

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

UAE VAT

The Federal Tax Authority (FTA) has issued a public clarification on Donations, Grants and Sponsorship. This Public Clarification states that the VAT treatment of donations, grants and sponsorships depends on whether the donor, grantor or sponsor, as the case may be, has received any benefit in return for such payments. Where any benefit is received in return for the payments, VAT implications will arise. However, where no benefit is received, the payments will be treated as outside the scope of VAT as they will not be seen as consideration for a supply.

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The Federal Tax Authority (FTA) has issued a public clarification on Bank Interest and Dividends. This Public Clarification discusses the VAT implications of the interest income generated from bank deposits and dividend income. FTA confirmed that passively earned interest income generated from bank deposit as well as dividend income received by merely holding shares in a company do not constitute consideration for a supply. The retail business is not required to declare this income on its VAT return, as it is outside the scope of VAT.

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KSA VAT

The Kingdom of Saudi Arabia (KSA) General Authority of Zakat and Tax (GAZT) has published new guidelines in Arabic on telecommunications, electricity and utilities, and recreation and entertainment. Please follow the below links to access the guides:

[*Telecommunications*](#)

This guide details important factors to distinguish single and composite supply.

[*Electricity & Utilities*](#)

This guide summarizes the place and time of supply rules particular to supplies in the electricity and utilities industry.

[*Recreation & Entertainment*](#)

This guide focusses on topics relevant to suppliers of recreation and entertainment services, including place of supply rules, the treatment of entry and attendance fees, special cases (e.g., for sports clubs, sponsorship and advertising), and the treatment for hotels, restaurants and catering services.

The General Authority for Zakat and Tax revealed the new form of Value Added Tax certificate, which the establishments must put in the shops to make sure that the registration of the establishment in the value added tax system is correct in the Kingdom.

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BAHRAIN VAT

The National Bureau for Taxation (NBT) has published the Bahrain VAT registration guide. The guide provides detailed steps and guidance on how to complete the VAT registration application. The guide also explains the deadlines for businesses to register based on their annual turnover.

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The Customs Affairs in an announcement stated that the personal imports and gifts for individuals worth less than BD300 would be exempted from the Value Added Tax (VAT) as part of the coordination and cooperation with the National Bureau for Taxation.

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The Legislation & Legal Opinion Commission has published a list of 1,400 Government services which are exempt from VAT. The list is currently available only in Arabic and mainly consists of government services related to licensing and the issuance of documents.

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The NBT has announced on twitter that Bahraini subscribers will be eligible for a VAT refund on electricity and water for their primary residence up to a threshold. The threshold for Electricity consumption will be 3000 units.

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The National Health and Regulatory Authority has issued a circular stating that VAT will not be applicable on Medicine and Health Products starting January 2019.

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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.

Nishe aspires to work towards uplifting underprivileged women by providing them with the support they require to grow. Nishe is exclusively made up of women professionals who are fiercely determined to make a positive impact on everyone they work with – be it our clients, women who seek our support or anyone else.

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