

The Cabinet
Has Decided
Cabinet Decision No. (41) of 2018
On the System for Value Added Tax Refunds for Tourists

The Cabinet:

Having reviewed the Constitution,

And Federal Law No. (1) of 1972 on the Competencies of Ministries and 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 Cabinet Decision No. (52) of 2017 on the Executive Regulations of the Federal Decree-Law No. (8) of 2017 on Value Added Tax,

And based on the proposal of the Minister of Finance and the approval of the Cabinet,

Has decided:

Article (1)

Definitions

For the purposes of implementing the provisions 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 Authority : The Federal Tax Authority.

The Chairman : The Chairman of the Board of Directors of the Authority.

The Tax : Value Added Tax.

GCC States : All States that are full members of the Gulf Cooperation Council in accordance with the Charter of the GCC.

Implementing States : GCC States that implement the Tax law in accordance with an issued legislation.

Overseas Tourist : Any natural person who is not a resident of the State or any of the other Implementing States and is not a crew member of a flight or ship leaving the State to a destination outside the Implementing State.

The System

	: The processes by which a mechanism for refunding the Tax to the Overseas Tourist will be provided.
The Operator	: The service provider or providers contracted to provide and operate the System in the State.
Goods	: Tangible personal property.
Retailers	: Businesses registered for Tax in the State that supply Goods.
Tax-Free Purchase	: The purchase of any Goods by an Overseas Tourist with the intention of recovering the Tax paid thereon through the System.
Export	: The departure of Goods from the territory of the State.
Tax Period	: The specific time period for which the Tax imposed under Federal Decree-Law No. (8) of 2017 on Value Added Tax must be calculated and paid to the Authority.
Output Tax	: The Tax charged on a supply by a Retailer.

Article (2)

System Commencement Date

The Chairman shall issue a decision specifying the date for the commencement of the System, provided that it does not exceed 1 January 2019.

Article (3)

System Mechanism

1. A person must meet all the following conditions to be eligible for a Tax refund through the System:
 - a. Fulfilling the conditions stipulated in Clause (2) of Article (68) of the aforementioned Cabinet Decision No. (52) of 2017.
 - b. The Goods must be purchased from a Retailer who is participating in the System.
 - c. The purchase of Goods from the Retailer must be carried out in accordance with the requirements specified by a decision of the Chairman.
 - d. The Goods must be exported in accordance with the requirements specified by a decision of the Chairman.
 - e. The Goods must not be excluded from the System by the Authority.
2. Every Retailer who meets the participation requirements set by the Authority has the option to participate in the System.
3. If an Overseas Tourist expresses his wish to a participating Retailer to make a Tax-Free Purchase, the Retailer must provide him with the necessary documents to claim the Tax refund through the System, as specified by the Authority, including a tax invoice that meets all the requirements stipulated in Article (59) of the aforementioned Cabinet Decision No. (52) of 2017.

4. The Overseas Tourist must apply for the Tax refund directly from the Operator, who shall only provide the refund upon receipt of convincing and sufficient evidence as determined by the Authority, on the basis of which the Tax will be refunded to the Overseas Tourist.

5. The Operator is permitted to charge a fee to the Overseas Tourist for managing the refund through the System. The Operator may deduct this fee from the amount to be refunded to the Overseas Tourist, in accordance with a decision issued by the Chairman, provided that the fee charged does not exceed what is approved by the Cabinet.

6. The Operator must cooperate with the customs departments in the State in cases where an Overseas Tourist is required to present the Goods for which he wishes to claim a Tax refund, which may require verification and inspection according to the conditions set by the Authority.

7. Customs departments must cooperate with the Authority and the Operator regarding verification and inspection in accordance with the conditions set by the Authority.

8. If the Operator correctly refunds the Tax amount related to a Tax-Free Purchase to an Overseas Tourist in accordance with this Article, the Operator may claim directly from the Retailer who sold the relevant Goods to the Overseas Tourist the payment of the refunded Tax amount.

9. If the Retailer correctly pays the Tax amount to the Operator in accordance with this Article, the Retailer shall be able to treat the Tax amount as a deduction from the Output Tax arising in the Tax Period in which the refund amount was paid to the Overseas Tourist.

10. The Authority may:

a. Determine the requirements, including procedural, evidence, verification, documentation, and record-keeping requirements, that the Overseas Tourist, the Retailer, the Operator, and any other person must meet for the implementation of the System.

b. Enter into agreements with any person and determine the necessary conditions and procedures related to the operation of the System.

Article (4)

System Limitations

The Chairman shall issue a decision specifying the minimum amount applicable to refund requests under the System.

Article (5)

Issuance of Implementing Decisions

The Chairman shall issue the necessary decisions to implement the provisions of this Decision.

Article (6)

Repeals

Any provision that contradicts or conflicts with the provisions of this Decision shall be repealed.

Article (7)

Entry into Force

This Decision shall come into force from the date of its issuance and shall be published in the Official Gazette.

Issued by us:

On: 11 / Dhu al-Qi'dah / 1439 H

Corresponding to: 24 / July / 2018 AD

Mohammed bin Rashid Al Maktoum

Prime Minister