

A Complete Guide for Official Participants on Refund of UAE VAT paid on Goods & Services connected with Expo 2020, Dubai



AUDITING | ACCOUNTING | TAX ADVISORY | CONSULTING

www.mandmauditing.com

Table of Contents

- Brief description about Dubai Expo 2020
- Some key Terms and its Definitions
- Recovery/ Refund of Input VAT
- Who and How can recover/ refund the input VAT under this scheme
- Recoverable input VAT
- Special Case of Imports
- Refund application process
- Certificate of Refund Entitlement
- Payment of the Tax upon sale of imported goods

Dubai Expo 2020

Dubai Expo 2020 is a World Expo. World expo, known by several names (such as world fair, world exposition or universal exposition) is a large exhibition open for the world which are carried in various parts of the world, across diverse themes. It's a worldwide destination for a large number of individuals to share ideas, showcase innovation, promote cooperation and observe human creativity. Expo 2020 is a Universal scale Registered Exposition time slot sanctioned by the Bureau of International Expositions (BIE), Paris on 27 November 2013. Dubai in the United Arab Emirates won the right to hold Expo 2020.

Definitions

- **Expo 2020 Dubai ('Expo 2020')**: The registered exhibition scheduled to take place in Dubai from 20 October 2020 to 10 April 2021.
- **Bureau Expo 2020 Dubai / Bureau**: The Bureau Expo 2020 Dubai established by virtue of Decree No 30 of 2014 issued by the Ruler of Dubai.
- **Official Participant / Participant**: Countries and intergovernmental organizations which have received and accepted the official invitation from the State to participate in the Expo 2020 Dubai engaged in a non-commercial capacity as an exhibitor.
- **Section Commissioner-General**: The representative appointed by the Official Participant in accordance with Article 13 of the Paris Convention of 22 November 1928 relating to International Exhibitions.
- **Section staff**: The staff of the Section Commissioner-General, the deputy of the Section Commissioner-General, the pavilion director, and other direct employees of the Section Commissioner-General.
- **Beneficiaries**: Family members of the Section Commissioner-General, deputy Section Commissioner-General and pavilion director, consisting of spouses, ascendants, descendants under the age of 21, and personnel necessary for the care of such family members who habitually do this specific work for those family members (where applicable).
- **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.

Recovery/ Refund of Input VAT

VAT incurred on the purchase or expense is called “input tax”.

While conducting business activities, a person will incur expenses which are subject to VAT as per normal UAE VAT rules. This VAT can be either recovered by a person, through filing their regular VAT returns, if they are VAT registered or through special refund scheme. This ensures that VAT will not normally be a cost to such a person. Purchasers who are not taxable persons are not, generally, entitled to recover any VAT on their purchases. Though, input VAT can be recovered through special refund scheme initiated by Federal Tax Authority, UAE. The recovery of input tax will be permitted to a taxable where acquired goods and services are used, or intended to be used, in making any of the following:

- taxable supplies;
- supplies that are made outside the UAE which would have been considered taxable had they been made in the UAE; and
- supplies of financial services which would have been treated as exempt if made in the UAE, but which are provided to a person who is outside the UAE and are treated as taking place outside the UAE.

The amounts of VAT charged by the taxable person and input tax recoverable by the person would then need to be netted off in the tax return. The resulting amount is the net VAT payable to, or to be refunded by, the Federal Tax Authority.

