

## **Federal Decree-Law No. (8) of 2017 on Value Added Tax**

We, Khalifa bin Zayed Al Nahyan  
President of the United Arab Emirates,

- 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 Law No. (11) of 1981 on the Imposition of a Federal Customs Tax on Imports of Tobacco and its Derivatives, and its amendments,
- And Federal Law No. (26) of 1981 on the Maritime Commercial Law, and its amendments,
- And Federal Law No. (5) of 1985 promulgating the Civil Transactions Law, and its amendments,
- And Federal Law No. (3) of 1987 promulgating the Penal Code, and its amendments,
- And Federal Law No. (10) of 1992 promulgating the Law of Evidence in Civil and Commercial Transactions, and its amendments,
- And Federal Law No. (11) of 1992 promulgating the Civil Procedures Law, and its amendments,
- And Federal Law No. (18) of 1993 promulgating the Commercial Transactions Law,
- And Federal Law No. (8) of 2004 on Financial Free Zones,
- And Federal Law No. (1) of 2006 on Electronic Transactions and Commerce,
- And Federal Law No. (2) of 2008 on Public Welfare Associations and Institutions,
- And Federal Law No. (1) of 2011 on the Public Revenues of the State,
- And Federal Law No. (8) of 2011 on the Reorganization of the State Audit Institution,
- And Federal Decree-Law No. (8) of 2011 on the Rules for the Preparation of the General Budget and the Final Account,

- And Federal Law No. (4) of 2012 on the Regulation of Competition,
- And Federal Law No. (12) of 2014 on the Regulation of the Auditing Profession,
- And Federal Law No. (2) of 2015 on Commercial Companies,
- 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 based on the proposal of the Minister of Finance and the approval of the Cabinet,

We have issued the following Decree-Law:

## **Chapter One**

### **Definitions**

#### **Article (1)**

### **Definitions**

For the purposes of this Decree-Law, the following words and expressions shall have the meanings assigned to each of them, unless the context otherwise requires:

**State:** The United Arab Emirates.

**Minister:** The Minister of Finance.

**Authority:** The Federal Tax Authority.

**Value Added Tax:** A tax imposed on the import and supply of Goods and Services at each stage of production and distribution, including the Deemed Supply.

**Tax:** Value Added Tax.

**GCC States:** All countries that are full members of the Gulf Cooperation Council for the Arab States of the Gulf in accordance with its Charter.

**Implementing States:** The GCC States that are implementing a Tax law in accordance with an issued legislation, as specified by the Executive Regulation of this Decree-Law.

**Goods:** Physical property that can be supplied, including real estate, water, and all forms of energy as specified in the Executive Regulation of this Decree-Law.

**Services:** Anything that can be supplied other than Goods.

**Import:** The arrival of Goods from abroad into the State, or the receipt of Services from outside the State.

**Concerned Goods:** 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 be registered for Tax purposes under this Decree-Law.

**Taxpayer:** Any person obligated to pay Tax in the State under this Decree-Law, whether a Taxable Person or a final consumer.

**Tax Registration:** A procedure whereby the Taxable Person or their legal representative registers for Tax purposes with the Authority.

**Tax Registration Number (TRN):** A special number issued by the Authority for each Person registered for Tax purposes.

**Registrant:** The Taxable Person who has been issued a TRN.

**Recipient of Goods:** The Person to whom Goods are supplied or imported.

**Recipient of Services:** The Person to whom Services are supplied or imported.

**Importer:** With respect to importing Goods, it is the Person whose name is shown as the importer of the Goods on the date of Import for customs clearance purposes. With respect to importing Services, it means the recipient of those Services.

**Taxable Trader:** A Taxable Person in the Implementing States whose principal activity is the distribution of water and all forms of energy as specified in the Executive Regulation of this Decree-Law.

