



Alert on Cabinet Decisions issued

Introduction

The UAE Government has recently issued Cabinet Decisions / Decisions on the following matters:

1. The Mechanism of applying VAT on Gold and Diamonds between Registrants in the State
2. Refund of VAT paid on Services that are provided at Exhibitions and Conferences
3. Tax Invoice

In this update, we have summarized key points of these decisions as follows:

Cabinet Decision (25) of 2018 – The mechanism of applying VAT on Gold and Diamonds between Registrants in the State

To provide relief to the Precious Metals Industry, the UAE Government has issued Cabinet Decision No. (25) of 2018 regarding the mechanism to apply VAT on reverse charge mechanism for the supply of gold (including articles of gold) and diamonds between Registrants within UAE.

Mechanism for VAT liability

When a Supplier supplies goods to a Registrant Recipient (defined as meaning a person having a TRN who is licensed to conduct any activity relating to gold, diamonds etc.), the Supplier shall not be liable for calculating and disclosing the VAT in his return provided that the Registered Recipient declares the following in writing:



1. The acquisition of the Goods is for the purposes of resale or for using to produce or manufacture any Goods
2. The Recipient is registered on the date of supply.
3. The Recipient shall calculate the VAT on the value of the Goods that have been supplied to him.

In such cases, the Recipient is required to calculate the VAT on the value of Goods that have been supplied to him under the reverse charge mechanism (RCM) and he shall be responsible for all of the applicable VAT obligations relating to the supply.

Exceptions where the RCM shall not apply

- Where the Supplier was aware that the Recipient was not Registered on the Date of Supply.
- Where the Supplier has not verified that the Recipient is registered with the Authority
- Where the Taxable Supply is zero rated

Consequences of non-compliance

Where the Supplier was aware or was supposed to be aware that the Recipient was not registered at the date of supply, both of the parties shall be jointly and severally liable for any Due Tax and relevant penalties in respect of the supply.

Cabinet Decision (26) of 2018 – Refund of VAT paid on Services Provided at Exhibitions and Conferences

Events to be classified as Exhibitions and Conferences

Any event or formal meeting that is held for a maximum of 7 days for specified purposes in accordance with a permit that has been issued from the competent government entity.

Who shall be eligible for a Refund

Any Supplier who is a Licensee by the Authority for providing Exhibition and Conference Services in accordance with the procedures and conditions that are specified by the Authority

Applicability of the Refund Scheme

All of the following conditions are required to be met:

1. The Supplier requests the refund of the VAT paid on the services relating to the provision of Exhibition and Conference Services in his Tax Return in the same Tax Period during which the date of supply of such services occurred.
2. The refund request shall be for an amount that is equal to or less than the VAT charged.
3. The Recipient does not have a Place of Establishment or a Fixed Establishment in the State and is not Registered or required to register in the State.



4. The Recipient has not paid the amount of VAT to the Supplier.
5. The Supplier shall obtain a written declaration from the Recipient confirming that the Recipient does not have a Place of Establishment or a Fixed Establishment in the State and is not a Registrant or required to register for Tax in the State.

Comments

The Exhibitor or the Organiser of the Conference will be entitled to a refund of the VAT that has been charged on the services provided in relation to conference or the sale of space subject to the fulfilment of the aforesaid conditions.

It may be noted that the decision has not provided a mechanism for the organiser to pay the tax which had claimed a refund in the event of cancellation of booking made by the client/customer and consequent refund.

Decision No. (3) of 2018 on Tax Invoices - Update on the Recipient Address that is to be mentioned on the Tax Invoice

As per the provisions of UAE VAT, a Tax invoice / Tax Credit Note should contain the name, address, and Tax Registration Number of the Recipient where Recipient is Registered.

The FTA through this Decision has relaxed the aforesaid requirement to mention the complete physical address with only the mailing address. It is further stated that this decision shall be effective retrospectively from 1st January 2018 .

Comments

In view of the aforesaid relaxation, the supplier can specify only the PO Box No., Emirate and Country in the Tax invoice / Tax Credit Note instead of full address of the recipient.



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