explicitly stated that the price is exclusive of Tax.

4. Notwithstanding the provisions of clause (1) above, the Taxable Person must advertise prices exclusive of Tax in the following cases:

a. A supply of the relevant Goods or Services to which the provisions of clause (1) of Article (48) of the Decree-Law apply.

b. A supply of Goods subject to Tax according to clause (3) of Article (48) of the Decree-Law.

Article (28)

Discounts, Subsidies, and Vouchers

1. The State shall not be treated as providing a subsidy to a supplier if the subsidy or part thereof is consideration for a supply of Goods or Services to the State.

2. The value of a supply shall be reduced in the case of a discount if the following conditions are met:

a. The customer benefits from the price reduction.

b. The supplier funded the discount.

3. The value of the discount shall be the amount by which the consideration is reduced.

4. The value of the discount shall not include the value of any voucher used, and any reduction shall be disregarded unless this voucher was provided for no consideration.

5. If the supplier issues and sells a voucher for consideration less than the value stated on the voucher, the value of the discount shall be the difference between the value of the voucher and the consideration paid for that voucher.

6. "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 Goods or Services, unless the monetary value for which the voucher may be redeemed is specified at the time the voucher is issued.

Chapter Five

The Profit Margin Scheme

Article (29)

Calculating Tax on the Profit Margin

1. A Taxable Person may calculate Tax on any supply of Goods based on the profit margin in the following cases:

a. If he supplied the Goods stipulated in clause (2) of this Article after they were purchased from any of the following:

1. An unregistered person.

2. A Taxable Person who calculated the Tax on the supply based on the profit margin.

b. If he supplied Goods for which he did not recover the Input Tax in accordance with Article (53) of this Decision.

2. The Goods mentioned in clause (1) of this Article are intended to be Goods that were subject to Tax before the supply that will be made according to the profit margin scheme, and these Goods are:

a. Second-hand Goods, meaning tangible movable property that is suitable for further use in its current condition or after repair.

b. Antiques, meaning Goods that are over (50) fifty years old.

c. Collectors' items such as stamps, coins, paper currency, and other items of scientific, historical, or archaeological importance.

3. A Taxable Person may not calculate the Tax based on the profit margin for the Goods stipulated in paragraph (a) of clause (1) of this Article if a Tax Invoice or other document was issued for that supply and the amount of Tax imposed on the supply was stated in the Tax Invoice or document.

4. The profit margin shall be the difference between the purchase price of the Goods and their selling price, and it shall be considered inclusive of Tax.

5. The "purchase price" mentioned in clause (4) of this Article shall include, in addition to the price of the Good, any costs and fees incurred to purchase the Good.

6. The Taxable Person must maintain the following records regarding supplies made in accordance with this Article:

a. An inventory ledger or similar records that show the details of each Good 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 were purchased from unregistered persons, the Taxable Person must issue a self-bill showing details of the Goods, which includes at least the following information:

1. The name, address, and Tax Registration Number of the Taxable Person.

2. The name and address of the seller of the Good.

3. The date of purchase.

4. Details of the Goods purchased.

5. The consideration payable for those Goods.

6. The signature of the seller of the Good or their authorized signatory.

7. If a Taxable Person imposes Tax on a supply based on the profit margin, they must issue a Tax Invoice that explicitly states that the Tax was imposed based on the profit

margin, in addition to all information required to be mentioned in the Tax Invoice, except for the amount of Tax.

Chapter Six

Zero-Rated Supplies

Article (30)

Application of the Zero Rate to the Export of Goods

1. A direct export is subject to the zero rate if the following two conditions are met:
 - a. The Goods are physically transported to a place outside the Implementing States or are placed in a customs suspension regime in accordance with the Unified Customs Law of the Gulf Cooperation Council states within (90) ninety days from the date of supply.
 - b. The exporter retains any of the following:
 1. A customs declaration and commercial evidence proving the export.
 2. A shipping certificate and official evidence proving the export.
 3. A customs declaration proving the customs suspension status if the Goods are under a customs suspension regime.
2. An indirect export is subject to the zero rate if the following conditions are met:
 - a. The Goods are physically transported to a place outside the Implementing States or are placed in a customs suspension regime in accordance with the Unified Customs Law of the Gulf Cooperation Council states within (90) ninety days from the date of supply, according to arrangements agreed upon between the supplier and the overseas customer on or before the date of supply.
 - b. The overseas customer or their agent obtains any of the following and provides a copy to the supplier:
 1. A customs declaration and commercial evidence proving the export.
 2. A shipping certificate and official evidence proving the export.
 3. A customs declaration proving the customs suspension status if the Goods are under a customs suspension regime.
 - c. The Goods are not used or altered during the period between the supply and the export or the placing of the Goods in a customs suspension regime, except as necessary to prepare the Goods for export or for placing them in the suspension regime.
 - d. The Goods do not leave the State in the possession of a passenger or a crew member of an aircraft or ship.

3. For the purposes of this Article, transporting Goods to a Designated Zone from a place in the State or supplying Goods to the Designated Zone shall not be considered an export of these Goods.

4. For the purposes of clauses (1) and (2) of this Article:

a. "Official evidence" means an export certificate issued by the customs departments in the State or a clearance certificate issued by those departments or competent authorities in the State concerning Goods leaving the State after verifying the departure of the Goods from the State, or a document or clearance certificate certified by the competent authorities in the country of destination confirming the entry of the Goods into it.

b. "Commercial evidence" means a document issued by shipping, air, or land transport companies and agents that proves the transport and departure of Goods from the State to outside the State, and includes one of the following documents:

1. Airway bill or air manifest.

2. Bill of lading or sea manifest.

3. Land consignment note or land manifest.

c. "Shipping certificate" means a certificate issued by shipping, air, or land transport companies and agents that is equivalent to commercial evidence if it is not available.

5. The evidence proving the export, whether official or commercial, must specify the following:

a. The supplier.

b. The shipper.

c. The Goods.

d. The value.

e. The export destination.

f. The means of transport and the route of the exported Goods.

6. The Authority may not accept the documents submitted if they do not constitute sufficient evidence of the departure of the Goods from the State, and it may specify other types of evidence or proofs according to the nature of the export or the nature of the Goods being exported.

7. The Authority may extend the (90) ninety-day period mentioned in clauses (1) and (2) of this Article upon a written request from the supplier, if it finds that any of the following has occurred:

a. There are circumstances beyond the control of the supplier and the recipient that prevented the export of the Goods or could prevent their export within (90) ninety days from the date of supply.

- b. The inability to export the Goods or a class of Goods due to the nature of the supply within a period of (90) ninety days from the date of supply.
- 8. An indirect export includes the supply of Goods in the departure area of an airport or port to a passenger of the aircraft or ship if:
 - a. The Goods leave the State in the possession of the passenger.
 - b. The supplier obtains and retains proof, such as the details of the passenger's boarding pass, that the passenger intends to depart to a country outside the Implementing States.
- 9. If the person obligated to export the Goods under this Article does not export them within the (90) ninety-day period or a longer period approved by the Authority under clause (7) of this Article, Tax shall be imposed on the supply at the rate that would have applied to the same supply if it were made within the State.
- 10. For the purposes of this Article, the zero rate applies to a supply if the Goods intended for export are damaged or destroyed due to circumstances beyond the control of both the supplier and the recipient.
- 11. Customs departments must match the type and quantity of exported Goods with the export documents they issue, according to customs procedures and based on the tax risk matrix classification determined in coordination with the Authority.

Article (31)

Application of the Zero Rate to the Export of Services

- 1. The export of Services is subject to the zero rate in the following cases:
 - a. If the following conditions are met:
 - 1. The Services are supplied to a recipient who does not have a place of residence in any of the Implementing States and was outside the State at the time the Services were performed.
 - 2. The Services are not supplied directly in connection with real estate located in the State or any improvements to such real estate, or directly in connection with any movable assets located in the State at the time the Services are performed.
 - 3. The Services are not treated as having been performed in the State or in a Designated Zone under clauses (3) to (8) of Article (30), and Article (31) of the Decree-Law.
 - b. If the Services are actually performed outside the Implementing States or are an arrangement for Services that were actually performed outside the Implementing States.
 - c. If the supply includes the provision of outbound tour programs, for the part related to this service.

2. For the purposes of paragraph (a) of clause (1) of this Article, a person is considered to be "outside the State" if they are present in the State for less than (30) thirty days and if the presence is not effectively connected with the supply.
3. Notwithstanding paragraph (a) of clause (1) of this Article, the supply of Services is not subject to the zero rate if the supply of Services is under an agreement concluded directly or indirectly with a non-resident recipient, if the following two conditions are met:
 - a. If the Services were received by another person in the State or it could be reasonably expected at the time the agreement was concluded that the Services would be received in the State by another person. This includes, without limitation, an employee or director of the non-resident recipient of the Services.
 - b. If it could be reasonably expected at the time the agreement was concluded that the other person would receive Services for which Input Tax cannot be fully recovered in accordance with Article (54) or (57) of the Decree-Law.
4. For the purposes of paragraph (c) of clause (1) of this Article, Services that include "providing outbound tour programs" mean Services provided by the Taxable Person through one or more tourism products, as well as services outside the Implementing States, including Goods and Services such as accommodation, meals, transport, and other activities.