**Tax Return:** The information and data specified for Tax purposes and submitted by the Taxable Person 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, on an ongoing basis and independently by any Person, in any location, such as industrial, commercial, agricultural, professional, service or excavation activities or anything related to the use of tangible or intangible properties.

**Exempt Supply:** A supply of Goods or Services for a consideration while conducting Business in the State, on which no Tax is charged and for which associated Input Tax is not deductible except as provided for in this 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 that is considered a supply and is treated as a Taxable Supply in accordance with the cases stipulated in this Decree-Law.

**Input Tax:** The Tax paid by a Person or due from him when Goods or Services are supplied to him, or when he makes an Import.

**Output Tax:** The Tax charged on a Taxable Supply and on any supply that is considered a Taxable Supply.

**Recoverable Tax:** Amounts that have been paid and that the Authority may return to a Taxpayer based on the provisions of this Decree-Law.

**Due Tax:** The Tax that is calculated and imposed pursuant to this Decree-Law.

**Payable Tax:** The Tax that has become due for payment to the Authority.

**Tax Period:** The specified period of time for which the Payable Tax must be calculated and paid.

**Tax Invoice:** A written or electronic document in which any Taxable Supply is recorded with its details, including an electronic invoice, as the case may be.

**Tax Credit Note:** A written or electronic document in which any amendment to reduce or cancel a Taxable Supply is recorded with its details, including an electronic credit note, as the case may be.

**Government Entities:** Federal and local ministries, government departments, government agencies, authorities and public institutions in the State or any other entities treated as government entities, all according to decisions issued by the Cabinet for the purpose of applying the provisions of this Decree-Law.

**Charities:** Public welfare associations and institutions that are issued by a Cabinet decision upon the Minister's proposal and which do not aim to make a profit.

**Related Charitable Activity:** An activity that does not aim to achieve profit or benefit for any owner, member, or shareholder of the Charity, and is carried out by the Charity in the context of its purposes or objectives for carrying out or promoting a charitable activity in the State as approved by the competent authorities, or in accordance with the conditions of its establishment as a charity based on a federal or local legislation, decree, or decision, or based on its license to carry out a charitable activity through an entity that grants such licenses on behalf of the Federal Government or the government of the Emirate.

**Mandatory Registration Threshold:** An amount specified in the Executive Regulation of this Decree-Law; if the value of Taxable Supplies exceeds it or is anticipated to exceed it, the supplier must register for Tax.

**Voluntary Registration Threshold:** An amount specified in the Executive Regulation of this Decree-Law; if the value of supplies or taxable expenses exceeds it or is anticipated to exceed it, the supplier may register for Tax.

**Transport-related Services:** Services of transporting, packaging, securing cargo, preparing customs documents, container management, loading, unloading, storing, and moving goods, or any other closely related or essential services for completing the transportation services.

**Place of Establishment:** The place where a Business is legally established in a country pursuant to the decision of its establishment, 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 his business regularly or permanently and where sufficient human and technical resources exist to enable him to make or acquire supplies of Goods or Services, including branches of the Person.

**Place of Residence:** The place where a Person has a Place of Establishment or a Fixed Establishment, in accordance with the provisions of this Decree-Law.

**Non-Resident:** Any Person who does not have a Place of Establishment or a Fixed Establishment in the State and does not usually reside therein.

**Related Parties:** Two or more persons who are not separated from an economic, financial, or organizational perspective, where one can control the others either legally or by owning shares or voting rights.

**Customs Legislation:** The federal and local legislations regulating customs in the State.

**Designated Zone:** Any area specified by a decision of the Cabinet upon the proposal of the Minister as a designated zone for the purposes of this 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.

**Voucher:** Any instrument that gives the right to receive Goods or Services against the value stated thereon or contained therein, 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.

**Activities conducted in a sovereign capacity:** Activities carried out by government entities in their sole capacity as competent authorities, whether for a consideration or not.

**Capital Assets:** Business assets intended for long-term use.

**Capital Assets Scheme:** A scheme whereby the initially recovered Input Tax is adjusted based on the actual use during a specified period.

