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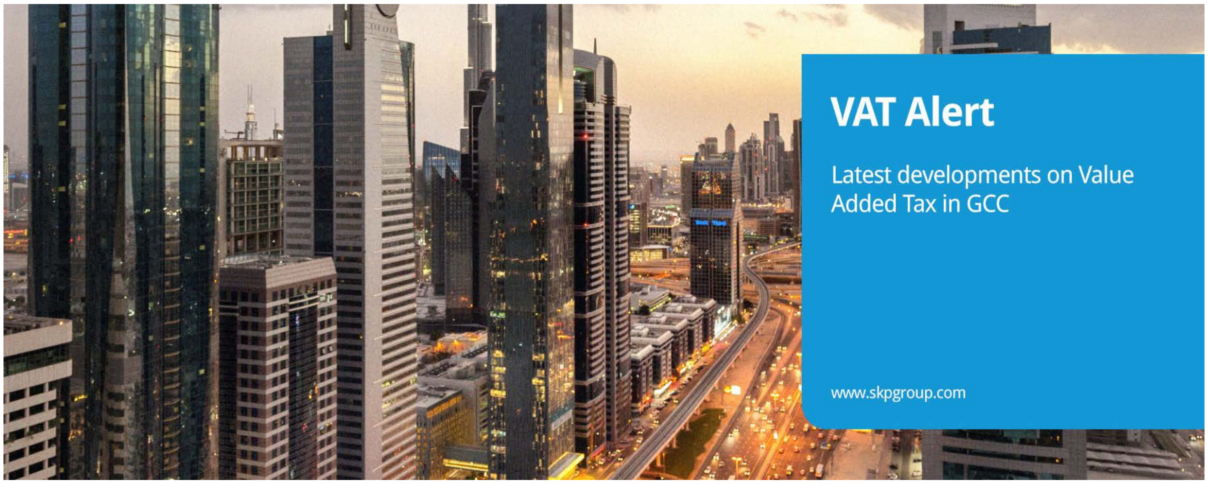

17 April 2017

UAE is all set for VAT implementation starting next year

The UAE government is going full steam ahead with the implementation of a Value Added Tax (VAT) in the country from 1 January 2018. The Federal National Council (FNC) approved the draft law last month and the final law is waiting for the presidential approval.

With the imminent VAT implementation, tax practitioners, technology consultants and relevant government departments are gearing up for the new tax regime in the country. The Ministry of Finance has begun countrywide awareness campaign to educate various stakeholders on the collection of VAT.

In preparation for the Gulf Cooperation Council (GCC) wide implementation of VAT, each member state of the GCC will establish their own separate national legislation concerning VAT and as such, the detailed compliance requirements and set of rules will be outlined in respective legislation. The GCC VAT Framework Agreement allows member states until 1 January 2019 to implement the tax. The UAE government is expected to release domestic VAT legislation by mid-2017 with detailed regulations.

Source: The Gulf News 14 April 2017

All the latest on VAT: A thorough overview and some advice for business

As organisations are trying to understand the impact of VAT on their business ahead of its introduction next year, the UAE Ministry of Finance is holding VAT awareness workshops as part of a national campaign to help businesses prepare. The key message from the Ministry of Finance is that businesses should not wait until the VAT law is issued and should start their preparation now.

This article provides an update on the status of the VAT implementation across the GCC, the future legal framework of VAT in the UAE and the expected features of the UAE VAT system based on the first workshop recently held by the Ministry of Finance.

Source: The National 13 April 2017

Bahrain to host ME Asset Management Forum

Industry thought leaders and key players in the asset management industry are set to take part in the second annual Middle East Asset Management Forum (MEAMF). The conference is scheduled to be hosted the patronage of the Central Bank of Bahrain (CBB) on May 15.

Held in partnership with the Global Investor/ISF, part of the renowned Euromoney plc group, this flagship event sets the stage for critical discussions that will focus on, asset management market development, regulation, VAT, Blockchain and Fintech.

Source: Bahrain News Agency 12 April 2017

What will GCC VAT rules mean for the commodities?

In January 2018, the UAE becomes the first of six states in the GCC region to implement VAT. Saudi Arabia, Kuwait, Qatar, Oman, and Bahrain are expected to follow suit later in the same year, with all six applying a five percent point-of-sale tax to non-essential items including tobacco, beverages, jewellery, and luxury vehicles.

In an effort to provide some clarity, the UAE Ministry of Finance held a VAT briefing session on 21 March 2017. Here, it was confirmed that gold, silver, and platinum investments will be zero-rated; namely, VAT on these commodities will be charged at 0 percent in the UAE. It seems likely (although, it is still unconfirmed) that the remaining regions will follow suit. The GCC governments recognise the competitive advantage countries viewed as low-tax or tax-free have, and will be keen to protect investor interest in the region. It is a strategy that will likely mitigate the impact the introduction of the tax will have on business confidence and investor interest, with the GCC states still boasting low VAT as a competitive advantage over developed markets.

With implementation of the new VAT agreement more than a year away for the majority of GCC countries, there is still very little information available on what the new rules will mean for investors, traders, and businesses across the region. Press conferences like the one held in UAE in March, and a similar event held in Bahrain in February, will continue to add clarity.

Source: Khaleej times 11 April 2017

Qatar To Create VAT Collection Agency

Qatar has taken steps to establish a separate and independent tax authority ahead of the introduction of VAT in 2018. The International Monetary Fund (IMF) has released a new report on Qatari policies, which looks at the territory's preparations for the regime. According to the Fund, a five percent VAT would raise additional revenue of about 1.5 percent of non-hydrocarbon GDP per year.

It added that a separate plan to implement excises on tobacco and sugary drinks, starting this year, will generate about 0.2 percent of non-hydrocarbon GDP in revenue. The IMF warned Qatar to ensure that: "high [excise] rates do not encourage undesirable substitution across similar products."

Both tax reforms are part of a pan-GCC initiative.

The IMF reiterated its earlier recommendations that Qatar further broaden its existing tax base over the medium term to complement the changes. It said that this should include "broadening the coverage of corporate income tax and further reforming energy subsidies."

Source: Tax news 11 April 2017

SKP's comments

With the advent the countrywide awareness campaign by the UAE Ministry of Finance to educate various stakeholders on the collection of VAT, it is evident that the government is getting geared up to introduce the new tax reform i.e. VAT in the UAE region by 1 January 2018.

Thus, the industry would also be required to understand the impact of VAT on the businesses and also outline the action chart with respect to business process, technology and other area alignment with the impending VAT reform for smooth migration on go live date.

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

Best regards,
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