Article (32)

Application of the Zero Rate to the Export of Telecommunication Services

1. The export of telecommunication services is subject to the zero rate in the following cases:
 - a. A supply of telecommunication services by a telecommunication services supplier with a place of residence inside the State to a telecommunication services supplier with a place of residence outside the Implementing States.
 - b. A supply of telecommunication services that originated outside the Implementing States by a telecommunication services supplier with a place of residence inside the State to a person who is not a telecommunication services 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 the supply is initiated shall be determined as follows:
 - a. The location of the person initiating the supply.
 - b. If paragraph (a) of this clause does not apply, the person who pays for the service.
 - 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, a telecommunications supplier means a person whose principal activity is the supply of telecommunication services.

Article (33)

Application of the Zero Rate to International Transportation Services for Passengers and Goods

1. The supply of international transportation services for passengers and Goods and related services is 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 one place in the State to another place therein by sea, air, or land as part of a supply of international transport for those passengers if either the first point of departure, the final destination, or both are outside the State.
 - d. Services of transporting Goods from one place in the State to another place therein whenever the services are supplied as part of a supply of services for transporting these Goods 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 zero rate applies to the following Goods and Services if supplied in connection with passenger or Goods transportation services in accordance with the provisions of clause (1) of this Article:
 - a. Goods supplied for use, consumption, or sale by or on board aircraft and ships.
 - b. Services supplied to the recipient of the transportation services during the supply of the transportation services.
 - c. Insurance services, arranging insurance, or arranging the transport of passengers or Goods.
3. The supply of postage stamps issued by the Emirates Post Group Company is subject to the zero rate where the postage stamp is used or exchanged for transporting Goods to a place outside the State.

Article (34)

Application of the Zero Rate to Certain Means of Transport

The supply and import of the following means of transport are subject to the zero rate in the following cases:

1. An aircraft designed or adapted to be used for the commercial transport of passengers or Goods, and which is not designed or adapted for recreation, pleasure, or sport.

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1. A ship, boat, or floating structure designed or configured for use in the commercial transport of passengers and goods, which has not been designed or configured for recreation, pleasure, or sport.
2. A bus or train designed or configured for use in public transport for (10) ten or more passengers.

#### Article (35)

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

The following goods and services related to the means of transport stipulated in Article (34) of this Decision shall be subject to the zero rate:

1. Goods, excluding fuel or any other petroleum or gas products, that are supplied or imported in the context of operating, repairing, maintaining, or converting those means of transport, if any of the following will occur:
  - a. The goods are incorporated into, installed on, or attached to those means of transport, or become a part thereof.
  - b. The goods are used directly as consumables in the operations of operation, repair, maintenance, or conversion and as a result become unfit for use or of negligible value.
2. The following services that are supplied directly in relation to the means of transport referred to in Article (34) of this Decision for the purposes of their operation, repair, maintenance, or conversion:
  - a. Repair services for the means of transport if the repair is carried out on board the means of transport.
  - b. Maintenance services for the means of transport if the maintenance is carried out on board the means of transport, including services for inspection, testing of the means of transport and its parts and equipment, cleaning, repainting, and similar services.
  - c. Conversion services for the means of transport, provided that such means, after the completion of the conversion process, continue to meet the conditions stipulated in Article (34) of this Decision.
3. Services that are supplied directly in relation to the parts and equipment of the means of transport referred to in Article (34) of this Decision for the purpose of repairing and maintaining these parts and equipment, provided that any of the following is met:
  - a. The services were performed on board the means of transport.
  - b. The part was removed for repair or maintenance, then later reinstalled on the same means of transport.
  - c. The part was removed for repair or maintenance and was kept for future use as a spare part for the same or another means of transport.

- d. It was not possible to repair the part and it was replaced with a similar part.

#### Article (36)

#### **Application of the Zero Rate on Precious Metals**

1. The supply or import of investment precious metals for investment purposes shall be subject to the zero rate.
2. The term "investment precious metals" means gold, silver, and platinum, to which the following standards apply:
3. The purity of the metals is 99 percent or more.
4. The metals are tradable in global bullion markets.

#### Article (37)

#### **Residential Buildings**

1. The term "residential buildings" means buildings intended and designed for human habitation, including:
  - a. Any building or part thereof that a person occupies or is expected to occupy as their principal place of residence.
  - b. Residences intended for students or school pupils.
  - c. Residences intended for the armed forces and security forces.
  - d. Homes for the elderly, care homes, and orphanages.
2. A "residential building" does not include any of the following:
  - a. Any place that is not a building fixed to the ground, such that it can be moved without being damaged.
  - b. Any building used as a hotel, inn, lodging place, hospital, or the like.
  - c. A hotel apartment, serviced apartment, or the like.
  - d. Any building constructed or converted without legal permission.
3. A building may be considered a residential building if a small part of it is used as an office or a place of work by its occupants, or if the building includes car parks or gardens used with it, or contains any other features that may be considered to form part of the residential building.

#### Article (38)

#### **Application of the Zero Rate on Buildings Specifically Designed for Use by Charities**

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

#### Article (39)

## **Application of the Zero Rate on Converted Residential Buildings**

1. The first supply of any building or any part thereof that has been converted into a residential building shall be subject to the zero rate, provided that the supply takes place within (3) three years of the completion of the conversion and that it or any part of it has not been used as a residential building and was not part of a residential building during the (5) five years preceding the start of the conversion work.
2. The presence of shared or common facilities, partitions, or the like in a residential building are not sufficient reasons to consider it or any part of it as part of an existing residential building.

## Article (40)

## **Application of the Zero Rate on Education Services**

1. The supply of education services shall be subject to the zero rate upon fulfillment of the following conditions:
  - a. The supply is for educational services provided in accordance with the curriculum recognized by the competent federal or local government entity regulating the education sector where the course is offered.
  - b. The supplier of the educational services is an educational institution recognized by the competent federal or local government entity regulating the education sector where the course is offered.
  - c. If the supplier of the educational services is a higher education institution, the institution must be owned by the federal or a local government, or receive more than 50% of its annual funding directly from the federal or a local government.
2. The zero rate applies to the supply of goods or services provided by the educational institution referred to in Clause (1) of this Article if that supply is directly related to the provision of a zero-rated education service.
3. Printed and electronic reading materials provided by the educational institution referred to in Clause (1) of this Article that are related to a curriculum shall be subject to the zero rate.
4. Notwithstanding what is stated in Clause (2) of this Article, the following supplies are not considered zero-rated:
  - a. Goods and services supplied by the educational institution referred to in Clause (1) or made available to persons not enrolled in that 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 receiving the educational service for educational purposes.

- c. Uniforms or any other clothing required by the educational institution referred to in Clause (1), whether supplied through the educational institution as part of the educational services or not.
- d. Electronic devices related to educational services, whether the supply is through the educational institution referred to in Clause (1) as part of the educational services or not.
- e. Food and beverages supplied at the educational institution referred to in Clause (1), including any supply through vending machines or vouchers for food and drink.
- f. Field trips, unless these trips are directly related to the curriculum of an educational service and are not predominantly recreational.
- g. Extracurricular activities offered by or through the educational institution referred to in Clause (1) for an additional fee to the educational service fees.
- h. Membership in a student organization.

#### Article (41)

##### **Application of the Zero Rate on Healthcare Services**

1. The term "healthcare services" means any service supplied that is generally accepted in the medical profession as being necessary for the treatment of the recipient of the supply, including preventive treatment.
2. The zero rate applies to any supply of healthcare services provided that:
  - a. It is provided by a healthcare entity or institution, doctor, nurse, technician, dentist, or pharmacy licensed by the Ministry of Health or by another competent authority.
  - b. It is related to human health.
3. "Healthcare services" do not include any of the following:
  - a. Any part of a supply relating to accommodation in or a visit to any institution whose main purpose is to provide a place to stay during holidays or for recreation, where any healthcare services are incidental to the accommodation or recreational service.
  - b. Elective treatments for cosmetic reasons if not prescribed by a doctor or medical specialist to treat or prevent a medical condition.
4. The supply of goods shall be subject to the zero rate if it is a supply of any of the following:
  - a. Any drugs specified in a decision issued by the Cabinet.
  - b. Any medical equipment specified in a decision issued by the Cabinet.
  - c. Any other goods not included in paragraphs (a) and (b) of this Clause which are supplied in the course of supplying a zero-rated healthcare service to the person and are necessary for the supply of said healthcare service.