Special refund schemes

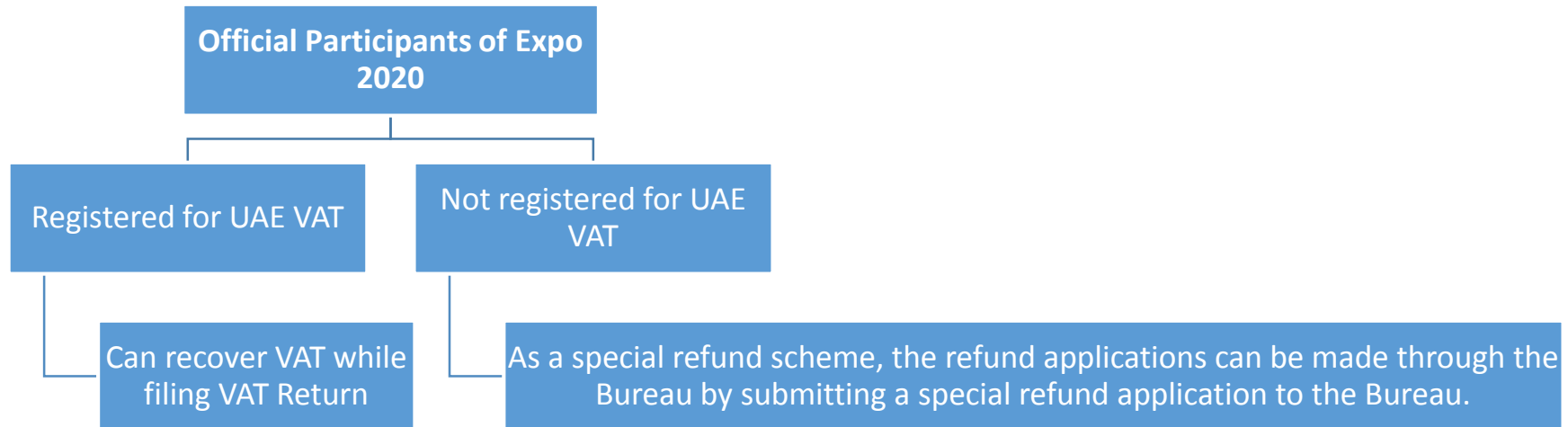
In keeping with other global VAT regimes, Federal Tax Authority allows certain parties who have incurred VAT in the UAE to refund this VAT, even if they are not taxable persons in the UAE.

Special refunds will be available to the following categories of persons:

- UAE citizens in respect of the construction of residences;
- business visitors;
- tourist visitors;
- foreign governments, diplomatic bodies and missions, and some other international organizations; and
- any other persons or classes of persons listed in a Cabinet Decision issued at the suggestion of the Minister.

Who can and How to recover the input VAT

According to Cabinet Decision No. (1) of 2019 on the Refund of Value Added Tax Paid on Goods and Services Connected with Expo 2020 Dubai, The Official Participants of Expo 2020 who will be incurring VAT on Goods and Services connected to the Expo 2020 as per normal UAE VAT rules are eligible to recover VAT on certain Goods and Services which were imported or acquired. The Official Participant must register for VAT if the value of their taxable supplies or imports (for commercial or non-official purposes) in the UAE exceeds, or is anticipated to exceed, the mandatory registration threshold of AED 375,000.



In order to be eligible to reclaim VAT on expenses under categories a and/or b of Recoverable Input VAT below, the Official Participant must be in possession of a Certificate of Refund Entitlement issued by the Bureau.

Recoverable input VAT

- VAT incurred by the Official Participant on Goods and Services in direct connection with the construction, installation, alteration, decoration and dismantlement of their exhibition space;
- VAT incurred by the Official Participant on Goods and Services in direct connection with the operation of their exhibition space and any presentation within the Expo 2020 site;
- VAT incurred by the Official Participant on Goods and Services relating to the actual operation of the office of the Official Participant, provided that the value of each Good or Service for which a claim is made is not less than AED 200; and
- VAT incurred on import of Goods for personal use of the Official Participant's Section Commissioner-General, Section Staff and the Beneficiaries.

In addition to the above categories of expenses, where an Official Participant is registered for VAT in the UAE, it may be able to recover VAT on other types of expenses under the general VAT rules for recovering input tax – e.g. where expenses relate to making taxable supplies made by the Official Participant.

Special Case of Imports

- In respect of imports made by Official Participants, it should be noted that they may use the special TRN (Tax Registration Number) allocated to the Bureau, in coordination with the Bureau, where the goods fall under Categories a and b in section recoverable input VAT, and they hold a Certificate of Refund Entitlement. Where the special TRN is used, no import VAT will be imposed in respect of the goods, and such goods should not be included in any refund application.

