



## **PUBLIC CLARIFICATION ON THE REVERSE CHARGE APPLICATION FOR ELECTRONIC DEVICES**

The Federal Tax Authority (“FTA”) issued VAT Public Clarification (VATP034) clarifying the application of the Reverse Charge Mechanism (“RCM”) on Electronic Devices among Registrants in UAE and with reference to Cabinet Resolution No. (91) (CR91) of 2023 regarding the application of RCM on electronic devices for VAT purposes.

As per the Public clarification, CR91 will be effective from 30th October 2023, hence all supplies covered under CR91, with the date of supply falling on or after 30th October 2023 shall be subject to RCM.

We have prepared a Blog on our official website on the Updated Reverse charge application on Electronic Devices providing the General Guidance on the Revised Application, the Blog can be viewed here ([PB Blog](#)).

## Highlights of the VAT public clarification relating to CR91 application:

Following has been clarified about Electronic Devices

### ➤ Electronic Devices Included in CR91

- Mobile phones and smart phones that only have call and / or text functions to other smartphones that include any additional functions.
- Computer devices include personal computers, desktop computers, minicomputers, analog, digital and hybrid computers, server computers, computerized engine control units ("ECU") for cars, and other similar devices.
- Tablets that regarded as wireless, portable personal computers with a touchscreen interface, being a hybrid in form and with functionalities between a smart phone and a computer device.
- It is the responsibility of the supplier to assess if supply of goods include the making charges as single composite supply, then it will form part of CR91.

### ➤ Outside the scope of CR91

- Phones that operate through wireless transmission or that operate through physical means such as wire or fiber optic cables.
- E-readers without any other features such as gaming functionalities or web browsing, and that may include different hardware and software compared to tablets.
- It is the responsibility of the supplier to assess if supply of goods include the making charges as multiple supply, then it will not form part of CR91.

### ➤ Compliance Requirements

#### Supplier

The supplier must comply with all the obligations related to the supply such as:

- Issuance of the Tax Invoice that complies with the requirements of the Tax Invoice with reference to "Article 59 – Tax Invoices" of the Executive Regulations of the VAT Law.
- Verify and confirm the Customer is registered for VAT, "TRN verification" feature can be accessed in the FTA's official website for verification.
- In case the written declaration is not provided before the date of supply of the transaction, the supplier shall account for Output Tax related to the supply unless it satisfies the conditions of a zero-rated supply.

#### Customer

Two declarations must be provided to the Supplier by the Customer before the date of supply of the transaction, these two declarations may be combined into a single document as well, the declarations should mention:

- Declaration stating the intent of use of the Electronic Devices.
- Declaration confirming the Customer is registered for VAT with FTA.

The Customer shall declare the Due Tax in Box 3 of its VAT return. In case the declarations are not provided to the Supplier before the date of supply of the transaction, the Input VAT incurred on the purchase of the Electronic Devices will be Non-Recoverable.

## ➤ VAT Applicability

- The CR91 shall not apply to supplies related to Direct or Indirect export that meet the conditions for zero-rating.
- A supply or movement of Electronic Devices from UAE mainland to a Designated Zone shall not be treated as Zero-rated supply and hence be subject to CR91.

[Click here to read the VAT public clarification](#)



**"Reach out and let's connect!"**

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