

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

UAE VAT

The United Arab Emirates (UAE) Federal Tax Authority (FTA) has published an updated version of its VAT Administrative Exceptions user guide. The guide outlines the circumstances in which Administrative Exceptions may be approved by the FTA. Administrative Exceptions are the mechanism by which the FTA may provide registrants with concessions/exceptions allowed by the UAE VAT legislation, depending on the registrant's circumstances and eligibility.

These potential exceptions are limited to:

- Tax invoices;
- Tax credit notes;
- Length of tax period;
- Stagger; and
- Extension of time for the export of goods.

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The UAE Federal Tax Authority (FTA) has published a Decision on the maximum amount of cash VAT refunds allowed under the Tourist Refund Scheme (TRS).

FTA Decision No. (1) of 2019 sets out that cash VAT refunds under the TRS are limited to a maximum of AED 7,000 per overseas tourist per 24 hours. The Decision is effective from 1 June 2019.

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KSA VAT

The Kingdom of Saudi Arabia (KSA) General Authority of Zakat and Tax (GAZT) has published a Guide on Tax Ruling requests in Arabic.

The guide provides an overview of the process for applying for a Ruling (also known as an "interpretive decision") from GAZT which is intended to clarify its interpretation of the KSA tax legislation under specific circumstances. This includes the Value Added Tax (VAT) and Income Tax legislation.

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The General Authority of Zakat and Tax (GAZT) Board of Directors has approved amendments to various articles of the Kingdom of Saudi Arabia (KSA) Value Added Tax (VAT) Implementing Regulations (by way of Decision no. (19-3-9) dated 30-10-1440H (03-07-2019). These amendments are effective from the date of publication (18 July 2019)

- Article 33 (Services provided to non-Gulf Cooperation Council (GCC) residents) has been amended to narrow the scope of exceptions under which the zero-rate will not apply to “exported” services.
- Article 65 (Security) has been amended to broaden the cases in which GAZT can seek a cash security or bank guarantee from a taxpayer.
- Article 66 (Records)- In cases where a non-resident taxable person has not appointed a tax representative in the KSA, this provision requires the non-resident to appoint of a third party (tax agent) established in KSA to maintain the required invoices, documents, and records as per the KSA VAT laws and regulations.
- Article 70 (Refund of Tax to designated Persons) - Diplomatic and Consular Bodies should now be able to claim refund of VAT relating to any expenditure, including the blocked items provided under Article 50.
- Article 77 (Tax Representatives, Tax Agents and Appointed Persons) – This removes the mandatory requirement for non-resident Taxable Persons to appoint a tax representative in the KSA. It also requires non-resident Taxable Persons to provide a security (in line with article 65 of the Regulations).
- Article 79 (Transitional provisions) – This wording has been updated to confirm GAZT’s stated position that until the introduction of the Electronic Services System across the Member states, all other Member states should be considered as outside the Council Territory of the GCC.

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BAHRAIN

The Bahrain National Bureau for Revenue (NBR) has published a manual on Value Added Tax (VAT) return modifications. The manual provides taxable persons in Bahrain with an overview of the process of making adjustments, corrections, and self-amendments to a VAT return.

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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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