## Exempt Supplies

### Article (42)

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

##### 1. For the purposes of this Article:

- a. The term "debt security" means any interest or right to receive money that is owed by any person now or in the future, or any option to acquire any such interest or right.
- b. The term "equity security" means any interest or right in the share capital of any legal person or any option to acquire any such interest or right.
- c. The term "life insurance contract" means a legally concluded contract to the extent that it places amounts at risk concerning the probability of the end or continuation of human life, marriage, or similar lawful relationships under applicable law, or the birth of a child.
- d. The term "Islamic financial arrangement" means a written contract concerning the supply of financing in accordance with the principles of Islamic Sharia and relevant laws.

##### 2. Financial services are services related to transactions in money or its equivalent and the provision of credit, and include, for example, the following:

- a. The exchange of currency, whether by exchanging banknotes or coins or by credit or debit entries in accounts or the like.
- b. The issue, payment, collection, or transfer of ownership of a cheque or letter of credit.
- c. The issue, allotment, drawing, acceptance, endorsement, or transfer of ownership of a debt security.
- d. The provision of any loan, advance, or credit.
- e. The renewal or variation of a debt security, equity security, or credit contract.
- f. The provision, taking, variation, or release of a guarantee, indemnity, insurance, or bond relating to the performance of obligations arising under a cheque, credit, equity security, or debt security, or in respect of the activities stipulated in paragraphs (b) to (e) of this Clause.
- g. The operation of any current, deposit, or savings account.
- h. The provision or transfer of ownership of financial instruments such as derivatives, options, swaps, credit default swaps, and forward financial contracts.
- i. The provision or transfer of ownership of a life insurance contract or the provision of reinsurance for that contract.
- j. Investment fund management, which means "services provided by a fund manager independently for a fee, for funds licensed by a competent authority in the State, including but not limited to managing the fund's

operations, managing investments for or on behalf of the fund, and monitoring and improving the fund's performance."

- k. Transfer of ownership of virtual assets, including virtual currencies.
- l. Transfer of virtual assets.
- m. Custody and management of virtual assets and enabling control over them.
- n. Agreeing to, or arranging for, any of the activities stipulated in paragraphs (a) to (m) of this Clause, except for providing advice thereon.

3. The supply of the following financial services shall be exempt from tax:

- a. The activities stipulated in Clause (2) of this Article which are not conducted for an explicit fee, discount, commission, rebate, or similar charge.
- b. The issue, allotment, or transfer of ownership of an equity security or a debt security.
- c. The provision or transfer of ownership of a life insurance contract or the provision of reinsurance for that contract.
- d. Fund management services as set out 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 services supplied starting from January 1, 2018.

4. The supply of the services stipulated in Clause (2) of this Article shall be subject to tax if the consideration payable in respect thereof is an explicit fee, discount, commission, rebate, or similar charge.

5. Islamic financial products are treated as financial products made under contracts according to Islamic Sharia which show the same intention and aim to achieve the same result as non-Islamic financial products, with the same treatment that applies to their non-Islamic financial services counterparts for the purpose of applying the tax exemption.

6. Any supply made under an Islamic financial arrangement shall be treated with the same treatment that applies to its non-Islamic financial services counterpart in accordance with the provisions of the Decree-Law and the decisions issued by the Authority so that the tax treatment in both cases is the same.

7. If the provisions of Article (31) of this Decision apply to a supply of financial services, the supply shall be subject to the zero rate.

#### Article (43)

##### **Exemption for Residential Buildings**

1. The supply of residential buildings is exempt from tax, except for what is zero-rated, if the lease term is more than (6) six months or the lessee holds an identity card issued by the Federal Authority for Identity and Citizenship.

2. The lease period referred to in Clause (1) of this Article shall be determined by reference to the contractual period, without regard to any other periods arising from a right or option to extend the lease term or renew the lease contract.
3. For the purposes of Clause (1) of this Article, any right of any party to terminate the lease early shall be disregarded.

#### Article (44)

#### **Exemption for Bare Land**

The term "bare land" means land that does not have completed or partially completed buildings or civil engineering works on it.

#### Article (45)

#### **Exemption for Local Passenger Transport Services**

1. The supply of local passenger transport services that take place 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 exempt.
2. The term "qualifying means of transport" means:
  - a. Any motor vehicle, including taxis, buses, trains, electric buses (trams), monorails, or similar means of transport designed or adapted for the transport of passengers.
  - b. Any passenger ferry, abra, or similar craft designed or adapted for the transport of passengers.
  - c. Any helicopter or airplane designed or adapted for the transport of passengers in accordance with Federal Law No. (20) of 1991 concerning Civil Aviation.
3. Notwithstanding Clause (1) of this Article, passenger transport services from a place within the State to another place within the State shall not be considered local passenger transport services if the transport is by aircraft and is considered "international transport" in accordance with the Warsaw Convention for the Unification of Certain Rules Relating to International Carriage by Air of 1929.

...

4. Notwithstanding clause (1) of this Article, the transportation of passengers shall not be considered a local passenger transport service if it is in the context of a tourist trip, the main purpose of which is tourism or the enjoyment of food and beverage services or other forms of entertainment and recreation.

### **Chapter Eight**

#### **Calculating Tax on Specific Supplies**

#### Article (46)

#### **Taxation of a Supply of More Than One Component**

For the purposes of a supply consisting of more than one component:

1. If the supply is a single composite supply in accordance with Article (4) of this Decision:
  - a. The supply shall be subject to the same tax treatment that applies to the principal component of the supply.
  - b. If the single composite supply does not include a principal component, the tax treatment shall be applied according to the nature of the supply as a whole in general.
2. If the supply consisting of several components is not a single composite supply, each component of the supply shall be treated as a separate supply.

## **Article (47)**

### **General Provisions Relating to the Import of Goods**

1. Without prejudice to the provisions of the Decree-Law and this Decision, Goods shall not be treated as imported into the State in the following cases:
  - a. If they are in a situation of customs duty suspension in accordance with the provisions of the Unified Customs Law for the Cooperation Council for the Arab States of the Gulf, provided that a financial guarantee or a cash deposit for the value of the Tax due is provided when requested by the Authority, in the following cases:
    1. Temporary Admission.
    2. Goods placed in a customs warehouse.
    3. Goods in transit.
    4. Goods imported for the purpose of re-export by the same person.
  - b. Goods imported into a Designated Zone from a place outside the State.
2. Tax shall not be due on the import of Goods if they are exempted from customs duties in accordance with the following categories as per the provisions of the Unified Customs Law:
  - a. Goods imported by the armed forces and internal security forces.
  - b. Personal effects and gifts accompanying travelers.
  - c. Import of personal effects and used household items brought by citizens residing abroad and foreigners coming to reside in the country for the first time.
  - d. Returned Goods.
3. If a person imports Goods into the State through another implementing state, Tax shall not be due for that import if it is demonstrated to the Authority that Tax is due on the supply or transfer of the Goods in that other implementing state.
4. The Authority may specify the procedures to be followed by importers and customs departments regarding the import of Goods.

## **Article (48)**

### **Calculating Tax under the Reverse Charge Mechanism on the Import of Concerned Goods or Concerned Services**

1. For the purposes of importing Concerned Goods, the provisions of Clause (1) of Article (48) of the Decree-Law shall apply if the following conditions are met:
  - a. At the time of import, the Taxable Person was able to prove that he is registered for Tax.
  - b. The Taxable Person has sufficient details for the Authority to verify the import and the Tax that will be due thereon and is able to provide them to the Authority upon request.
  - c. The Taxable Person has provided the Authority with his customs registration number issued by the relevant customs department, and the customs department verifies the import in accordance with the rules set by the Authority.
  - d. The Taxable Person has cooperated and complied with any rules imposed by the Authority regarding the import.
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 import in accordance with the provisions of Clause (1) of Article (50) of this Decision.
3. If a Taxable Person who has a Place of Residence in the State receives a supply of Goods or Services where the Place of Supply is in the State, from a supplier who does not have a Place of Residence in the State and does not charge Tax on the supply, the supply shall be treated as a supply of Concerned Goods or Concerned Services in accordance with Clause (1) of Article (48) of the Decree-Law.
4. If Clause (1) of Article (48) of the Decree-Law is applied, the Taxable Person must do the following:
  - a. Calculate the Tax on the value of the Concerned Goods or Concerned Services at the rate that would have applied if the Concerned Goods or Concerned Services had been supplied by a Taxable Person within the State.
  - b. Declare the due Tax that was calculated in the Tax Return for the Tax Period in which the date of supply of the Concerned Goods or Concerned Services occurred and pay it.
5. If a Taxable Person has calculated the due Tax in accordance with Clause (1) of Article (48) of the Decree-Law, he must keep the following documents related to the supply:
  - a. The supplier's invoice which includes details of the Concerned Goods or Concerned Services and the consideration paid for them.
  - b. In the case of Concerned Goods, a statement issued by the relevant customs department which includes the details and value of the Concerned Goods.

