

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 new Value Added Tax (VAT) Public Clarifications on disbursements/reimbursements ([VATP013](#)) and on options/option premiums ([VATP014](#)).

VATP013 discusses transactions where a person incurs expenses and then recovers these expenses from another party, and sets out the criteria for determining if the recovery is a 'disbursement' (out of scope of VAT) or 'reimbursement' (within scope of VAT).

VATP014 discusses the VAT treatment of financial options and option premiums. A financial option gives the holder the right to buy or sell the underlying financial instrument at a specific price, and an option premium is the fee received for selling an option.

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The FTA has published an updated version of its guide on VAT refunds for business visitors. The list of eligible countries which have reciprocal agreements with the UAE (Appendix A) has been updated to include Switzerland. The VAT refund scheme for business visitors allows foreign businesses to recover the VAT incurred on certain expenses in the UAE, subject to certain conditions and requirements.

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The FTA has recently released a Public Clarification on the compulsory Transfer of a Business as a Going Concern rule under Article 7(2) of the VAT Decree-Law. In general, the transfer of a business from a person to a taxable person for the purposes of continuing the business that was transferred, also commonly known as a "transfer of a business as a going concern" or a "TOGC", is not considered as a "supply" for VAT purposes and therefore 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 the English version of its guide on Tax Ruling Requests. 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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BAHRAIN VAT

The Bahrain National Bureau for Revenue (NBR) has released an updated version of the VAT Real Estate Guide (Guide). The main updates are in section 4.3/5.3.2/5.3.4/5.6 and 5.7, based on these updates the Guide is important for any business in Bahrain that is involved in the supply of real estate. Businesses should ensure that the VAT treatment applied is in line with the new guidance.

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The Bahrain National Bureau for Revenue (NBR) has published an updated version of its VAT general guide. Section 3.4, on tax group registration, has been updated to include additional details on the process for forming/joining a tax group. The guide also includes additional details on the conditions for persons to be considered “related” for the purposes of VAT grouping.

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The NBR has published the VAT Transportation Guide to provide an overview of the VAT treatment of the supply of international and local transportation in Bahrain. Specifically, it provides guidance on the following topics: International transport and certain associated services; Qualifying means of transport; Local transportation services; Input tax deduction for local and international transportation; and Chartering services.

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OMAN VAT

On 31 July 2019, the Oman Ministry of Finance (MoF) released a public statement affirming there are no plans to defer the implementation of VAT.

In its statement, the MoF said "the government is working on completing the legislative procedures to issue the VAT law" and pointed out that the General Secretariat of Taxation is currently completing administrative and technical procedures in preparation for the application of this tax once approved.

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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