**Administrative Penalties:** Financial amounts imposed on a Person by the Authority for violating the provisions of this Decree-Law and the Tax Procedures Law.

**Administrative Penalties Assessment:** A decision issued by the Authority regarding the due Administrative Penalties.

**Excise Tax:** A tax imposed by law on specific goods.

**Tax Group:** Two or more persons registered with the Authority for Tax purposes as a single Taxable Person in accordance with the provisions of this Decree-Law.

**Pure Hydrocarbons:** Any type of various pure combinations of the chemical formula consisting only of hydrogen and carbon (CxHY).

**Tax Evasion:** The use by a Person of illegal means resulting in the reduction of the amount of Due Tax, non-payment thereof, or a refund of Tax that he did not have the right to have refunded.

**Tax Audit:** A procedure undertaken by the Authority to examine the commercial records or any information, data, or goods related to a Person to verify the fulfillment of his obligations in accordance with the provisions of this Decree-Law or the Tax Procedures Law.

**Tax Assessment:** A tax assessment as defined in the Tax Procedures Law.

**Voluntary Disclosure:** A form prepared by the Authority through which the Taxpayer notifies the Authority of any error or omission in his Tax Return, Tax Assessment, or Tax Refund application, in accordance with the provisions of the Tax Procedures Law.

**Tax Procedures Law:** Federal Law No. (7) of 2017 on Tax Procedures, its amendments, and any other federal law that replaces it.

**Electronic Invoicing System:** An electronic system dedicated to issuing, transmitting, exchanging, and sharing invoice and credit note data in accordance with the legislation governing tax procedures.

**Electronic Invoice:** An invoice issued, transmitted, and received in a structured electronic format that enables automated and electronic processing, in accordance with the Electronic Invoicing System.

**Electronic Credit Note:** A credit note issued, transmitted, and received in a structured electronic format that enables automated and electronic processing, in accordance with the Electronic Invoicing System.

## **Chapter Two**

### **Scope and Rate of Tax Imposition**

#### **Article (2)**

##### **Scope of Tax Imposition**

Tax shall be imposed on:

1. Every Taxable Supply and Deemed Supply made by a Taxable Person.
2. The import of Concerned Goods, except as specified in the Executive Regulation of this Decree-Law.

#### **Article (3)**

##### **Tax Rate**

Subject to the provisions of Chapter Six of this Decree-Law, a standard rate of 5% shall be imposed on any supply or import under the provisions of Article (2) of this Decree-Law on the value of the supply or import specified in accordance with the provisions of this Decree-Law.

#### **Article (4)**

##### **Responsibility for Tax**

The responsibility for the imposed Tax shall be as follows:

1. The Taxable Person who makes any supply stipulated in Clause (1) of Article (2) of this Decree-Law.
2. The Importer of Concerned Goods.
3. The Registrant who acquires Goods as stated in Clause (3) of Article (48) of this Decree-Law.

## **Chapter Three**

### **Supply**

#### **Section One**

##### **Supply of Goods and Services**

###### **Article (5)**

###### **Supply of Goods**

The following shall be considered a supply of Goods:

1. The transfer of ownership of Goods to another person or the right to use them as specified in the Executive Regulation of this Decree-Law.
2. The entry into a contract between two or more parties that entails the transfer of Goods at a later time, in accordance with the conditions specified by the Executive Regulation of this Decree-Law.

###### **Article (6)**

###### **Supply of Services**

A supply of Services shall be every supply that is not considered a supply of Goods, including any provision of services as specified by the Executive Regulation of this Decree-Law.

###### **Article (7)**

###### **Supply in Special Cases**

Notwithstanding what is stated in Articles (5) and (6) of this Decree-Law, the following shall not be considered a supply:

1. The sale or issuance of any Voucher unless the received consideration exceeds its advertised monetary value, as specified by the Executive Regulation of this Decree-Law.