Refund application process

The method for claiming VAT on the four categories of expenses referred above in the Recoverable Input VAT will differ depending on whether or not the Official Participant is registered for UAE VAT. Official Participants registered for VAT can claim their VAT refunds via the completion of their VAT return. Official Participants not registered for VAT will be able to claim their incurred VAT refund through a special refund application.

Where the Official Participant is registered for VAT in the UAE, it will be required to file regular VAT returns. Such VAT returns will contain information regarding supplies and imports made by the Official Participant for which VAT is payable, as well as of any expenses in respect of which the Official Participant seeks to recover VAT incurred. Where a VAT-registered Official Participant seeks to reclaim VAT in respect of Goods and Services mentioned in the recoverable input VAT, it should include the relevant amounts in Box 10 of the VAT return. This is in addition to any other expenses for which the Official Participant is seeking to recover VAT on the basis of the general VAT recovery rules.

Where the Official Participant is not registered for VAT, it can apply for a VAT refund in respect of Goods and Services mentioned in section recoverable input VAT by using a special refund application process. The application shall be made to the Bureau on a periodic basis and, if approved, the VAT will be refunded directly by the Federal Tax Authority. The refund application must contain at least the following information:

- Reference number of the Certificate of Refund Entitlement, if the application includes Goods and Services from categories a or b of recoverable input VAT
- Reference number and date of the previous refund claim. Details of the supplies supported by original tax invoices / customs declarations.
- Description of the Goods and Services to demonstrate that they fall under the categories of eligible Goods and Services as per recoverable input VAT
- Declaration which will include a confirmation of the following:
 - Notification to the Bureau should any changes occur that would affect the eligibility of requesting a refund.
 - Confirmation that no other refund claim has been or will be made in respect of the Goods and Services disclosed in the application.
 - Declaration that any imported Goods included in the application will not be sold without prior approval from the Bureau and payment of VAT.

- The following supporting documents must be provided by Official Participants not registered for VAT:
 - Copy of the Certificate of Refund Entitlement issued to the Official Participant.
 - Copies of the tax invoices, including simplified tax invoices. Only invoices issued to the eligible persons are allowed to be used to claim the refund.
 - Copies of customs declarations issued in respect of imported Goods.
 - If the application includes Goods and Services from category D, the following is required:
 - copies of an employment ID that proves the employment of the personnel in respect of whom the VAT is being reclaimed.
 - copies of documents that prove the relationship of the relevant beneficiaries.
 - Bank account validation letter / certificate. This letter / certificate must be issued and stamped by the bank and include details about the account holder's name (must be the same as the applicant's name), SWIFT / BIC (as applicable), bank name and the IBAN.

Additionally, the Bureau may request to examine the Goods or Services in question (or nominate an authorised third party to do so).

It will take the Bureau up to 20 business days to review the application. The applicant will be notified of the results and of the amount of VAT refund approved. If accepted, the Official Participant will receive the refund of VAT directly from the Federal Tax Authority into the nominated bank account within 30 business days of approval of the application.

Frequency of the refund application

Official Participant registered for VAT can claim a refund on their regular VAT return.

Official Participants not registered for VAT may apply as follows:

- Within 15 days of the end of the calendar month in which the total VAT value to be claimed is AED 10,000 or more.
- Within 15 days of the end of the calendar quarter where the total VAT value to be claimed is less than AED 10,000.

The refund application frequency may change depending on the total VAT to be claimed.

If an Official Participant has omitted any qualifying expenses from a refund application, these expenses may be included in a subsequent application.

Certificate of Refund Entitlement

An Official Participant (both registered and not registered for VAT) must apply for a Certificate of Refund Entitlement before attempting to reclaim VAT on Goods and Services under categories a and b described in section recoverable input VAT. A certificate reference number will be provided to the Official Participant and must be referenced in all special refund applications concerning Goods and Services that fall under categories a and b of recoverable input VAT.

