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UAE paves way For VAT adoption by holding awareness workshops

As the six GCC are targeting the implementation of a 5% Value Added Tax (VAT) by January 2018, the United Arab Emirates (UAE) is stepping up its preparations by holding workshops for businessmen and company officials in order to create awareness about the new taxes.

Private and government business officials, chambers of commerce and members of departments of economic development, all made up over 500 attendees who attended the first workshop carried out this week.

It coincided with another higher-level briefing that was held by the Emirati Ministry of Finance and attended by financial advisors to educate them on the collection of the VAT.

Source: The Forbes Middle East dated 27 March 2017

VAT registration required for UAE companies with revenues over AED 375,000, says Ministry of Finance

The Ministry of Finance will start registering companies that are above the yearly threshold for VAT in the second half of this year as the country gears up for implementing the 5% levy from 1 January 2018.

The ministry announced that businesses that provide taxable goods or services, with annual revenue of more than AED 375,000 will be required to register. Businesses with taxable supplies below AED 375,000 but over AED 187,500 will have the option to register, it said.

Source: The National dated 21 March 2017

All six GCC states to implement VAT together says UAE council official

The six members of the Gulf Cooperation Council (GCC) will all simultaneously introduce a law to implement VAT in 2018, even if it means a slight delay due to some countries lagging behind in their preparations, an official in the UAE said.

Younis Al Khouri, the undersecretary at the UAE's finance ministry, told Zawya in an interview last month that a 5% VAT is expected to be implemented simultaneously across the GCC from 1 January 2018, as part of fiscal reforms following the plunge in oil prices.

Salem Abdulla Al Shamsi, a member of the UAE's Federal National Council (FNC), told Zawya Projects on Thursday that no member of the regional trade bloc would move forward with the implementation of the tax system independently, even if it meant passing the 1 January 2018 target date.

"There will not be a country in the GCC that will do it standalone," he said. "When they do it, everybody has to do it, as per the agreement before the GCC. They should sign together and start the VAT (implementation)."

Source: The Zawya dated 19 March 2017

Taxing times: new rules relating to the collection of tax in the UAE, fines, penalties and submission details

The UAE's FNC approved a draft federal law regarding the introduction of taxation procedures at a meeting on 15 March 2017, a move that indicates that the state is in advanced stages of preparations to put a taxation system in place.

The tax procedures draft law included clauses laying out processes for the submission and collection of taxes, according to a transcript of the FNC meeting. Here is a guide to the main points:

- Each taxpayer must provide a tax statement and supporting documents in Arabic.
- Penalties will apply to taxpayers who had intentionally refrained from paying taxes or those who provided false or incorrect documents.
- Tax violators or evaders will be subject to either imprisonment or a fine that would not exceed five times the tax amount that was evaded or both.
- A director general and tax auditors will be appointed to enforce the tax law by a decree from the Minister of Justice.

Source: The Zawya dated 19 March 2017

UAE president to issue VAT law "within 2-4 months"

The President of the UAE, Sheikh Khalifa bin Zayed Al Nahyan, is expected to issue a law to introduce VAT on goods and services in the country within the next four months, paving the way for the implementation of the new tax from 1 January 2018, a source familiar with the procedures told Zawya on Thursday.

The six members of the GCC, which includes the UAE, agreed in 2016 to introduce VAT as a means to diversify government revenue sources and reduce reliance on crude oil exports after oil prices took a sharp drop starting mid-2014.

The UAE's FNC approved a draft law regarding the introduction of taxation procedures at a meeting on Wednesday.

The new legislation will need a final approval from Sheikh Khalifa and a source familiar with the VAT talks told Zawya on Thursday the president "will issue the VAT law in two to four months."

Source: The Zawya dated 16 March 2017

UAE Ministry of Finance to commence VAT awareness drive

The UAE's Ministry of Finance has announced the start of its country-wide awareness campaign to educate various stakeholders on the collection of VAT.

A VAT law has yet to be approved in the UAE, although the FNC on Wednesday passed a draft legislation, the Tax Procedure Bill, that will pave the way for the collection of taxes, including fines.

To help businesses prepare, several briefings for entrepreneurs, from small and medium-sized enterprises (SMEs) to huge multinational organisations, will be held on different dates between April and May this year.

"[The ministry] is delighted to announce the launch of the first phase of awareness sessions in respect of [VAT] and excise tax implementation," said the Ministry of Finance in its latest advisory.

The sessions will explain to companies the "rules of the new VAT system" and "cover the general application of the new VAT rules."

Source: The Gulf News dated 16 March 2017

UAE Federal National Council passes draft on tax-related law

The FNC on Tuesday approved a draft law that serves as a framework for issuing tax-related laws.

The bill requires the final approval of the President, His Highness Shaikh Khalifa Bin Zayed Al Nahyan. The UAE is likely to see two taxes enacted over the next few years, including a GCC-wide VAT tax and a selective sales tax. Obaid Humaid Al Tayer, the State Minister for Financial Affairs, has said the VAT tax would come into effect anytime between 2018 and 2019.

Source: The Gulf News dated 16 March 2017

Ministry to ensure tax not exploited for pricing – Exemptions possible on GCC VAT

The Deputy Prime Minister and Minister of Finance said his ministry will study the possibility of exempting some sectors from VAT because of their importance when setting up the local tax law.

In reply to a query from Member of Parliament (MP) Safa Al-Hashem, Al-Saleh said the GCC will adopt a common list of goods and services that will be exempted from the tax and that will include a large number of food commodities and basic necessities.

He explained the tax will be imposed on all institutions and individuals engaged in business activities whose total turnover is more than KWD 30,000 sales annually (unless exempted by legal text). He explained the tax will be imposed on all goods and services except what is excluded by law as noted above and that a study will be prepared by the Ministry to determine which sectors are exempted and which are not.

Source: The Arab Times dated 12 March 2017

SKP's comments

The approval of the Draft Law by the FNC and launching of series of workshops for VAT awareness underlines a momentum towards achieving the target date of 1 January 2018. With only nine months remaining, the business community is on a tight timeline to prepare for the implementation of the new tax regime. It is imperative for the companies to gear up for roll out of VAT and make efficient utilisation of the time available in chalking down the implementation roadmap.

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

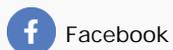
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