2. The transfer of a whole or an independent part of a Business from a Person to a Taxable Person for the purpose of continuing the Business that was transferred.

3. Any other supply specified by the Executive Regulation of this Decree-Law.

## **Article (8)**

### **Supply Consisting of More Than One Component**

The Executive Regulation of this Decree-Law shall specify the conditions for treating a supply consisting of more than one component for a single price, whether these components are Goods or Services or both.

## **Article (9)**

### **Supply through an Agent**

1. The supply of Goods and Services through an agent acting in the name of and on behalf of the principal shall be considered a supply by the principal and for his benefit.

2. The supply of Goods and Services through an agent acting in his own name shall be considered a direct supply from the agent and for his benefit.

## **Article (10)**

### **Supply by Government Entities**

1. A Government Entity shall be considered to be making a supply in the course of business in the following cases:

- a. If its activities are conducted in a non-sovereign capacity.
- b. If its activities are in competition with the private sector.

2. A Cabinet decision, based on the Minister's proposal, shall specify the Government Entities and their activities that are considered to be

conducted in a sovereign capacity and the cases where they are considered not to be in competition with the private sector.

## **Section Two**

### **Deemed Supply**

#### **Article (11)**

The following cases shall constitute a Deemed Supply:

1. A supply of Goods or Services that constituted part or all of the assets of a Taxable Person's Business and are no longer part of those assets, provided that the supply was made without consideration.
2. The transfer of Goods that constituted part of the assets of a Taxable Person's Business in the State to his Business in one of the Implementing States, or from the Taxable Person's Business in one of the Implementing States to his Business in the State, except where the transfer of Goods:
  - a. Is considered temporary in accordance with the customs legislation.
  - b. Is made as part of another Taxable Supply of these Goods.
3. A supply of Goods or Services for which Input Tax was recovered, but which were used wholly or partly for purposes other than Business. The supply is deemed to be to the extent of the non-business use.
4. The Goods and Services owned by the Taxable Person on the date of his Tax deregistration.

#### **Article (12)**

### **Exception from Deemed Supply**

A supply shall not be a Deemed Supply in any of the following cases:

1. If no Input Tax was recovered for the related Goods or Services.
2. If the supply is an Exempt Supply.
3. If the recovered Input Tax on the Goods and Services has been adjusted according to the Capital Assets Scheme.

4. If the value of the supply of Goods for each recipient within a 12-month period does not exceed the amount specified in the Executive Regulation of this Decree-Law, and the supply was for use as samples or commercial gifts.
5. If the total Output Tax due on all Deemed Supplies per Person during a 12-month period is less than the amount specified in the Executive Regulation of this Decree-Law.

## **Chapter Four**

### **Tax Registration and Deregistration**

#### **Article (13)**

##### **Mandatory Tax Registration**

1. Every Person who has a Place of Residence in the State or in one of the Implementing States must register for Tax if:
  - a. The value of supplies stipulated in Article (19) of this Decree-Law during the previous 12-month period exceeded the Mandatory Registration Threshold.
  - b. It is anticipated that the value of supplies stipulated in Article (19) of this Decree-Law will exceed the Mandatory Registration Threshold in the next 30 days.
2. Every Person who does not have a Place of Residence in the State or in one of the Implementing States must register for Tax if he makes supplies of Goods or Services and no other person is obligated to pay the Due Tax on these supplies in the State.
3. The Executive Regulation of this Decree-Law shall specify the timeframes within which a Person must inform the Authority of his obligation to register for Tax and the effective date of Tax registration.

