

Below are the latest developments in Value Added Tax (VAT) in the GCC:

UAE VAT

The Federal Tax Authority (FTA) has appointed Planet, an International company as its exclusive tax refund operator for the Tourist Refund Schemes which will be rolled out in November 2018. An invite sent by FTA to retailers and tax consultancies across the UAE stated that all eligible retailers will be able to register for the Tax Refund Scheme from September 10. The first Briefing for the retailers was held in Abu Dhabi on September 11 and in Dubai on the next day.

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The Federal Tax Authority (FTA) has issued a public clarification on tax invoices, below is the summary of the clarification:

- ▶ In all cases where a taxable supply is made a tax invoice must be issued and delivered to the recipient. This includes supplies which, meet the conditions of a simplified tax invoice to be issued;
- ▶ Where simplified tax invoices are issued there is no requirement to show the net value (i.e. the amount excluding the tax) for line items;
- ▶ Where full tax invoices are issued, line items have to show the tax values and the net value. It is not mandatory to show the gross value;
- ▶ Tax invoices issued in a foreign currency must show the tax amount converted to AED and the exchange rate used for the conversion; and
- ▶ Rounding on tax invoices should be performed on a line item basis to the nearest fil.

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The Federal Tax Authority (FTA) has now included a link in the Tourist Refund Section (TRS) on its website, through which Retailers can register directly with “Planet” the official operator of TRS. Retailers should be already registered with FTA and have a valid TRN along with a set of documents like copy of trade license, sample signature of the contract signatory and power of attorney if applicable.

The tourist can claim the refund at validation points in Dubai, Abu Dhabi or Sharjah International Airports, more validation points will be available from Q4 2018. The time limit to get export validation is 90 days from the purchase date and minimum spent amount is AED 250.

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The Federal Tax Authority (FTA) has published an updated VAT Import Declaration Summary User Guide. This guide is prepared to help VAT importers understand the different scenarios and steps to be followed in terms of importing goods into the UAE, navigate through the Federal Tax Authority (FTA) website and successfully declare goods subject to VAT.

The guide also explains different scenarios such as; when importer is not a taxable person, creation of e-services account, importing taxable goods onto the UAE mainland, importing and then exporting goods to another country, importing goods into a designated zone and transfer of goods from one designated zone to another subject to an e-guarantee.

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KSA VAT

The Kingdom of Saudi Arabia (KSA) General Authority of Zakat and Tax (GAZT) published an English version of VAT employee benefits guidelines. The guidelines which was previously available only in Arabic, provides clarification on employee benefits input tax which can be recovered and those which are non-recoverable.

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A recent press release stated that, the Kingdom of Saudi Arabia (KSA) General Authority of Zakat and Tax (GAZT) inspected around 800 sites during the Hajj Season and issued around 150 violations for non-compliance with VAT law. The offences included issuance of tax invoices by non-registered entities, issuing improper tax invoices and not maintaining proper documentation for VAT purpose.

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Nishe is a boutique professional services firm based in the UAE specialising in the provision of accounting, Value Added Tax (“VAT”) and other related services to clientele in the GCC.

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