Cabinet Decision No. (25) of 2018

on the Mechanism of Applying Value Added Tax on Gold and Diamonds between Registrants in the State

The Cabinet,

Having reviewed the Constitution,

Federal Law No. (1) of 1972 on the Competencies of the Ministries and Powers of the Ministers and its amendments,

Federal Decree-Law No. (8) of 2017 on Value Added Tax,

Cabinet Decision No. (52) of 2017 on the Executive Regulation of Federal Decree-Law No. (8) of 2017 on Value Added Tax, and

Pursuant to the presentation of the Minister of Finance and the approval of the Cabinet,

Has decided:

Article (1)
Definitions

In the application of the provisions of this Decision, the following words and expressions shall have the meanings assigned against each, unless the context requires otherwise:

Authority: Federal Tax Authority.

Tax: Value Added Tax.

Taxable Person: Any natural or legal person registered or obligated to register for Tax purposes under the referenced Federal Decree-Law No. (8) of 2017.

Tax Registration: A procedure according to which the Taxable Person or his legal representative registers for Tax purposes at the Authority.

Tax Registration Number: A unique number issued by the Authority for each person registered for Tax purposes.

Goods: Gold, diamonds and any products where the principal component is of gold or diamonds.

Registrant: The Taxable Person who has been issued with a Tax Registration Number and is licensed to conduct any activity related to the Goods by the competent government entity.

Supplier: The Registrant who is supplying Goods in the State.

Recipient: Person to whom Goods are supplied.

Due Tax: Tax that is calculated and charged pursuant to the referenced Federal Decree-Law No. (8) of 2017.

Article (2)

1. Where a Supplier makes a supply of Goods to a Registrant Recipient in the State, and the Recipient intends to either resell such Goods or use them to produce or manufacture any of the Goods, the following rules shall apply:

   a. The supplier shall not be liable for calculating the Tax in relation to the supply of the Goods and shall not include it in his Tax Return, in cases where the Registrant Recipient declares in writing the following:

      1) The acquisition of the Goods is for the purpose of resale or use to produce or manufacture any of the Goods

      2) The Recipient is registered on the date of supply.

      3) The Recipient shall calculate Tax on the value of the Goods supplied to him.

   b. The Recipient of the Goods shall calculate the Tax on the value of the Goods supplied to him and shall be responsible for all applicable Tax obligations related to the supply and for calculating the Due Tax in respect of such supplies.

2. The provisions of Clause (1) of this Article shall not apply in any of the following situations:

   a. Where the Supplier was aware or was supposed to be aware that the Recipient was not a Registrant at the Date of Supply.

   b. Where the Supplier has not verified that the Recipient is registered at the Authority, in accordance with the written declaration, according to the means approved by the Authority.

   c. Where the Taxable Supply is subject to Tax at the zero rate in accordance with Clauses (1) or (8) of Article (45) of the referenced Federal Decree-Law No. (8) of 2017.

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

This is an unofficial translation

Article (3)

Issuance of Executive Decisions

The Minister of Finance shall issue the required decisions to implement the provisions of this Decision.

Article (4)

Implementation and Publication

This Decision shall be implemented as of 1/06/2018 and shall be published in the official Gazette.

Mohammad bin Rashid Al Maktoum
Prime Minister

Issued by us:
On: 6 Ramadan 1439H
Corresponding to: 22 May 2018