

Cabinet Decision No. (127) of 2024

On the Application of the Reverse Charge Mechanism on Precious Metals and Gemstones

Between Registrants in the State for Value Added Tax Purposes

The Cabinet,

- Having reviewed the Constitution,
- And Federal Decree-Law No. (8) of 2017 on Value Added Tax, and its amendments,
- And Cabinet Decision No. (52) of 2017 on the Executive Regulations of Federal Decree-Law No. (8) of 2017 on Value Added Tax, and its amendments,
- And Cabinet Decision No. (25) of 2018 on the Mechanism for Applying Value Added Tax on Gold and Diamonds between Registrants in the State,
- And based on the proposal of the Minister of Finance and the approval of the Cabinet,

Has decided:

Article (1)

Definitions

The definitions contained in the aforementioned Federal Decree-Law No. (8) of 2017 shall apply to this Decision, and unless the context otherwise requires, the following words and phrases shall have the meanings assigned to each of them:

Goods : Precious metals, gemstones, and jewelry made of any of the precious metals or gemstones or a mixture thereof, provided that the value of such precious metals or gemstones is higher than the value of the other components.

Precious Metals : Gold, silver, palladium, and platinum.

Gemstones : Natural and manufactured (synthetic) diamonds, pearls, rubies, sapphires, and emeralds.

Article (2)

Application of the Reverse Charge Mechanism on Goods

1. If a supplier supplies Goods to a registered recipient, and the recipient's intention is to resell them or use them to produce or manufacture Goods, the following rules shall apply:
 - a. The supplier shall not be responsible for calculating the Tax related to the supply of Goods and shall not record it in his Tax Return.

b. The recipient of the Goods shall calculate the Tax on the value of the Goods supplied to him, and shall be responsible for all tax obligations arising from that supply and for calculating the Tax due thereon.

2. The provisions of Clause (1) of this Article shall not apply if the supply of Goods is subject to Value Added Tax at the zero rate in accordance with Clause (1) of Article (45) of the aforementioned Federal Decree-Law No. (8) of 2017.

3. For the purposes of applying Clause (1) of this Article, the following must be observed:

a. The recipient of the Goods must comply with the following before the date of supply:

1. Provide the supplier of the Goods with a written declaration stating that the intention of the supply of Goods to him is for the purposes of the cases stipulated in Clause (1) of this Article.
2. Provide the supplier of the Goods with a written declaration confirming that he is registered with the Authority.

b. The supplier of the Goods must comply with the following before the date of supply:

1. Receive and keep the declarations stipulated in paragraph (a) of Clause (3) of this Article.
2. Verify that the recipient of the Goods is registered, according to the means approved by the Authority in this regard.

4. If the recipient of the Goods does not provide the declarations stipulated in paragraph (a) of Clause (3) of this Article, the provision of Clause (1) of this Article shall not apply to him, and that recipient may not consider that the Goods are being used or intended to be used for the cases stipulated in paragraphs (a) and (b) of Clause (1) of Article (54) of the aforementioned Federal Decree-Law No. (8) of 2017.

Article (3)

Executive Decisions

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

Article (4)

Repeals

1. Cabinet Decision No. (25) of 2018 on the Mechanism for Applying Value Added Tax on Gold and Diamonds between Registrants in the State is hereby repealed.
2. Any provision that contradicts or conflicts with the provisions of this Decision is hereby repealed.

Article (5)

Publication and Entry into Force

This Decision shall be published in the Official Gazette and shall come into force (60) sixty days after the date of its publication.

Mohammed bin Rashid Al Maktoum

Prime Minister

Issued by us:

On: 15 / Jumada al-Thani / 1446H

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