## **Article (14)**

### **Tax Group**

1. Two or more persons conducting business may apply for Tax Registration as a Tax Group if the following conditions are met:
  - a. Each person has a Place of Establishment or a Fixed Establishment in the State.
  - b. The relevant persons are Related Parties.
  - c. One or more persons conducting business in a partnership control the others.
2. The Executive Regulation of this Decree-Law shall specify the cases where the Authority may reject the application to register a Tax Group.
3. No person conducting business is entitled to have more than one TRN, unless the Executive Regulation decides otherwise.
4. If Related Parties do not apply for Tax Registration as a Tax Group in accordance with Clause (1) of this Article, the Authority may assess their association based on their economic, financial, and organizational practices, and register them as a Tax Group if the association is verified according to the controls and conditions specified by the Executive Regulation of this Decree-Law.
5. The Authority may deregister a Tax Group based on the clauses mentioned in this Article, in accordance with the conditions specified in the Executive Regulation of this Decree-Law.
6. The Authority may amend those registered as a Tax Group by adding or removing some persons based on the request of the Taxable Person or according to the cases mentioned in the Executive Regulation.

## **Article (15)**

### **Exception from Registration**

1. The Authority may except a Taxable Person from Tax Registration, whether registered or not, upon his request if his supplies are only subject to the zero rate.

2. If any changes occur in the business of the Taxable Person excepted from Tax Registration under Clause (1) of this Article that have led or would lead to the failure of the reason for which he was excepted, he must notify the Authority of these amendments within the deadlines and according to the procedures specified by the Executive Regulation of this Decree-Law.
3. The Authority has the right to collect the Due Tax and Administrative Penalties for the period during which the Taxable Person was excepted, whenever it is proven that he was not entitled to this exception.

## **Article (16)**

### **Tax Registration of Government Entities**

Government Entities specified by the Cabinet decision mentioned in Clause (2) of Article (10) of this Decree-Law must register for Tax, and the registration of these entities may not be canceled except by a Cabinet decision based on the Minister's proposal.

## **Article (17)**

### **Voluntary Registration**

Any Person not obligated to register for Tax under the provisions of this Chapter may apply for voluntary Tax Registration in the following cases:

1. If he proves at the end of any month that the value of supplies stipulated in Article (19) of this Decree-Law or the taxable expenses incurred during the previous 12-month period exceeded the Voluntary Registration Threshold.
2. At any time he anticipates that the value of supplies stipulated in Article (19) of this Decree-Law or the taxable expenses he will incur in the next 30 days will exceed the Voluntary Registration Threshold.

## **Article (18)**

### **Tax Registration of a Non-Resident**

A Non-Resident Person is not entitled to take the value of imported Goods and Services into the State for the purpose of determining whether he is entitled to register for Tax if the calculation of Tax for these Goods and Services is the responsibility of the Importer in accordance with the provisions of Clause (1) of Article (48) of this Decree-Law.

## **Article (19)**

### **Calculation of the Tax Registration Threshold**

To determine whether a Person has exceeded the Mandatory Registration Threshold and the Voluntary Registration Threshold, the total of the following shall be calculated:

1. The value of taxable Goods and Services.
2. The value of Concerned Goods and Concerned Services received by the Person if not calculated in Clause (1) of this Article.
3. The value of the whole or the concerned part of the Taxable Supplies belonging to him if a business of a person was acquired wholly or partly.
4. The value of Taxable Supplies made by Related Parties in accordance with the cases specified by the Executive Regulation of this Decree-Law.

## **Article (20)**

### **Capital Assets**

The supply of Capital Assets belonging to the Person during the course of Business shall not be taken into account for calculating whether he has exceeded the Mandatory Registration Threshold or the Voluntary Registration Threshold.

## **Article (21)**

### **Cases of Tax Deregistration**

1. A Registrant must apply to the Authority for deregistration in either of the following two cases:-
  - a. If he ceases to make Taxable Supplies.
  - b. If the value of the Taxable Supplies made by him during a period of 12 consecutive months is less than the Voluntary Registration Threshold, and the condition stipulated in Clause (2) of Article (17) of this Decree-Law is not met.
2. The Authority may issue a decision to cancel the Tax registration if it finds that maintaining the registration would compromise the integrity of the tax system, in accordance with the controls and conditions specified by the Executive Regulation of this Decree-Law.
3. The cancellation of Tax registration shall not prejudice the Authority's right to claim any Due Tax or Administrative Penalties.

