



## The Process of VAT Registration in the UAE

Value-Added Tax or VAT is an indirect tax that exists in over 180 countries across the world. It is a tax levied by the government on goods and services sold for the purpose of consumption.

VAT registered businesses, at each stage of a supply chain, charge the value added tax. So, in a way, the VAT cost is actually borne by the end consumers and these registered businesses just collect it for the Federal Tax Authority (FTA) and, of course, remain accountable for it.

### When is VAT registration required?

A company can register – or is required to register -- for VAT when its business exceeds certain thresholds.

Now, there are two scenarios for VAT Registration:

1. Mandatory Registration
2. Voluntary Registration

**Mandatory:** A business must register for VAT when falling under these criteria.

- The company's total taxable supplies' worth within UAE over the previous 12 months is more than the mandatory registration threshold of AED 375,000.
- When the company's taxable supplies' worth within UAE over the next 30 days is anticipated to be more than the mandatory registration threshold.

The businesses in UAE, therefore, must keep a tab of their supplies and imports, so that they can register for VAT once they exceed the threshold.

In case, a UAE non-resident makes supplies or imports within UAE, and doesn't have a UAE citizen who can account for its VAT, he is required to register for VAT. In short, a non-resident must apply for VAT registration immediately if he is supplying to corporates or individuals who are not VAT registered.

**Voluntary:** Any business may VOLUNTARILY, and NOT MANDATORILY, register for VAT if:

- The company's total taxable supplies' worth within UAE over the previous 12 months is more than the voluntary registration threshold of AED 187,500.
- When the company's taxable supplies' worth within UAE over the next 30 days is anticipated to be more than the mandatory registration threshold.



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# UPDATE

There are many advantages of registering on a voluntary basis such as below,

- a) Claim for VAT paid on expenses
- b) Certain large corporations do not like to deal with non-VAT registered suppliers
- c) Boosting your business profile: In many big organizations, VAT registration is one of the requirements for vendor registration

When it comes to choosing an ideal tax consultant for your business, Dubai has several options. You can choose Premier Brains, which is run by highly qualified and experienced professionals, who are seasoned in tax advisory. Their detailed understanding of the most technical points of the Value Added Tax will make your task easy.

*Book a free consultation with our VAT Advisors today.*

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