## **Article (49)**

### **Payments Related to Goods Transferred to Other Implementing States**

1. For the purposes of Clause (2) of Article (48) of the Decree-Law, a Taxable Person is obligated to pay the due Tax using the payment method specified by the Authority.
2. The payment referred to in Clause (1) of this Article shall be made before or at the time of the import of Goods as determined by the Authority, unless the Authority expressly agrees to defer the payment of the due Tax.

## **Article (50)**

### **Special Provisions for Import**

1. If a non-registered person imports Concerned Goods, or if a Taxable Person does not meet the conditions stipulated in Clause (1) of Article (48) of this Decision, the Tax must be paid to the Authority by him or on his behalf before the release of those Goods.
2. Customs departments shall cooperate with the Authority to ensure that the due Tax is paid before the release of the Goods.
3. The Tax stipulated in Clause (1) of this Article must be paid using the payment mechanism specified by the Authority.
4. For the purposes of Clause (1) of this Article, if a non-registered person imports Goods using a registered agent acting on his behalf for the purpose of importing the Goods into the State, the agent shall be liable for the payment of the Tax related to those imported Goods.
5. For the purposes of Clause (4) of this Article, the Tax must be declared and paid through the agent's Tax Return as if the agent himself was the importer of the Goods.
6. An agent who has paid Tax in accordance with Clause (4) of this Article is not entitled to recover Input Tax for any Tax paid on behalf of any other person in accordance with the obligations stipulated in this Article.
7. If an agent pays Tax on behalf of another person in accordance with this Article, he must issue a statement to the person that includes at least all of the following details:
  - a. The name, address, and Tax Registration Number of the agent.
  - b. The date of issuance of the statement.
  - c. The date of import of the relevant Goods.
  - d. A description of the imported Goods.
  - e. The value of the Tax paid by the agent to the Authority in respect of the imported Goods.

8. The statement issued by the agent to the person in accordance with this Article shall be treated as a Tax Invoice for the purposes of the documentation requirements contained in paragraph (a) of Clause (1) of Article (55) of the Decree-Law.

## **Chapter Nine**

### **Designated Zones**

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

##### **Designated Zones**

1. Any Designated Zone specified by a Cabinet Decision shall be treated as being outside the State and outside the Implementing States, subject to the following conditions:

- a. The Designated Zone must be a specific, fenced geographical area with security controls and customs monitoring to control the entry and exit of individuals and the movement of Goods to and from that area.
- b. The Designated Zone must have internal procedures regarding the method of keeping, storing, and processing Goods.
- c. The operator of the Designated Zone must comply with the procedures determined by the Authority.

2. If a Designated Zone changes its operating mechanism or breaches any of the conditions on the basis of which the zone was designated as a Designated Zone by a Cabinet Decision, the Designated Zone shall be treated as if it were inside the State.

3. The transfer of Goods between Designated Zones is not subject to Tax if the following two conditions are met:

- a. If the Goods or part thereof have not been released, used, or altered in any way during the transfer between the Designated Zones.
- b. If the transfer is carried out in accordance with the rules governing the suspension of customs duties in the Unified Customs Law.

4. If Goods are transferred between Designated Zones, the Authority may require the owner of the Goods to provide a financial guarantee for the payment of the Tax which that person may become liable to pay if the conditions related to the transfer of Goods are not met.

5. If Goods are supplied within a Designated Zone to a person to be consumed by him or by others, the place of supply of these Goods shall be in the State, except in any of the following cases:

- a. The purpose was to incorporate, attach, or become part of another good or to be used to produce another good in the same Designated Zone and it was not consumed.

- b. They were delivered to a place outside the State and the supplier retains commercial or official proof thereof and customs evidence proving that the Goods were removed from the Designated Zone.
- c. They were removed from the Designated Zone to a place inside the State and the supplier retains official proof that Value Added Tax was applied to this import.

6. The place of supply of any services is considered to be inside the State if the place of their supply is in a Designated Zone.

7. Notwithstanding Clause (6) of this Article, the place of supply of any services is considered to be outside the State, if shipping or delivery services are supplied that are 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 are jointly met:

- a. The shipping or delivery services are supplied by the same supplier of the Goods.
- b. The supplier of the Goods is a non-resident and not registered for Tax.
- c. These Goods are sold through an electronic sales platform; an electronic sales platform means any type of online sales platform, including websites and electronic applications, which bring together third-party sellers and buyers, and through which the sale and purchase of Goods is made available with or without shipping or delivery services.
- d. The person owning the electronic sales platform is not the supplier of the Goods.

8. The place of supply of water or any type of energy is considered inside the State if the place of supply is in a Designated Zone.

9. Goods located within a Designated Zone for which the owner has not paid Tax shall be treated as having been imported into the State if:

- a. The Goods are consumed by the owner, unless they are incorporated, attached, or become part of the production of other Goods in the Designated Zone that are not consumed.
- b. A shortage of Goods is found.

10. Any person established, registered, or having a place of residence in a Designated Zone shall be considered as having a place of residence in the State for the purposes of the Decree-Law.

## **Chapter Ten**

### **Calculation of Due Tax**

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

##### **Recovery of Input Tax Relating to Exempt Supplies**

1. The supplies referred to in paragraph (c) of Clause (1) of Article (54) of the Decree-Law are the supply of financial services, where the place of supply of these services is

treated as being outside the State and the recipient is outside the State at the time those services are performed.

2. For the purposes of Clause (1) of this Article, a person shall be "outside the State" even if they are present inside the State, provided that their presence is of a short-term duration of less than one month inside the State, and that their presence inside the State is not effectively connected with the supply.

3. Any Tax paid by a person in one of the Implementing States when importing Goods into the State through this Implementing State or when Goods are supplied to him in this Implementing State and then transferred to the State, shall be recoverable in the State if the Goods will be used or are intended to be used in accordance with Clause (1) of Article (54) of the Decree-Law, subject to the following conditions being met:

a. The Taxable Person retains evidence proving that he has paid Tax in another Implementing State in respect of those Goods.

b. The Taxable Person has not recovered the Tax paid in any other Implementing State.

c. The Taxable Person complies with additional disclosure requirements as determined by the Authority.

4. If a Taxable Person makes a first supply of a residential building by way of a zero-rated lease in accordance with the provisions of the Decree-Law, the Taxable Person may recover the Input Tax in full in respect of this supply, regardless of any intention to make any subsequent exempt supplies related to the residential building.

## **Article (53)**

### **Non-recoverable Input Tax**

1. Input Tax shall be non-recoverable if it is incurred by a person in the following cases:

a. If the person is not a government entity as determined by a Cabinet Decision in accordance with Articles (10) and (57) of the Decree-Law and entertainment services were provided to individuals who are not employees of the person, including customers, potential customers, officials, shareholders, or other owners or investors.

b. If vehicles were purchased, rented, or acquired under a finance lease for use in the business and any person was allowed to use those vehicles for personal purposes.

c. If Goods or services were purchased for use by employees without any charge to them and for their personal benefit, including entertainment services, except in the following cases:

1. If there is a legal obligation to provide these Goods or services to employees, in accordance with any applicable labor law in the State or in a Designated Zone.

2. If there is a contractual obligation or a documented policy to provide these Goods or services to employees and it is a requirement for them to perform their jobs, and it

can be proven that obtaining this is a normal business practice in the context of employing the employees.

3. The Taxable Person enrolls his employees and their families (as the case may be) in a health insurance plan, including enhanced health insurance for up to one spouse and three children under the age of eighteen, without prejudice to Clause (1) of this paragraph.

4. If the provision of the Goods or services is a deemed supply in accordance with the provisions of the Decree-Law.

2. For the purposes of this Article:

a. "Entertainment services" means hospitality services of all kinds, including the provision of accommodation, food, and drink which are not provided in the normal course of a meeting, and admission to shows or events, or trips provided for the purpose of recreation or enjoyment.

b. "Vehicle" means a road vehicle designed or adapted for the transport of not more than (10) ten people including the driver, and does not include trucks, forklifts, or the like.

3. The provision of accommodation and food services shall not be treated as entertainment services if provided by a transport provider such as an airline to delayed passengers.

4. Vehicles shall not be treated as being available for private use if they fall into any of the following categories:

a. A taxi licensed by the competent authority within the State.

b. Vehicles registered and used for emergency purposes, including police, fire, ambulance cars, or similar.

c. A vehicle used in a car rental establishment where it is rented to a customer.

## **Article (54)**

### **Special Cases for Input Tax**

1. The amount of recoverable Tax that a Taxable Person may claim for a Tax Period in respect of a supply of goods or services to him is the amount of Input Tax related to the portion of the consideration paid for that supply during that Tax Period.
2. For the purposes of paragraph (b) of Clause (1) of Article (55) of the Decree-Law, a Taxable Person shall be treated as having paid the 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 of the supply.

