

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

## UAE VAT

Phase 2 of VAT Tourist Refund Scheme (TRS) started on 16 December 2018. FTA has published a guide to tax free shopping, which explains the eligibility criteria for utilizing the TRS, eligible goods, how to validate the goods and the time required to complete the entire procedure. The guide also lists the airports, seaports, and land borders where refunds can be validated on departure from 16 December 2018.

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Federal Tax Authority (FTA) has also updated the FAQ section on its website with answers related to commonly asked questions on the Tourist Refund Scheme (TRS).

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Federal Tax Authority (FTA) has issued a Public Clarification which discusses the Date of Supply for the Board Fees paid to Independent Directors. FTA states that Instances where Board fees are known only upon conclusion of Annual General Meeting, the date of supply would be triggered at the time the Board fees are known (despite the fact that the provision of services may have been physically completed earlier) and the Independent Directors would be required to account for VAT accordingly.

Instances where the Board fees are known at the outset and involve periodic payments or multiple payments the date of supply would be earliest of:

- / Date of issuance of tax invoice
- / The date payment is due as shown on the tax invoice
- / Date of receipt of payment

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FTA published a new guide on Input Tax Apportionment which specifies different methods to calculate recovery of residual input tax based on actual use. The guide states that if there is a difference of more than AED 250,000 in any tax year between the recoverable input tax as calculated by the standard method and the input tax which would have been recoverable based on actual use of goods or service purchased, then the taxable person must make an additional adjustment to the input tax recovery in respect of the difference.

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## KSA VAT

The Kingdom of Saudi Arabia (KSA) General Authority of Zakat and Tax (GAZT) has published the Arabic version of a new guideline on business promotions. The topics covered in the guide include valuation of supplies, details regarding types of consideration (monetary and non-monetary), expenses and other taxes, and consideration paid by third parties. It also explains how to apply the Fair Market Value to supplies and the related calculation.

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## BAHRAIN VAT

All taxable persons generating or expected to generate more than BHD 5,000,000 in annual supplies of goods and services were legally required to register for VAT by 20 December 2018. The National Bureau for Taxation has also published the VAT Executive Regulations. The regulations detail rules for implementation of Bahrain VAT Law.

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The Bahrain NBT has published a list of food items which are to be zero-rated when VAT is introduced on 1 January 2019. The list, which is currently only available in Arabic, includes 94 items, the majority of which are in the meat/fish and fruit/vegetable categories.

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## QATAR VAT

Qatar has started preparing for VAT implementation, the implementation date is not announced yet. The relevant authorities have started conducting awareness briefings to complex businesses such as those in the financial services, insurance and telecoms sectors.

## 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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