

VAT has started to apply in UAE

Value-Added Tax (VAT) has started to apply in United Arab Emirates (UAE) as of January 1, 2018. All taxable supplies (including deemed supplies) as well as imported concerned goods shall be subject to VAT. A standard rate of 5% is imposed on the supply of goods and services, as well as importation. However, there are certain exceptions where the zero-rate will apply, such as exports, international transport, investment metals, first supply of residential buildings, crude oil and gas. Moreover, the supply of bare land, local passenger transport are exempt from VAT. The principles and procedures regarding the application of zero-rated supplies and exempt supplies are explained in the Executive Regulation. UAE residents are required to register for VAT if the value of the goods and services supplied exceeds the registration threshold specified in the Executive Regulations. Explanations regarding tax invoices, free-trade zones, irrecoverable debts, supplies between related parties, advertising are given in the Law. However, principles and procedures regarding the application of VAT are given in the Executive Regulations.

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