## **Part Eleven**

### **Apportionment of Input Tax**

#### **Article (55)**

##### **Apportionment of Input Tax**

1. In the case of quarterly Tax Periods, the Tax Year shall be as follows:
  1. a. If the Tax Period of the Taxable Person ends on 31 January and quarterly thereafter, the Tax Year of the Taxable Person shall end on 31 January of each year.
  2. b. If the Tax Period of the Taxable Person ends on the last day of February and quarterly thereafter, the Tax Year of the Taxable Person shall end on the last day of February of each year.
  3. c. If the Tax Period of the Taxable Person ends on 31 March and quarterly thereafter, the Tax Year of the Taxable Person shall end on 31 March of each 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 of the Tax Periods at the end of the calendar year.
4. Notwithstanding Clauses (1), (2) and (3) of this Article, the Tax Year shall end in the following cases:
  1. a. If the Taxable Person deregisters, the Tax Year shall end on the last day on which the Person is a Taxable Person.
  2. b. If a member joins a Tax Group, the Tax Year shall end on the last day before joining the Tax Group.
  3. c. If a member leaves a Tax Group, the Tax Year shall end on the last day on which he is still a member of the Tax Group.
5. The Authority shall determine the Tax Year in any other cases to which Clauses (1), (2), (3) and (4) of this Article do not apply.
6. To determine the recoverable Input Tax, the Taxable Person shall apportion the Input Tax as follows:
  1. a. The full Input Tax related to the supplies stipulated in Clause (1) of Article (54) and Article (57) of the Decree-Law made by the Taxable Person may be recovered.
  2. b. Any non-recoverable Input Tax according to Article (53) of this Decision or that does not relate to the supplies stipulated in Clause (1) of Article (54) and Article (57) of the Decree-Law may not be recovered by the Taxable Person, unless the provisions of the Decree-Law and this Decision provide otherwise.

3. c. Input Tax which is partially related to the supplies stipulated in Clause (1) of Article (54) and Article (57) of the Decree-Law, and partially to other supplies, shall be calculated in accordance with the mechanism stipulated in Clause (7) of this Article, and only the portion related to the supplies stipulated in Clause (1) of Article (54) and Article (57) of the Decree-Law shall be allowed to be recovered.
7. The recoverable Input Tax shall be calculated as follows:
  1. a. The Taxable Person shall calculate the percentage of recoverable Input Tax in accordance with Clause (1) of Article (54) and Article (57) of the Decree-Law out of the total Input Tax for the Tax Period.
  2. b. The percentage calculated under paragraph (a) of this Clause shall be rounded to the nearest whole number.
  3. c. The percentage calculated in accordance with paragraph (b) of this Clause shall be multiplied by the value of the Input Tax referred to in paragraph (c) of Clause (6) of this Article to determine the portion of the Input Tax that may be recovered.
8. The calculations stipulated above shall be performed for each Tax Period in which Input Tax was incurred and relates to exempt supplies or activities that are not in the course of business.
9. After the end of each Tax Year, the Taxable Person shall perform the calculations stipulated in Clause (7) of this Article for the entire Tax Year in the first Tax Period of the following Tax Year.
10. The Input Tax that may be recovered for the ended year according to Clause (9) of this Article shall be compared with the value of the Input Tax that was actually recovered in all Tax Periods that together constitute that Tax Year, and then make any adjustments to the recoverable Input Tax during the Tax Period stipulated in Clause (9) of this Article.
11. If the difference in any Tax Year between the recoverable Tax according to the mechanism described in this Article and the recoverable Tax that would have reflected the actual use of the goods and services to which the Input Tax relates is greater than (250,000) two hundred and fifty thousand Dirhams, the Taxable Person must adjust the Input Tax by the amount of the difference in the Tax Period referred to in Clause (9) of this Article.
12. For the purposes of Clauses (4) and (11) of this Article, in the case of a Tax Year of less than (12) twelve months, the amount mentioned in Clause (11) of this Article must be adjusted to an amount proportional to the duration of that Tax Period.
13. If the application of the calculation stipulated in this Article leads to a result that the Taxable Person does not consider to reflect the actual Input Tax it incurred to make taxable supplies, he may request the Authority to use an alternative basis for calculating the Input Tax in accordance with a list of permitted mechanisms determined by the Authority, and the Authority may also require the Taxable Person to submit such a request.

14. The Authority may approve the Taxable Person's use of an alternative mechanism for apportioning Input Tax than that mentioned in this Article starting from a future date in accordance with the conditions it determines.
15. The Taxable Person may submit a request to amend the alternative mechanism after at least two Tax Years have passed since he was approved to use it.
16. Without prejudice to Clauses (9), (10) and (11) of this Article, the Taxable Person may submit a request to the Authority for approval to use a specific recovery percentage to calculate the recoverable Input Tax in any Tax Period based on the recovery percentage of the previous Tax Year.
17. The Authority may request any information it deems necessary from the Taxable Person in order to decide on the request submitted by him in accordance with Clause (13) or (16) of this Article.
18. If the Authority approves the Taxable Person's request submitted in accordance with Clause (13) or (16) of this Article, the Authority shall notify him of the alternative calculation mechanism and the conditions for its use.

## **Article (56)**

### **Adjustment of Input Tax after Recovery**

1. A Taxable Person must repay Input Tax if it was recovered because it was attributed to making the supplies referred to in Clause (1) of Article (54) of the Decree-Law, but before the consumption of the goods or services on which the Input Tax was incurred, the Input Tax became unattributed to those supplies.
2. A Taxable Person may recover Input Tax attributed to the use of goods or services for making the supplies referred to in Clause (1) of Article (54) of the Decree-Law, if the Input Tax was not recovered for not being attributed to making those supplies, but before the consumption of the goods or services on which the Input Tax was incurred, the Input Tax became attributed to those supplies.
3. The attribution of Input Tax shall be adjusted if the Input Tax was treated as apportionable for the calculation of recoverable Input Tax, but the use of the goods or services on which the Input Tax was incurred was changed before their consumption, as follows:
  1. a. If it becomes attributed to the supplies referred to in Clause (1) of Article (54) of the Decree-Law, the Taxable Person may recover the previously unrecovered Input Tax in proportion to what is attributed to the use of goods or services for making these supplies.
  2. b. If the Input Tax is no longer attributed to any of the supplies referred to in Clause (1) of Article (54) of the Decree-Law, the Taxable Person must repay the Input Tax that was recovered.

4. Adjustments related to the change in use of goods or services referred to in this Article shall only apply if all of the following conditions are met:

1. a. The change of use occurs within 5 years from the date of supply of these goods and services.
2. b. The Taxable Person is not required to make an adjustment to the same Input Tax in accordance with the mechanisms referred to in Articles (55) and (57) of this Decision. If he is required to do so, those mechanisms shall apply.

## **Part Twelve**

### **Capital Assets Scheme**

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

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

1. A Capital Asset is a business asset with a cost of (5,000,000) five million Dirhams or more, excluding Tax, for which Tax has been paid and which has a useful life equal to or exceeding the following:
  1. a. 10 years for buildings or any part thereof.
  2. b. 5 years for all Capital Assets other than buildings or any part thereof.
2. Inventory assets intended for resale are not treated as Capital Assets.
3. Multiple expenditures totaling (5,000,000) five million Dirhams or more shall be treated as being for a single asset with a value of (5,000,000) five million Dirhams or more for the purposes of this Article if such amounts are stage payments for any of the following:
  1. a. The purchase of a building.
  2. b. The construction of a building.
  3. c. Related to the extension, refurbishment, renewal, fitting out, or performance of any other works on a building, unless there is a clear break between the execution of any of those works, in which case they are considered as separate assets according to their cost.
  4. d. The purchase, construction, assembly, or installation of any goods or immovable property if its components are supplied separately for the purpose of assembly.

#### **Article (58)**

##### **Adjustments under the Capital Assets Scheme**

1. A Capital Asset qualifying for the Capital Assets Scheme shall be monitored and adjustments to the Input Tax incurred on it shall be made, in accordance with

the provisions of this Article, over a period of (10) ten consecutive years for buildings or any part thereof, or (5) five consecutive years for any other Capital Assets, starting on the day the owner first uses that Capital Asset for the purposes of his business.

