



## VAT Refund Scheme for Exhibition and Conference Services

### Introduction

Subsequent to Cabinet Decision No. (26) of 2018 on the Refund of Value Added Tax paid on Services Provided in Exhibitions and Conferences, the Federal Tax Authority (FTA) has recently released a User Guide for suppliers and recipients of exhibition and conference services. It provides a methodology that is to be followed for suppliers and recipients to claim VAT refunds for the supply of services to international customers.

Key aspects of the Guide are summarised below for your reference.

### Mechanism of the VAT Refund Scheme for Exhibition and Conference Services

#### Eligible services

Services which fall under this refund scheme are the services of:

- Grant of the right to access, attend, or participate in an Exhibition or a Conference; or
- Grant of the right to occupy space for the purposes of conducting an Exhibition or a Conference.

Exhibition / Conference has been defined to mean any event or formal meeting that lasts for no longer than 7 days, that involves the displaying, showing, or presenting of Goods or Services, or that is attended by people with a shared interest, in accordance with a permit that has been issued by the competent government entity.



## Qualified Persons

A supplier who has obtained a license from the FTA to provide Exhibition and Conference services in accordance with the procedures and conditions that have been specified by the FTA.

## Mechanism of claiming a refund

The Supplier providing the Exhibition and Conference Services will charge VAT at 5% in respect of the Services. The Supplier will be able to refund the VAT amount that it charges on the Services, provided that the Supplier does not collect the VAT amount from the International Customer. In effect, it involves passing the benefit of the refund to the International Customer, by ensuring that VAT is not a cost to the Customer.

## Conditions

- The Supplier must be licensed by the FTA for such a scheme;
- The Supply is of Exhibition and Conference services;
- The Recipient does not have a place of establishment or a fixed establishment in the UAE;
- The Recipient is not registered for VAT or required to register for VAT in the UAE;
- The Supplier has obtained a written declaration from the Recipient confirming the above;
- The Recipient has not paid the amount of VAT to the Supplier.

## Licensing requirements

Sr. No.	Supplier		Recipient	Licensing Requirement for the Supplier	Validity of the License
	Scenarios	Residency and Registration Status			
1	Right to occupy space for an Exhibition or a Conference  (Applies mostly in the case of hotels and companies in the UAE who rent space for events)	Must be registered for VAT in the UAE and have a place of residence in the UAE	International customers	Complete and submit to the FTA the ' <i>Supplier's Licence Request Form to Grant the Right to Occupy Space</i> ', along with other documents, such as copies of trade licences, venue registration proofs, etc.	One year
2	Right to access, attend, or participate in an Exhibition or a Conference  (Applies to local and international event organisers, who sell tickets to non-UAE residents)	1. If the Supplier is a UAE resident: he must be registered for VAT in the UAE  2. If the Supplier is a non-UAE resident: he must provide proof of establishment in an overseas jurisdiction	International customers	Complete and submit to the FTA the ' <i>Licence Request Form for Event Organiser to Grant Access to Events</i> ', along with other documents, such as event permits, copies of sample tickets, etc.	One time



### Processing time

- The FTA will take 20 business days to review the application;
- If it is accepted, a business licence will be issued within 5 business days through Email;
- The FTA will provide the licence in a letter format, along with its stamp;
- No charge is levied by the FTA for such a licence.

### Declaration to be obtained from International Customers

- That the International Customer does not have a place of establishment or a fixed establishment in the UAE and is not a registrant or required to register for VAT in the UAE;
- Details of the parties;
- The summary of the services requested;
- Details of the Exhibition/Conference.

### Compliance

- Receive and retain the original declaration provided by the International Customer;
- Raise a tax invoice to the International Customer reflecting 5% VAT, but the same should not be collected, which would provide an immediate VAT refund to the International Customer. Further, the tax invoice should specifically state that *“the supply falls under the special VAT refund scheme”*;
- Report the transaction in the Tax Return which relates to the date of the supply of such services. The VAT that is reflected on the tax invoice should be reported as output tax in Box 1 – Standard Rated Supplies, and it should be deducted in the Adjustment column, as the same is not collected from the International Customer.

### Comments

The VAT refund scheme is a welcome step by the FTA authorities and it will be quite beneficial for Hotels and Event / Conference organizers for attracting International customers to events and conferences in UAE. In view of this scheme, the Hotels can offer competitive rates when it comes to offering hotel space and fees for participation, without VAT becoming a cost for the International customers. However, the benefit is limited only to VAT charged for space provided for display of products or services or for the amount charged for attending the event.



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