## **Article (22)**

### **Application for Tax Deregistration**

A Registrant may apply to the Authority for deregistration if the value of the Taxable Supplies made by him during the previous 12-month period is less than the Mandatory Registration Threshold.

## **Article (23)**

### **Voluntary Tax Deregistration**

A Registrant under Article (17) is not entitled to apply for deregistration within 12 months from the date of his Tax registration.

## **Article (24)**

### **Procedures, Controls, and Conditions for Tax Registration and Deregistration**

The Executive Regulation of this Decree-Law shall specify the procedures, controls, and conditions for Tax registration and deregistration, and for rejecting applications for Tax registration and deregistration as stipulated in this Chapter.

## **Chapter Five**

### **Rules Relating to Supplies**

#### **Section One**

##### **Date of Supply**

## **Article (25)**

##### **Date of Supply**

Tax shall be calculated on the date of supply of Goods or Services, which shall be the earliest of any of the following dates:

1. The date of transfer of the Goods, if the Goods are transported under the supervision of the supplier.
2. The date on which the Goods were placed at the recipient's disposal, if they were not transported under the supervision of the supplier.
3. The date of completion of assembly or installation of the Goods, if the Goods were supplied with assembly and installation.
4. The date of import of the Goods according to the customs legislation.
5. The date of acceptance of the supply by the recipient, or no later than 12 months after the date of transfer of the Goods or their placement at the recipient's disposal, if the supply is on a returnable basis.
6. The date of completion of the provision of Services.

7. The date of receipt of payment or the date of issuance of the Tax Invoice.

## **Article (26)**

### **Date of Supply in Special Cases**

1. The date of supply of Goods or Services for any contract that includes periodic payments or consecutive invoices shall be the earliest of any of the following dates:

- a. The date of issuance of any Tax Invoice.
- b. The due date of payment specified in the Tax Invoice.
- c. The date of receipt of payment.
- d. One year from the date of provision of the Goods or Services.

2. The date of supply in cases where payment is made through vending machines shall be the date on which the money is collected from the machines.

3. The date of a Deemed Supply of Goods or Services shall be the date of their supply, disposal, change of use, or the date of Tax deregistration, as the case may be.

4. The date of supply of Vouchers shall be the date of their issuance or subsequent supply.

## **Section Two**

### **Place of Supply**

## **Article (27)**

### **Place of Supply of Goods**

1. The place of supply of Goods shall be in the State if the supply was made in the State and does not include exporting them from or importing them into the State.

2. The place of supply of assembled or installed Goods, if exported from or imported into the State, shall be:

- a. In the State, if the Goods were assembled or installed therein.
- b. Outside the State, if they were assembled or installed outside it.

3. The place of supply of Goods that includes export or import shall be as follows:

a. Inside the State in the following cases:

- (1) If the supply includes export to a place outside the Implementing States.
- (2) If the recipient of the Goods in one of the Implementing States is not registered for Tax in the country to which the export is made, and the total exports from the same supplier to that country do not exceed the Mandatory Registration Threshold in that country.
- (3) If the recipient of the Goods in the State does not have a TRN, and the total exports from a supplier in one of the Implementing States to the State exceeds the Mandatory Registration Threshold.
- (4) If Clause (1) of Article (26) of this Decree-Law applies and the ownership of the Goods was transferred inside the State.

b. Outside the State in the following cases:

- (1) If the supply involves an export to a customer registered for Tax purposes in one of the Implementing States.
- (2) If the recipient of the Goods is not registered for Tax purposes in one of the Implementing States to which the export is made, and the total exports from the same supplier to that country exceeds the Mandatory Registration Threshold in that country.
- (3) If the recipient of the Goods does not have a TRN and imported goods from a supplier registered for tax in one of the Implementing States from which the import is made, and the total value of Goods imported into the State from the same supplier does not exceed the Mandatory Registration Threshold.
- (4) Goods shall not be treated as exported outside the State and re-imported into it if the Goods were supplied in the State and the supply process required the Goods to be taken out of the State and re-entered, in

accordance with the cases specified by the Executive Regulation of this Decree-Law.

