

VAT in United Arab Emirates

UAE implements Value Added Tax (VAT) on supply of goods and services from January 01, 2018. This introduction of VAT is part of a GCC-wide introduction. Currently, KSA apart from UAE will Implement VAT starting January 01, 2018. The VAT in UAE shall be administered by Federal Tax Authority (FTA).

Highlights of VAT:

- Value Added Tax is a tax on value addition. VAT is leviable on goods as well as services.
- Standard rate is 5% on both goods and services.
- There are specific goods and services which is chargeable at Zero rate and some out of scope goods and services which is exempted.
- Every business with taxable turnover more than AED 375,000 is required to get registered and discharge the duties specified in the law.
- Option for grouping of related companies are allowable under VAT, which enables grouped companies to file one return and reduce the compliance burden.
- Principles to avoid cascading effect of taxes is embedded in law. Hence tax paid on purchase of goods and services to conduct the business can be claimed as deduction from tax liability.
- Content of Tax invoices and Credit note has been prescribed.
- Returns need to be filed electronically for each tax period, which could be quarterly or monthly depending upon scale of business.
- There are established procedures for VAT audit by FTA.

HLB Hamt hand-holds the client to transform from Non-VAT regime to VAT regime, services includes:

- Assistance in VAT registration and related compliance,
- Impact analysis - which focuses on impact of working capital, profitability and operations.
- Mapping of current business transaction with VAT provisions and listing out action points.
- Changes required in the ERP system.
- Changes required in business and operations to smoothly accommodate the VAT provisions &
- Assistance in filing tax return and related compliances.



Mr. Jay Krishnan,
Partner.

Mr. Jay Krishnan has rich experience in the field of business consultancy and international taxation. Jay is a fellow member of Institute of Chartered Accountants of India and a Certified Management Accountant (CMA). His international career spans across the fields of auditing, finance, tax and consultancy services having worked for firms in India and the Middle East.

Get in touch with us at: tax@hlbhamt.com