2. Notwithstanding Clause (1) of this Article, if a Capital Asset is damaged, sold, or disposed of in any way before the end of the period referred to in Clause (1) of this Article, the Capital Assets Scheme shall cease to apply to this asset in the Tax Year in which the asset was destroyed, sold, or disposed of.
3. The Tax Year in which the asset was purchased shall be treated as the first year for the purposes of the Capital Assets Scheme.
4. The Taxable Person must maintain a record for the Capital Asset recording the Input Tax incurred on the Capital Asset during the first year (referred to as 'W' in this Article) in addition to any adjustments made to the Input Tax accounts under this Article.
5. The Input Tax recovered on the Capital Asset during the first year after any adjustment in accordance with Article (58) of the Decree-Law shall be recorded, in addition to the percentage that resulted in that recovery (referred to as 'K' in this Article).
6. At the end of each year starting from the second year and thereafter, the Taxable Person shall calculate the percentage of recoverable Tax for that Capital Asset in accordance with Article (58) of the Decree-Law, and this percentage is referred to as 'Q' in this Article).
7. If 'Q' is not equal to 'K', the Taxable Person shall make the calculations described in Clauses (8) to (11) of this Article, and shall make an adjustment to his Input Tax.
8. The Taxable Person shall calculate a value (referred to as 'R' in this Article) as follows:
  1. a. One-tenth of 'W' multiplied by 'Q' if the Capital Asset is a building or part of a building.
  2. b. One-fifth of 'W' multiplied by 'Q' if the Capital Asset is not a building or part of a building.
9. The Taxable Person shall calculate a value (referred to as 'Z' in this Article) as follows:
  1. a. One-tenth of 'W' multiplied by 'K', if the Capital Asset is a building or part of a building.
  2. b. One-fifth of 'W' multiplied by 'K', if the Capital Asset is not a building or part of a building.
10. If 'R' is greater than 'Z', the Taxable Person must increase the Input Tax by the difference.
11. If 'R' is less than 'Z', the Taxable Person must reduce the Input Tax by the difference.
12. If the Taxable Person disposes of the Capital Asset during any of the years other than the last year, or deregisters, and is obliged to calculate Tax on the

asset as a deemed supply, the use of that asset shall be considered in any remaining years as being:

1. a. For making taxable supplies if the asset was disposed of by way of a taxable supply or deemed supply, or would have been taxable if made within the State.
2. b. For making exempt supplies, if the asset was disposed of by way of an exempt supply, or would have been exempt if made within the State.
3. c. Not in the course of business, if the asset was disposed of through a transaction that is not considered a supply in the course of business, unless it is considered a supply within the meaning of Clause (2) of Article (7) of the Decree-Law.

13. If a Taxable Person transfers his Capital Assets as part of a transfer of his business or any part of that business in accordance with Clause (2) of Article (7) of the Decree-Law, or to become a member of a Tax Group, or to leave a Tax Group and immediately become a Taxable Person in his own right, the Tax Year then in effect shall end on the day the Taxable Person transfers the business or part of the business, or becomes part of a Tax Group or independent from it. The next Tax Year for the owner of the Capital Assets shall begin on the following day.

14. If a Person who is registering for Tax owns a Capital Asset for the purposes of his business before his Tax Registration, the first year shall be considered to have started on the date of first use by that Person.

15. For the purposes of Clauses (12) and (13) of this Article, any adjustments that may be required for any of the remaining years shall be made in the Tax Return for the Tax Period in which the Capital Asset was disposed of.

16. Any adjustments other than those required in Clauses (12) and (13) of this Article shall be made during the Tax Period stipulated in Clause (9) of Article (55) of this Decision.

17. The first Tax Year for an internally developed Capital Asset shall be the year in which that asset is first used.

## **Part Thirteen**

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

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

##### **Tax Invoices**

1. A Tax Invoice must include all of the following information:
  1. a. The words "Tax Invoice" clearly displayed on the invoice.
  2. b. The name, address, and Tax Registration Number of the Registrant making the supply.

3. c. The name, address, and Tax Registration Number of the Recipient if he is a Registrant.
4. d. A sequential Tax Invoice number or a unique number which enables the identification of the Tax Invoice and the order of the invoice in any sequence of invoices.
5. e. The date of issuing the Tax Invoice.
6. f. The date of supply if different from the date the Tax Invoice was issued.
7. g. A description of the goods or services supplied.
8. h. For each good or service, the unit price, the quantity or volume supplied, the rate of Tax and the amount payable expressed in AED.
9. i. The amount of any discount offered.
10. j. The gross amount payable expressed in AED.
11. k. The Tax amount payable expressed in AED together with the rate of exchange applied where the currency is converted from a currency other than the UAE dirham.
12. l. Where the invoice relates to a supply under which the Recipient is required to account for Tax, a statement that the Recipient is required to account for Tax, and a reference to the relevant provision of the Decree-Law.

2. A simplified tax invoice must 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 Dirhams.

3. If sufficient records are available or will be available to identify the details of a supply, the Registrant may choose not to issue a tax invoice for the supply if the entire supply is subject to the zero rate.

4. If a Registrant is required to issue a tax invoice, the tax invoice must meet the requirements mentioned in Clause (1) of this Article.

5. Notwithstanding the provisions of Clause (4) of this Article, and in cases other than those where the reverse charge mechanism is applied under Article (48) of the Decree-Law, a Registrant may issue a simplified tax invoice that meets the requirements mentioned in Clause (2) of this Article, in either of the following two cases:

- a. If the recipient or receiver is not registered.
- b. If the recipient or receiver is registered and the consideration does not exceed (10,000) ten thousand Dirhams.

6. The Registrant shall not issue separate tax invoices for supplies if he makes more than one supply of goods or services to the same person and these supplies are included in a summary tax invoice issued and delivered to the recipient or receiver.

7. If the Authority finds that sufficient records exist to prove the details of any supply or category of supplies and it is impractical for the Registrant to issue a tax invoice, the Authority may decide on any of the following, taking into account any conditions it deems necessary:

a. Not to include any of the details referred to in Clauses (1) or (2) of this Article in the tax invoice.

b. Not requiring the issuance or delivery of a tax invoice in specific cases.

8. A Registrant may issue a tax invoice by electronic means, provided that:

a. The Registrant is able to securely store a copy of the tax invoice in accordance with record-keeping requirements.

b. The authenticity of the content and origin of the tax invoice is guaranteed.

9. If the recipient or receiver agrees to issue a tax invoice on behalf of a registered supplier for a supply of goods or services to him, that document shall be treated as issued by the supplier if the following conditions are met:

a. The recipient or receiver is registered.

b. The supplier and the recipient or receiver agree in writing that the supplier will not issue a tax invoice for any supplies to which this clause applies.

c. The tax invoice contains the data required in Clause (1) of this Article.

d. The phrase "Tax invoice created by buyer" is clearly displayed on the tax invoice.

10. If a tax invoice is issued in accordance with Clause (9) of this Article, any invoice issued by the supplier for that supply will not be considered a tax invoice.

11. If a registered agent supplies goods or services on behalf of his principal, the said 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 is done:

a. The agent keeps sufficient records to identify the name, address, and tax registration number of the principal supplier.

b. The principal supplier keeps sufficient records to identify the name, address, and tax registration number of the agent.

12. When supplying goods or services considered supplied in any of the Implementing States, the Registrant must include the following additional data in the issued document:

a. The recipient's or receiver's tax registration number issued by the Implementing State in which the supply is treated as having taken place.

b. A statement indicating that the supply occurred between a supplier in the State and a recipient or receiver in one of the Implementing States.

c. Any other information specified by the Authority.

13. For the purposes of Clause (2) of Article (67) of the Decree-Law, the Registrant must issue the tax invoice within (14) fourteen days from the date of supply as stipulated in Article (25) or (26) of the Decree-Law, with the exception of the following cases:

a. In the case of issuing a tax invoice in accordance with Clause (2) of this Article, the Registrant must issue the tax invoice on the date of supply.

b. For the purposes of Clause (6) of this Article, the Registrant must issue and deliver a summary tax invoice to the recipient or receiver within (14) fourteen days from the end of the calendar month that includes the date of supply for those supplies.

c. Any other cases specified by the Authority.

14. If the Authority has granted approval in accordance with Clause (7) of this Article, the approval may be withdrawn at any time if the Authority finds that the conditions for approval are no longer met.

15. Notwithstanding the provisions of Clause (5) of this Article, the Authority may specify cases in which a tax invoice meeting the requirements of Clause (1) of this Article must be issued, even if one of the cases mentioned in Clause (5) of this Article applies.

16. The provisions of Clauses (2), (3), (5), (7), (8), (15) of this Article and any other clause specified by a decision of the Minister shall not apply in the case where the Registrant is required to issue a tax invoice in the form of an electronic invoice in accordance with Clause (5) of Article (65) of the Decree-Law, or in the case of voluntarily issuing a tax invoice in the form of an electronic invoice.

## **Article (60)**

### **Tax Credit Note**

1. A Tax Credit Note must include all of the following data:

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 or receiver, if registered.

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 concerning the difference in Dirhams. In the case of issuing more than one tax credit note related to

the same tax invoice, the value of the supply shown on 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 that led to the issuance of the Tax Credit Note.
- g. Sufficient information to identify the registered supply to which the Tax Credit Note relates.