## **Article (28)**

### **Place of Supply of Water and Energy**

1. The supply of water and all forms of energy specified by the Executive Regulation of this Decree-Law through a distribution system shall be considered to take place at the Place of Residence of the Taxable Trader, if the distribution is from a Taxable Person whose Place of Residence is in the State to a Taxable Trader whose Place of Residence is in the Implementing States.
2. The supply of water and all forms of energy specified by the Executive Regulation of this Decree-Law through a distribution system shall be considered to take place at the place of actual consumption if the distribution is from a Taxable Person to a non-Taxable Person.

## **Article (29)**

### **Place of Supply of Services**

The place of supply of Services shall be the Place of Residence of the supplier.

## **Article (30)**

### **Place of Supply in Special Cases**

Notwithstanding the provisions of Article (29) of this Decree-Law, the place of supply in special cases shall be as follows:

1. If the Recipient of Services has a Place of Residence in one of the Implementing States and is registered for Tax purposes therein, the place shall be the Place of Residence of the Recipient.

2. If the Recipient of Services is a Person conducting Business and has a Place of Residence in the State and the supplier does not have a Place of Residence in the State, the place shall be in the State.
3. If the supply of Services is provided on Goods, such as installation services related to Goods supplied by a third party, the place shall be where those services were performed.
4. If the supply is the leasing of means of transport to a lessee who is not a Taxable Person in the State and does not have a TRN in one of the Implementing States, the place shall be where the means of transport were placed at the disposal of the lessee.
5. If the supply is of restaurant, hotel, and catering services, the place shall be where these services are actually performed.
6. If the supply is of any cultural, artistic, sporting, educational, or similar services, the place shall be where these services are performed.
7. If the supply is of services related to real estate as specified by the Executive Regulation of this Decree-Law, the place shall be where the real estate is located.
8. If the supply is of transportation services or transport-related services, the place shall be where the transportation begins. The Executive Regulation of this Decree-Law shall specify the place of supply of transportation services and transport-related services if the journey includes more than one stop.

## **Article (31)**

### **Place of Supply of Telecommunications and Electronic Services**

1. The place of supply of telecommunications and electronic services specified in the Executive Regulation of this Decree-Law shall be as follows:
  - a. Inside the State, if they are enjoyed and used therein, to the extent of such enjoyment and use.
  - b. Outside the State, if they are enjoyed and used outside the State, to the extent of such enjoyment and use.

2. The actual enjoyment and use of telecommunications and electronic services shall be where the service was actually used, regardless of the place of contract or payment.

## **Section Three**

### **Place of Residence**

#### **Article (32)**

### **Place of Establishment**

The Place of Residence of the supplier or recipient shall be as follows:

1. The State where the Person's Place of Establishment is or where he has a Fixed Establishment, provided he does not have a Place of Establishment or a Fixed Establishment in any other state.
2. The State where the Person's Place of Establishment is or where he has a Fixed Establishment that is most closely related to the supply, if he has a Place of Establishment in more than one state or has Fixed Establishments in more than one state.
3. The State where the Person's usual place of residence is, if he does not have a Place of Establishment or a Fixed Establishment in any state.

#### **Article (33)**

### **Agent**

The Place of Residence of the principal shall be considered the Place of Residence of the agent in either of the following two cases:

1. The agent regularly exercises the right to negotiate and conclude agreements on behalf of the principal.
2. The agent maintains a stock of Goods to regularly fulfill agreements for their supply on behalf of the principal.

