

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

UAE VAT

UAE Federal Tax Authority (FTA) has issued a public clarification on public transportation. The update clarifies that only buses or trains which are designed or adapted to be used for the mass transport of individuals, without being restricted to a specific category of users, shall qualify to be supplied at the zero rate.

It should be noted that whether or not the original supply of the means of transport qualified for zero rating has no impact on the VAT liability of any charges made for the supply of transportation services.

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UAE Federal Tax Authority (FTA) has issued a public clarification on Farm Houses and Farm Land. The clarification in accordance with the real estate guide provides explanation on, when a farm house shall not be considered to be a residential building. Below are the main considerations:

- ▶ Any place that is not a building fixed to the ground and which can be moved without being damaged.
- ▶ Any building that is used as a hotel, motel, bed and breakfast establishment, or hospital or the like.
- ▶ A serviced apartment for which services in addition to the supply of accommodation are provided.
- ▶ Any building converted or constructed without lawful authority.

Where a farm house meets the definition of a residential building, the first supply of such a farm house within 3 years of its completion shall be zero-rated for VAT purposes. Any subsequent supply (including both sale or lease) shall be exempt from VAT.

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The FTA has issued its Decision No. (2) of 2018 On Tax Refunds for Tourists Scheme, Tourist Refund Phase I started in UAE on 18th November 2018. Maximum Cash Refund to an individual in a day is capped at AED 10,000 and the minimum vat inclusive purchase limit for the refund is AED 250.

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BAHRAIN VAT

The Ministry of Finance (MoF) of Bahrain has published an announcement on 28th November 2018 that businesses that have sales exceeding BHD5 million shall start registration before 1 January 2019. Registration applications should be submitted by 20th December 2018. National Bureau of Taxation will support businesses on VAT inquiries through the NBT call centre 8000 8001, and the centralized email vat@mof.gov.bh.

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KSA VAT

General Authority of Zakat and Tax (GAZT) has issued an Arabic guide on examination, assessment, correction, and objection to GAZT decisions. This guide explains circumstances in which taxpayers must correct returns and the procedure for correction, the GAZT examination process, information requests, and the assessment objection process.

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GAZT has introduced VAT mandatory registration ineligibility form. Business entities whose annual taxable supplies are below SAR 375,000 and do not wish to register for VAT, may apply for VAT mandatory registration ineligibility by filling the form provided at this location:

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GAZT issued a new guide explaining the VAT implications associated with business promotional activities such as offering discounts and rebates, provisions of free of cost goods/ services and issuance of vouchers. The guide is available only in Arabic at this link:

[Read More](#)

GAZT issued a guide, in Arabic, explaining the concept of 'Agency' for VAT purposes. The Guide explains various terms such as agents, principal, agency relationship, disclosed agent and undisclosed agent. The guide provides additional clarity to taxpayers regarding the VAT implications of transactions involving agents, or other situations where one person acts on behalf of another person.

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Who We Are

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 GCC.

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