In order to be eligible to apply for the Certificate:

- The applicant must be an Official Participant of the Expo 2020 in Dubai, holding a valid Expo 2020 trade license number.
- Not more than 20% of the exhibition space or presentation is, has been, or is intended to be used for non-official or commercial purposes.

If the Certificate of Refund Entitlement is not granted to the Official Participant (for example, if more than 20% of exhibition space will be used for non-official or commercial purposes), the Official Participant will not be able to reclaim full amount of VAT in respect of Goods and Services under Categories a and b of section recoverable input under the special rules. Instead, the Official Participant may need to consider if any VA related to such Goods and Services may be recoverable under the general VAT rules applicable to VAT registered person.

An application should be made directly to the Bureau by completing an application form and submitting it to the Bureau by email. Details are in the following section. To apply for the Certificate, a Request Form must be provided by the Official Participant to the Bureau.

The following supporting documents must be provided with the application for a Certificate of Refund Entitlement:

- Expo 2020 trade license
- Scan of passport and Emirates ID of the Section Commissioner-General of the Official Participant.

It will take the Bureau up to 20 business days to review the application. If accepted, the Bureau will issue the Certificate of Refund Entitlement within 10 business days. The certificate will be provided in letter format and will be signed by the Bureau, scanned and sent by email. The Certificate will have a unique reference number. Unless withdrawn or cancelled, the Certificate of Refund Entitlement will be valid for all qualifying expenses incurred for the purposes of Expo 2020. The Bureau will not charge a fee for such a Certificate.

Payment of the Tax upon sale of imported goods

Where a refund has been granted to the Official Participant in respect of any import of Goods, the Goods cannot be sold for Consideration or transferred free of charge without the prior consent of the Bureau, and without payment of the Tax. In order to obtain approval, the following steps must be followed:

- Submit Consent of Sale Request Form
 - Before the sale of the Goods, the Official Participant must request an approval of the sale by submitting the “Consent of Sale Request Form” to the Bureau. The form shall be submitted electronically.
 - The Official Participant is required to disclose the quantity and sales price of the relevant imported goods which are to be sold. Furthermore, the Official Participant must indicate in which refund claim it reclaimed the VAT in respect of import of the relevant Goods.
 - It will take up to 10 business days for the Bureau to provide the approval of the sale. Each approval notification will contain the special approval reference number.

- Payment of VAT

Once the Official Participant has received the approval on the sale notification from the Bureau, it may proceed with the sale of the Goods.

Following the completion of the sale, the Official Participant should account to the Federal Tax Authority for the amount equal to 1/21 of the sale price of the goods. The method of payment to the Federal Tax Authority will depend on whether or not the Official Participant is registered for VAT:

- If the Official Participant is not registered for VAT, it shall make the payment of the VAT amount to the Bureau and the Bureau will record this on the VAT return of the special TRN allocated for this purpose. The Bureau will keep records of the sale notifications granted by it.
- If the Official Participant is registered for VAT, it should include the amount of into Box 1 of the VAT return relating to the month in which the Goods were sold. Following the completion of the payment, the Official Participant shall provide a copy of the sales invoices to the Bureau.

THANK YOU

You can contact us at
M&M Al Menhali Auditing
2307, Liwa heights, Cluster W, JLT, Dubai,UAE
Tel: +971 44486424
Fax: +971 44486423
Mobile: +971 527772978
Email: info@mandmauditing.com
Website: www.mandmauditing.com

[References](#)

- Cabinet Decision No. (52) of 2017 on the Executive Regulations of the Federal Decree-Law No (8) of 2017 on Value Added Tax.
- Cabinet Decision No. (1) of 2019 on the Refund of Value Added Tax Paid on Goods and Services Connected with Expo 2020 Dubai.
- FTA Guide - Refund of VAT Paid on Goods and Services Connected with Expo 2020 Dubai (User Guide for Official Participants).