2. If the Authority, at the time of an application by a Registrant, finds that sufficient current or future records exist to prove the details of any supply or category of supplies and it is impractical to require the Registrant to issue a tax credit note, the Authority may decide on any of the following, taking into account any conditions it deems necessary:

- a. Not to include any of the details referred to in Clause (1) of this Article in the Tax Credit Note.
- b. Not requiring the issuance or delivery of a Tax Credit Note.

3. A Registrant may issue a Tax Credit Note by electronic means, provided that:

- a. The Registrant is able to securely store a copy of the Tax Credit Note in accordance with record-keeping requirements.
- b. The authenticity of the content and origin of the Tax Credit Note is guaranteed.

4. If the recipient or receiver agrees to issue a tax credit note on behalf of a registered supplier for a supply of goods or services, that document shall be treated as issued by the supplier if the following conditions are met:

- a. The recipient or receiver is a Registrant.
- b. The supplier and the recipient or receiver agree that the supplier will not issue a tax credit note for any supplies to which this clause applies.
- c. The Tax Credit Note contains the data required in accordance with Clause (1) of this Article.
- d. The phrase "Tax credit note created by buyer" is clearly written on the Tax Credit Note.

5. If a tax credit note is issued in accordance with Clause (4) of this Article, any tax credit note issued by the supplier for that supply will not be considered a tax credit note.

6. If a registered agent supplies goods and services on behalf of his 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 is done:

- a. The agent keeps sufficient records to identify the name, address, and tax registration number of the principal supplier.
- b. The principal supplier keeps sufficient records to identify the name, address, and tax registration number of the agent.

7. If the Authority has granted approval in accordance with Clause (2) of this Article, the approval may be withdrawn at any time if the Authority finds that the conditions for approval are no longer met.

8. The provisions of paragraph (e) of Clause (1), Clauses (2) and (3) of this Article and any other clause specified by a decision of the Minister shall not apply in the case where the Registrant is required to issue a tax credit note in the form of an electronic credit note in accordance with Clause (4) of Article (70) of the Decree-Law, or in the case of voluntarily issuing a tax credit note in the form of an electronic credit note.

### **Article (61)**

#### **Fractions of a Fils**

If the tax charged on a supply is calculated and includes a fraction of a fils, the Taxable Person is permitted to round the amount to the nearest fils on the basis of mathematical rounding.

### **Chapter Fourteen**

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

### **Article (62)**

#### **Length of the Tax Period**

- 1. The standard tax period applicable to a Taxable Person is three calendar months ending on the date specified by the Authority.
- 2. Notwithstanding Clause (1) of this Article, the Authority may assign a shorter or longer tax period for a person or a class of persons if it finds that a non-standard tax period is necessary and beneficial for the following:
  - a. Reducing the risk of tax evasion.
  - b. Enabling the Authority to improve compliance monitoring or tax revenue collection.
  - c. Reducing the administrative burden on the Authority or the compliance burden on the person or class of persons.
- 3. If a standard tax period is assigned to a person, he may request that the tax period end in a month of his choosing, and the Authority may approve his request as it deems appropriate.

### **Article (63)**

#### **Tax Periods in Case of Incapacity**

1. If a person becomes incapacitated, their current tax period shall end on the day before the day the person became incapacitated. A new tax period shall begin on the day this person became incapacitated, in the name of the legal representative.
2. For the purposes of Clause (1) of this Article, an "incapacitated person" means a Registrant who dies, enters into liquidation or receivership, becomes bankrupt, or becomes incapacitated.
3. For the purposes of the new tax period referred to in Clause (1) and subsequent tax periods, the appointed legal representative shall be treated as if he were the Registrant himself for the purposes of the Decree-Law and this Decision, throughout the period of incapacity.

#### **Article (64)**

##### **Tax Return and Payment of Tax**

1. The Tax Return must be delivered to the Authority no later than the (28th) twenty-eighth day following the end of the relevant tax period, or on any other date specified by the Authority.
2. A person whose registration has been canceled must file a final tax return for the last period in which he was registered.
3. The Taxable Person must pay the tax due by the means specified by the Authority, to be received by the Authority no later than the date specified in Clause (1) of this Article.
4. If the recoverable tax for a tax period exceeds the tax due for that tax period, the excess recoverable tax may be refunded in accordance with the provisions of the Decree-Law and the Tax Procedures Law.
5. The Tax Return must include the details that the Authority may request, in addition to at least the following data:
  - a. The name, address, and tax registration number of the Registrant.
  - b. The tax period to which the Tax Return relates.
  - c. The date of filing the Tax Return.
  - 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 supplies made by the person in the tax period.
  - f. The value of exempt 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-Law.
  - h. The value of expenses incurred for which the person wishes to recover input tax and the amount of recoverable tax.

i. The total value of tax due and recoverable tax for the tax period.

The tax payable or excess tax, if any, for the tax period.

## **Chapter Fifteen**

### **Refund of Excess Tax**

#### **Article (65)**

##### **Refund of Excess Tax**

If a Taxable Person has an excess of recoverable tax for a tax period and submits a request to the Authority through the means specified by it for the excess amount to be refunded, the Authority shall refund the excess amount to the Taxable Person within the period and in accordance with the procedures stipulated in the Tax Procedures Law.

## **Chapter Sixteen**

### **Other Provisions on Refunds**

#### **Article (66)**

##### **New Residence**

1. If a person owns or buys a plot of land in the State and builds or commissions the construction of his own residence on it, he is entitled to request from the Authority a refund of the tax paid on the cost of building the residence.

2. For the purposes of Clause (1) of this Article:

a. The request may only be submitted by a natural person who is a citizen of the State.

b. The request must relate to a newly constructed building that will be used exclusively as a residence for the person or his family.

c. A request may not be submitted for a building that will not be used exclusively as a residence by the person or his family, such as if it is used, for example, as a hotel, guest house, hospital, or for any other purpose inconsistent with its use as a residence.

3. The refund request under this Article must be submitted within twelve months from the date of completion of the new residence. For the purposes of this clause, a new residence is considered complete on the date of occupation of the residence or the date of issuance of a building completion certificate by the competent authority in the State, whichever is earlier, or as otherwise determined by the Authority.

4. The refund request must be submitted to the Authority in the form and with the details specified by the Authority.

5. If the Authority refunds the tax in accordance with this Article and the person, after receiving it, violates any of the conditions mentioned in paragraph (c) of Clause (2) of

this Article, the Authority has the right to demand that the person repay the amount of the refunded tax.

6. The cost categories for which a person is entitled to claim a tax refund under this Article are:

- a. Contractor services, which include the services of builders, architects, engineers, and any similar services necessary for the successful completion of the construction process.
- b. Building materials that are of a type of goods commonly used by building contractors in residential buildings or sites for the construction of residences, but do not include furniture or electrical appliances.

## **Article (67)**

### **Business Visitors**

1. The Authority shall implement a Value Added Tax (VAT) refund scheme for foreign businesses to allow the refund of Tax paid on costs incurred in the State by a foreign entity that does not have a place of establishment or a fixed establishment in the State or an Implementing State and is not registered in the State.

2. For the purposes of this Article, a foreign entity means any person who carries on a business as defined in this Decision and is registered as an establishment with the competent authority in the country in which it is established.

3. A foreign entity is not entitled to submit a claim under the VAT refund scheme for foreign businesses in the following cases:

a. If it makes supplies that have a place of supply in the State, unless the recipient is obligated to account for the Tax on those supplies in accordance with Clause (1) of Article (48) of the Decree-Law.

b. If the Input Tax relates to Goods or Services for which the Tax is not recoverable in accordance with Article (53) of this Decision.

c. If the foreign entity belongs to a country that does not allow a refund of Value Added Tax in similar cases for entities belonging to the State.

4. A foreign tour operator is not entitled to submit a claim under the VAT refund scheme for foreign businesses in respect of carrying on its activity as a tour operator.

5. The refund claim shall be submitted through an electronic form provided by the Authority for this purpose.

6. The claim form shall contain the data requested by the Authority, including:

a. The name and address of the foreign entity.

b. The nature of the foreign entity's activities.

c. Details of the foreign entity's registration with the competent authority in the country in which it is established.

- d. A statement of the reasons for incurring costs within the State.
- e. A description of the activities carried out within the State.
- f. Details of the costs incurred in the State during the claim period.

7. The claim shall be accompanied by any documents or supporting evidence that the Authority may request.

8. The claim period shall be 12 calendar months.

9. The minimum amount of Tax for which a claim may be submitted under the VAT refund scheme for foreign businesses is (2,000) two thousand dirhams.

10. Notwithstanding Clause (1), paragraph (c) of Clause (3), and Clause (8) of this Article, businesses resident in any of the GCC States that are not considered an Implementing State in the Decree-Law and this Decision may claim a refund of the Tax incurred on Goods and Services supplied to them from the State.

