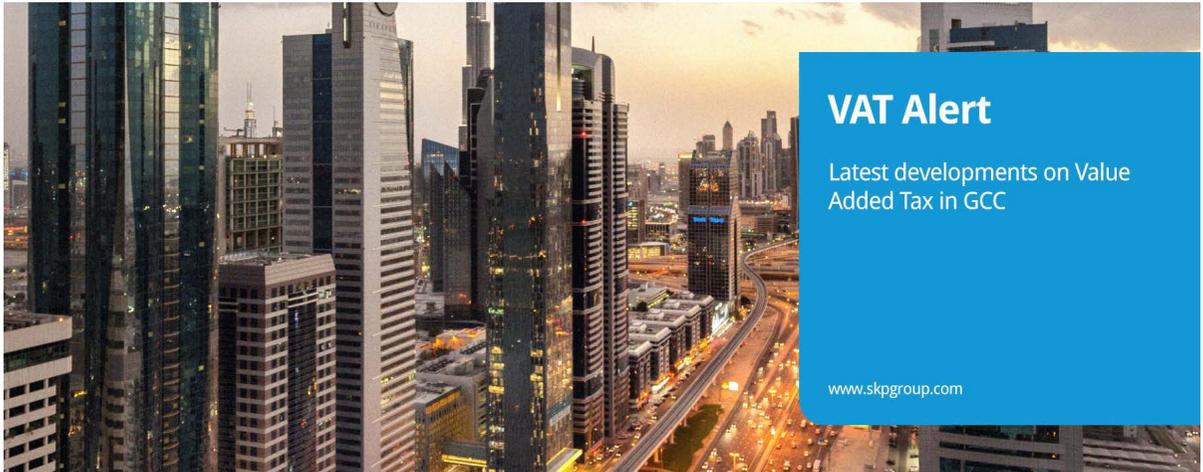


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10 May 2017

GCC's VAT framework takes shape

The Arabic text of the Gulf Co-operation Council (GCC) Unified Agreement on Value Added Tax (GCC UAVAT) has been published in the Saudi official gazette; unofficial English translations are in circulation.

The GCC UAVAT provides the framework for the introduction of Value Added Tax (VAT) in all six GCC member states. As such, the GCC UAVAT contains predictable elements. It also contains some surprises, such as its strong unitary tendencies – although it would allow each statewide discretion in the treatment of financial services. And there are still important details to come. For example, the rules for free zones and the list of foods that will be zero-rated (that is, their VAT rate will be 0 percent).

Source: The National 9 May 2017

GCC committee discusses VAT implementation

A delegation led by HE the Minister of Finance Ali Sherif Al-Emadi took part in the 106th meeting of the Committee for Financial and Economic Co-operation of GCC hosted by Bahrain.

According to a statement by the Ministry of Finance yesterday, the meeting discussed the recommendations of the technical committees related to the development of appropriate mechanisms for the application of the two unified conventions on a VAT and selective taxation signed by member-states in preparation for their implementation in the coming period in the GCC countries.

The meeting also reviewed the recommendations of the committee of governors of monetary institutions and central banks of the GCC states on the linkage of payment systems in the GCC countries, and the Customs Union Authority regarding updating of the requirements of the GCC Customs Union.

Participants were also briefed on the minutes of the committee of governors of monetary institutions and central banks of the GCC states on exempting industrial inputs from the GCC countries from customs taxes.

Source: Gulf Times 6 May 2017

Saudi Arabia: No income tax, but VAT starts in 2018

The Kingdom does not plan to introduce income tax for individuals, but VAT would be introduced by 2018, according to Saudi Finance Minister Ibrahim Al-Assaf.

Source: Arab News 5 May 2017

Qatar cabinet approves draft law on income tax and VAT

The Ministry of Finance has prepared the draft law on VAT in accordance with the unified GCC VAT agreement, which obligates each member state to take domestic procedures for the issuance of local law and procedural policies for the implementation of the tax with a view to implementing the provisions of the agreement.

The six-nation GCC are aiming to introduce a five percent VAT at the start of next year. The GCC has long planned to adopt the tax in 2018 as a way to increase non-oil revenues.

The Cabinet so approved the draft decision of the Council of Ministers to issue the executive regulation of the selective tax law.

The draft executive regulation include the provisions concerning tax entitlement, the declaration of the loss or damage of selective goods, inspection of damaged goods, registration, tax declaration, rules of payment of tax in the case of local production, maintaining of accounting systems, the language of accounting records, and control and inspection ruler.

Source: The Peninsula Qatar 3 May 2017

IMF gives thumbs up to GCC's value-added tax roll-out

The GCC-wide implementation of VAT in 2018 is achievable and a key component of fiscal adjustment and revenue diversification efforts of governments, said Jihad Azour, director of the International Monetary Fund's (IMF's) Middle East and Central Asia Department.

"Successful implementation of fiscal reform plans will be helped by strengthening fiscal institutions. Although a work in progress across the region, there have been notable advances in setting up medium-term fiscal frameworks and debt management offices," Azour said.

Source: Gulf News 2 May 2017

VAT applicable on services at both Dubai Airports: CEO

VAT will be applicable to all services provided by Dubai Airports at Dubai International Airport (DXB) and Al Maktoum International Airport (DWC), according to its chief executive officer.

The six-nation GCC bloc will implement five percent VAT from 1 January 2018.

"The GCC position is that VAT will be payable on all purchases whether they are made at the airports except where the passenger is leaving the GCC. And that's our understanding at the moment," Paul Griffiths told Arabian Business.

Source: Arabian Business 30 April 2017

Oman invests \$11.4m in VAT system

Oman is investing around USD 11.4 million to implement a VAT system, the country's Tender Board has announced.

Source: Gulf Business 27 April 2017

SKP's comments

At this juncture, the businesses in the GCC should focus on understanding and decoding the intricacies of the expected law and undertaking staff training, making the required changes in the business processes like working capital infusion in finance, hiring of additional staff in human resource management, information technology revamp, etc.

As per the GCC framework that has been released in the public domain, businesses would be penalised if VAT is not administered correctly. Therefore, it would be prudent for the industry to be prepared for VAT implementation on the GCC VAT implementation date, for their respective member states.

Please feel free to reach out to us if you have any queries regarding VAT.

Best regards,
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