



## VAT – QUARTERLY UPDATES



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# Value Added Tax

Since last quarter, UAE has enacted the VAT Law Regulation no 8 of 2017

During the quarter, Ministry of finance implemented Value Added Tax (or VAT) and will come into effect from 1<sup>st</sup> of January 2018. The VAT structure has three criteria, The standard rate of VAT will be 5%, 0% and exempt. VAT and Excise tax are governed by Federal Tax Authority (FTA).

A business must register for VAT if their taxable supplies and imports exceed the mandatory registration threshold of AED 375,000. Furthermore, a business may choose to register for VAT voluntarily if their supplies and imports are less than the mandatory registration threshold, but exceed the voluntary registration threshold of AED 187,500.

The company having turnover of above 150 Million Dirhams need to register before 31<sup>st</sup> October 2017. Company having turnover below above threshold limit but above 10 million Dirhams need to register before 30<sup>th</sup> November 2017 and all other companies should be registered by 4<sup>th</sup> of December 2014

Similarly, a business may register voluntarily if their expenses exceed the voluntary registration threshold. This latter opportunity to register voluntarily is designed to enable start-up businesses with no turnover to register for VAT.



VAT being a general consumption tax are applicable to all goods & services. VAT is zero rated for exports, basic & preventive healthcare services and educational services provided by local and federal government, international transport and related supplies.

The following categories of supplies are exempt from VAT i.e. the supply of margin based financial services, residential properties, purchase of bare land and Local passenger transport

### **VAT-registered businesses generally:**

- Must charge VAT on taxable goods or services they supply;
- Can reclaim any VAT they've paid on business-related goods or services;
- keep a range of business records (minimum 5 years) which will allow the government to check that they have got things right.

If you're a VAT-registered business you must report the amount of VAT you've charged and the amount of VAT you've paid to the government on a regular basis. It will be a formal submission and it is likely that the reporting will be made online at [www.tax.gov.ae](http://www.tax.gov.ae)

Non-residents that make taxable supplies in the UAE will be required to register for VAT unless there is any other UAE resident person who is responsible for accounting for VAT on these supplies. This exclusion may apply, for example, where a UAE business is required to account for VAT under a reverse charge mechanism in respect of a purchase from a non-resident.

# Legislation on VAT & Excise Tax Implementation



[Click](#) on the below boxes for more details :

