

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

### UAE

The United Arab Emirates (UAE) Federal Tax Authority (FTA) has published a press release revealing that the Tax Refunds for Tourists Scheme has processed a total of 2.83 million applications since its launch in November 2018. The average daily number of applications the Scheme processes has doubled, going from 3,800 in the first month to 7,730 requests per day . FTA also revealed that the number of retail outlets connected to the system has exceeded 12,000 stores all around the UAE, while the number of self-service kiosks for refunding taxes to tourists grew by 55.2% from 29 in July 2019 to 45 kiosks. Planet, the company authorized by the FTA to operate the system, is in charge of operating these kiosks, where tax refund requests undergo a fully automated process.

Tourists can request a refund on the taxes they incurred during their stay in the UAE as they proceed to exit the country. Applicants are required to submit Tax Invoices for their purchases, which must carry the tax refund stickers issued from retail outlets that are registered in the system. They must also present their passports and credit cards. There is no limit on the amount a tourist can recover if it is transferred to his/her credit card, meanwhile, applicants requesting cash refunds can receive no more than AED7,000 per day. Refund requests can be submitted at the self-service kiosks, as well as at tax refund offices located at exit points around the country.

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### BAHRAIN

The Bahrain National Bureau for Revenue (NBR) has published a guide on classification of businesses.

The guide is intended to assist businesses with correctly classifying their business when registering for Value Added Tax (VAT) in Bahrain by referencing the United Nations' Industrial Classification of all Economic Activities (ISIC). ISIC is a standard classification of business activities arranged so that entities can be classified according to the business activity they carry out. It is issued by the United Nations Economic and Social Council. The classifications aim at providing a set of activity categories that can be utilized to collect and publish statistics according to the business activities.

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The National Bureau for Revenue (NBR) held three interactive workshops to recap general and sector-specific VAT concepts, including invoicing and filing. Following a question-and-answer session, 190 attendees representing 174 enterprises were invited to visit a unique interactive demo-center, which delivers innovative learning experiences to ensure effective implementation of VAT.

The NBR held a series of workshops that brought together stakeholders from public and private sectors to ensure the smooth registration of companies by December 20th, 2019

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## SAUDI ARABIA

The Kingdom of Saudi Arabia (KSA) General Authority of Zakat and Tax (GAZT) has published a new guideline on the Value Added Tax (VAT) treatment of supplies of services made to non-GCC residents. The guide is available in Arabic and English.

The guide seeks to clarify amendments which were made to the KSA Implementing Regulations in July 2019. Article 33 of the Implementing Regulations was amended in the updated Regulations to narrow the scope of exceptions under which zero-rating will not apply to exported services.

The new guide clarifies the following:

- ✓ If the customer has any type of fixed establishment in KSA, then the zero-rate will not apply.
- ✓ Guidance is provided on the meaning of 'direct benefit' and a deductibility test is provided that helps clarify if a direct benefit was received in KSA, thereby precluding the zero-rate from applying.
- ✓ The examples in the guideline also imply that a consultant providing advice to a non-resident in a meeting held in KSA would trigger the exception, meaning that the zero-rate would not apply, unless the advice is high level and non-specific or possibly ancillary to a qualifying supply.
- ✓ The guideline also clarifies the types of services relating to goods that would fall under the exception, which includes those involved in logistics and transportation. When those goods are located in KSA, then such supplies to non-residents would not qualify for the zero-rate.
- ✓ The amendments were effective from 18th July 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.

For further details, please visit [www.nisheconsulting.com](http://www.nisheconsulting.com).

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