## **Section Four**

### **Value of Supply**

#### **Article (34)**

##### **Value of Supply**

The value of a supply of Goods or Services for a consideration shall be as follows:

1. If the entire consideration is in money, the value of the supply shall be the consideration minus the Tax.
2. If all or part of the consideration is not in money, the value of the supply shall be calculated as the total of the monetary part plus the market price of the non-monetary part of the consideration, and shall not include the value of the Tax.
3. If the Services are received by a Taxable Person who is required to calculate the Tax in accordance with Clause (1) of Article (48) of this Decree-Law, the value of the supply shall be equal to the market price of the consideration without adding the Tax to be imposed on that supply.
4. If the consideration relates to matters other than the supply of Goods or Services, the value of the supply shall be considered equal to the part of the consideration that relates to this supply as specified by the Executive Regulation of this Decree-Law.

The Executive Regulation of this Decree-Law shall specify the rules for determining the market price.

#### **Article (35)**

##### **Value of Import**

The value of importing Goods shall consist of:

1. The value for customs purposes according to the customs legislation, including the value of insurance and freight, in addition to any customs duties and any excise taxes paid on the import of Goods. The Tax shall not be included in the calculation of the value of the supply.

2. If the value of the supply cannot be determined in accordance with the provision of Clause (1) of this Article, it shall be determined according to the alternative valuation rules stipulated in the customs legislation.

## **Article (36)**

### **Value of Supply to Related Parties**

Notwithstanding the provisions of Articles (34), (35), and (37) of this Decree-Law, the value of a supply or import of Goods or Services between Related Parties shall be considered equal to the market price if all of the following are met:

1. The value of the supply is less than the market price.
2. The supply was a Taxable Supply and the Recipient of Goods or Recipient of Services was not entitled to recover the full Tax that would have been charged on this supply as Input Tax.

## **Article (37)**

### **Value of a Deemed Supply**

Notwithstanding the provisions of Articles (34) and (35) of this Decree-Law, the value of a supply in the case of a Deemed Supply, when a Taxable Person purchases Goods or Services to make Taxable Supplies but does not use them for this purpose, shall be equal to the total cost paid by the Taxable Person to make this Deemed Supply and who uses these Goods or Services.

## **Article (38)**

### **Prices Inclusive of Tax**

Advertised prices shall include Tax in the case of a Taxable Supply. The Executive Regulation of this Decree-Law shall specify the cases where prices are not inclusive of Tax.

## **Article (39)**

### **Value of Supply in Case of Discount or Subsidies**

When any discount is made for a supply before or after the date of supply, or any subsidies are provided by the State to the supplier for a supply, the value of this supply shall be reduced by the value of this discount or these subsidies.

The Executive Regulation of this Decree-Law shall specify the conditions and controls for calculating Tax upon discount.

## **Article (40)**

### **Value of Supply of Vouchers**

The value of the supply of any Voucher shall be the difference between the consideration received by the supplier of the Voucher and the advertised monetary value of the Voucher.

## **Article (41)**

### **Value of Supply of Postage Stamps**

The value of the supply of postage stamps that enable the user to use postal services within the State shall be the amount shown on the postage stamp.

## **Article (42)**

### **Temporary Transfer of Goods**

If Goods are temporarily transferred from local markets into a Designated Zone or outside the State for the purpose of completing their manufacture or repair with the intention of re-importing them into the State, the value of the supply upon their re-import shall be the value of the Services performed.

## **Section Five**

### **Profit Margin**

#### **Article (43)**

##### **Imposition of Tax on the Basis of Profit Margin**

1. A Registrant may, in any specific Tax Period, calculate and charge Tax based on the profit margin earned on the Taxable Supplies specified by the Executive Regulation of this Decree-Law, and not on the value of these supplies, and he must notify the Authority thereof.
2. The Executive Regulation of this Decree-Law shall specify the conditions to be met for the application of the provisions of this Article.