## **Article (68)**

### **Visiting Tourists**

- 1. The Cabinet shall issue a decision on the application of the Tax refund scheme for tourists, specifying the following:
  - a. The effective date of the scheme.
  - b. The mechanisms for refunding the Tax.
  - c. The rules for claiming the Tax refund.
  - d. The verification processes to be carried out within the scheme.
  - e. Any other conditions or procedures that the Cabinet deems necessary for the implementation of the scheme.
- 2. The following conditions shall apply to the Tax refund scheme for tourists:
  - a. The Goods subject to the Tax refund scheme for tourists must be supplied to a tourist from outside the State who is inside the State when purchasing the Goods from the supplier.
  - b. The intention of the tourist from outside the State at the date of supply must be to leave the State within (90) ninety days from the date of supply, taking the purchased Goods with them.
  - c. The relevant Goods must be exported by the tourist from outside the State to a place outside the Implementing States within (90) ninety days from the date of supply, in accordance with the verification conditions and procedures imposed by the Authority.
- 3. The phrase "tourist from outside the State" means any natural person who is not a resident of any of the Implementing States and is not a crew member of a flight or aircraft departing from an Implementing State.

4. The Authority may publish a list of Goods not subject to the Tax refund scheme for tourists.

### **Article (69)**

#### **Foreign Governments**

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

1. The acquisition of Goods and Services must be exclusively for official use.
2. The country of establishment of the foreign government, international organization, authority, or diplomatic mission, or the country in which it has an official seat, exempts similar bodies belonging to the State from any tax burdens applicable in that country, or the refund claim is consistent with the provisions of any international treaty or other agreement in force in the State relating to the tax liability of that foreign government, international organization, authority, or diplomatic mission.
3. The official of the foreign government, international organization, authority, or diplomatic mission benefiting from the refund must not be an Emirati national or have a residency sponsored by an entity other than the foreign government, international organization, authority, or diplomatic mission itself, and must not conduct any business within the State. The aforementioned tax refund claim must be submitted within (36) thirty-six months from the date the official incurred that Tax, or within any other period specified by the provisions of any international treaty or other agreement in force in the State.

### **Chapter Seventeen**

### **Article (70)**

#### **Transitional Provisions**

1. For the purposes of paragraph (e) of Clause (1) of Article (80) of the Decree-Law, the phrase "acceptance by the Recipient" means the stage at which the Recipient considers that the Supplier has fulfilled all its obligations towards them.
2. Where the provisions of Clause (1) of Article (80) of the Decree-Law apply, the date of supply shall be the effective date of the Decree-Law only in respect of the value of the consideration that was received or specified in the invoice issued before the effective date of the Decree-Law.
3. In the case of Clause (3) of Article (80) of the Decree-Law, the supply shall be considered to have been made in accordance with the following provisions:
  - a. For supplies to which the provisions of Article (25) of the Decree-Law apply, the date of supply shall be determined in accordance with Clauses (1) to (6) of that Article.

b. For supplies to which the provisions of Article (26) of the Decree-Law apply, the supply shall be considered to have been made in accordance with the provisions of that Article.

4. For the purposes of Clause (3) of this Article, if the date of supply of Goods or Services is before the effective date of the Decree-Law, and part of the supply would be before the effective date of the Decree-Law and part of it after, the date of supply shall be considered to be after the effective date of the Decree-Law for the part of the supply that takes place after it.

5. Any payment of consideration made before the effective date of the Decree-Law shall be disregarded in determining whether a supply was made before that date if or to the extent that it appears to the Authority that the transaction would not have occurred but for the application of the Tax.

6. In the case of Clause (3) of Article (80) of the Decree-Law, the consideration shall be treated as exclusive of Tax, and the recipient shall be obliged to pay the amount of Value Added Tax in addition to the consideration if all of the following conditions apply:

a. If the recipient is registered.

b. If the recipient has the right to recover all or part of the amount of Input Tax incurred on the supply.

7. Clause (6) of this Article shall apply only if the supplier has requested the recipient, before the effective date of the Decree-Law, to confirm the following information:

a. That the recipient is registered or is expected to become registered on the effective date of the Decree-Law.

b. The extent to which the recipient expects to recover the Tax paid on this supply.

8. The recipient must respond to the supplier in writing with the required information within 20 working days of receiving the request for information referred to in Clause (7) of this Article.

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 intentionally provides incorrect information and as a result the supplier had to treat the consideration as inclusive of Tax, the recipient shall not be entitled to recover the Input Tax on that supply.

10. If the recipient does not provide the information under Clause (8) of this Article, the supplier may treat the consideration for the supply as exclusive of Tax and request the recipient to pay the Tax.

11. The supplier and the recipient must keep records related to 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 confirms that they can only partially recover the Input Tax, the consideration shall be treated as exclusive of Tax only to the extent of the recoverable Input Tax percentage declared by the recipient to the supplier under Clause (8). The remaining part of the consideration related to the supply shall be treated as inclusive of Tax.

13. In all cases, the supplier remains responsible for calculating and paying the Tax to the Authority.

14. If a taxable supply is treated as a periodic or successive supply, Tax shall not be due on that part of the consideration that relates to a supply made before the effective date of this Decree-Law.

15. Any of the GCC States shall be treated as an Implementing State in accordance with the provisions of the Decree-Law and this Decision if the following conditions are met:

a. If it treats the State with the same treatment as an Implementing State in its enacted legislation.

b. Full compliance with the provisions of the Unified VAT Agreement for the Cooperation Council for the Arab States of the Gulf.

## **Article (71)**

### **Record-Keeping Requirements**

1. Subject to Clause (2) of this Article, any records required to be kept in accordance with the provisions of the Decree-Law must comply with the time periods, controls, and conditions for keeping records stipulated in the Tax Procedures Law and its Executive Regulation.

2. Any required records relating to real estate must be kept for a period of (15) fifteen years after the end of the Tax Period to which those records relate.

3. If a government entity is listed in the Cabinet Decision under Clause (2) of Article (72) of the Decree-Law, the government entity may do the following:

a. Refuse the Authority's request to take any records or copies thereof from the government entity's premises.

b. Set controls for the access of the Authority's employees to the government entity's records and its premises.

4. If the Authority has any records belonging to a government entity listed by the Cabinet under Clause (2) of Article (72) of the Decree-Law, the records must be kept in a way that they can only be accessed by the Authority's employees who are expressly authorized to view the records of that government entity.

## **Article (72)**

### **Keeping Records of Supplies Made**

1. Records of all Goods and Services supplied by or for the Taxable Person must be kept, showing the Goods, Services, suppliers, and their agents in sufficient detail to enable the Authority to easily identify those Goods, Services, suppliers, and agents.
2. Subject to the provisions of Article (78) of the Decree-Law, a Taxable Person who makes any supply of taxable Goods or Services within the State must keep transaction records to prove the Emirate in which the fixed establishment associated with that supply is located.
3. Notwithstanding Clause (2) of this Article, if the Taxable Person making any supply of taxable Goods or Services does not have a fixed establishment in the State, the following shall apply:
  - a. If they have a place of establishment in the State, they must keep transaction records to prove the Emirate in which the place of establishment is located.
  - b. If they do not have a place of establishment in the State, they must keep transaction records to prove the Emirate in which the supply is received.
4. Notwithstanding Clauses (2) and (3) of this Article, if the value of taxable supplies made by the Taxable Person via e-commerce exceeds the amount of (100,000,000) one hundred million dirhams during a calendar year, they must keep transaction records 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, e-commerce refers to the process of selling Goods or Services through electronic means, an electronic platform, a store on social media, or electronic applications in accordance with standards and conditions determined by the Minister.
6. For the purpose of applying the provisions of Clause (4) of this Article, the provisions related to taxable supplies via e-commerce shall apply to each Taxable Person as follows:
  - a. Starting from the first Tax Period beginning on or after July 1, 2023, and for a period of 18 months for the Taxable Person whose taxable supplies made via e-commerce exceeded the threshold stipulated in Clause (4) of this Article during the calendar year ending on December 31, 2022.
  - b. For a period of two years starting from the first Tax Period of the calendar year that begins after the date on which the taxable supplies made by the Taxable Person via e-commerce exceeded the threshold stipulated in Clause (4) of this Article.

## **Chapter Eighteen**

### **Concluding Provisions**

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

The Authority is responsible for issuing clarifications and directives regarding the application of the provisions of this Decision.

## **Article (74)**

### **Repeal of Conflicting Provision**

Any provision that violates or contradicts the provisions of this Decision is hereby repealed.

## **Article (75)**

### **Publication and Entry into Force of the Decision**

This Decision shall be published in the Official Gazette and shall come into force from January 1, 2018, at the earlier of:

1. The time of opening of business on January 1, 2018.
2. Seven o'clock in the morning on January 1, 2018.

**Mohammed bin Rashid Al Maktoum**

**Prime Minister**

Issued by us:

Date: 7 / Rabi' al-Awwal / 1439 H

Corresponding to 26 / November / 2017 AD