



UAE VAT law amendments – Effective from 1st January 2023

Federal Decree-Law No. 8, 2017 on Value Added Tax (VAT) has been amended by Federal Decree-Law No. 18, 2022 on 26th September 2022. These amendments will take effect from 1st January 2023.

We have summarized below the amendments in law.

We have added our comments for explanation on the key amendments and for others there has been only slight language changes done in the amended law.:

Article Reference	Article as per Federal Decree-Law No. 8, 2017	Article as per Federal Decree-Law No. 18, 2022	PB Comments on the amendments
Definitions- Article 1			
Relevant Charitable Activity	Not defined in the previous law	An activity for the purpose other than profit or benefit to any proprietor, member, or shareholder of the Charity, which is undertaken by the Charity in the course or furtherance of its charitable purposes or objectives to carry out a charitable activity in the State as approved by the competent authorities, or under the conditions of its establishment as a charity under Federal or Emirate legislation, decree or decision, or as otherwise licensed to conduct a charitable activity by an entity that grants such licences on behalf of the Federal or Emirate Government.	New definitions have been added to Article 1
Pure Hydrocarbons		Any of the various pure compounds of the chemical formula consisting solely of hydrogen and carbon (C _x H _y).	
Tax Evasion		The Person's use of illegal means, resulting in the reduction of the amount of the Due Tax, non-payment thereof, or a refund of Tax that the Person did not have the right to have refunded.	
Tax Audit		A procedure undertaken by the Authority to inspect the commercial records or any information, data, or	

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		goods related to a Person to verify the fulfillment of its obligations in accordance with the provisions of this Decree-Law or the Tax Procedures Law.	
Tax Assessment		Shall mean the Tax Assessment as defined in the Tax Procedures Law.	
Voluntary Disclosure		A form prepared by the Authority pursuant to which the Taxpayer notifies the Authority of any error or omission in the Tax Return, Tax Assessment, or Tax Refund application in accordance with the provisions of the Tax Procedures Law.	
Tax procedures law		Federal Law No. 7 of 2017 on tax procedures and its amendments, and any other federal law replacing it.	
Business	Any activity conducted regularly, on an ongoing basis and independently by any Person, in any location, such as industrial, commercial, agricultural, professional, service or excavation activities or anything related to the use of tangible or intangible properties.	Any activity conducted regularly, on an ongoing basis and independently by any Person, in any location, such as industrial, commercial, agricultural, professional, vocational , service or excavation activities or anything related to the use of tangible or intangible properties.	The word “vocational” has been added to the definition of business.
Supply of Goods – Article 5	The following shall be considered a supply of Goods: 1. Transfer of ownership of the Goods or the right to use them to another Person according to what is specified in the Executive Regulation of this Decree-Law. 2. Entry into a contract between two parties entailing the transfer of Goods at a later time, pursuant to the conditions specified in the Executive Regulation of this Decree-Law.	The following shall be considered a supply of Goods: 1. Transfer of ownership of the Goods or the right to use them to another Person according to what is specified in the Executive Regulation of this Decree-Law. 2. Entry into a contract between two or more parties entailing the transfer of Goods at a later time, pursuant to the conditions specified in the Executive Regulation of this Decree-Law.	Clause 2 is amended in Article 5 to add contract between two or more parties, whereas earlier it was contract between two parties.
Supply in Special Cases – Article 7	As an exception to what is stated in Articles (5) and (6) of this Decree-Law, the following shall not be	As an exception to what is stated in Articles 5 and 6 of this Decree-Law, the following shall not be considered a supply:	A new clause (3) has been added to Article 7 and coverage has been

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	<p>considered a supply: the following shall not be considered a supply:</p> <p>1. The sale or issuance of any Voucher unless the received Consideration exceeds its advertised monetary value, as specified in the Executive Regulation of this Decree-Law.</p> <p>2. The transfer of whole or an independent part of a Business from a Person to a Taxable Person for the purposes of continuing the Business that was transferred.</p>	<p>1. The sale or issuance of any Voucher unless the Consideration received in respect thereof exceeds its advertised monetary value, as specified in the Executive Regulation of this Decree-Law.</p> <p>2. The transfer of whole or an independent part of a Business from a Person to a Taxable Person for the purposes of continuing the Business that was transferred.</p> <p>3. Any other supply specified in the Executive Regulation of this Decree-Law.</p>	<p>expanded to include more out of scope supplies.</p>
<p>Mandatory Tax Registration – Article 13</p>	<p>Every Person, who has a Place of Residence in the State or an Implementing State and is not already registered for Tax, shall register in the following situations:</p> <p>a. Where the total value of all supplies referred to in Article (19) exceeded the Mandatory Registration Threshold over the previous 12-month period.</p> <p>b. Where it is anticipated that the total value of all supplies referred to in Article (19) will exceed the Mandatory Registration Threshold in the next thirty (30) days.</p> <p>2. Every Person, who does not have a Place of Residence in the State or an Implementing State and is not already registered for Tax, shall register for Tax if he makes supplies of Goods or Services, and where no other Person is obligated to pay the Due Tax on these supplies in the State.</p> <p>3. The Executive Regulation of this Decree-Law shall specify the time</p>	<p>Every Person, who has a Place of Residence in the State or an Implementing State, shall register for Tax in the following situations:</p> <p>a. Where the total value of all supplies referred to in Article 19 of this Decree-Law exceeded the Mandatory Registration Threshold over the previous 12-month period.</p> <p>b. Where it is anticipated that the total value of all supplies referred to in Article 19 of this Decree-Law will exceed the Mandatory Registration Threshold in the next 30 days.</p> <p>2. Every Person, who does not have a Place of Residence in the State or an Implementing State, shall register for Tax if he makes supplies of Goods or Services, and where no other Person is obligated to pay the Due Tax on these supplies in the State.</p> <p>3. The Executive Regulation of this Decree-Law shall specify the time limits within which the Person has to inform the Authority of his</p>	<p>The language of couple of clauses has been slightly amended</p>

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	limits that a Person has to inform the Authority about his liability to register for Tax and the effective date of Tax Registration.	liability to register for Tax and the effective date of Tax Registration.	
Registration exception - Article 15	<p>1. The Authority may except a Taxable Person from mandatory Tax Registration upon his request if his supplies are only subject to the zero rate.</p> <p>2. Anyone excepted from Tax Registration according to Clause (1) of this Article shall inform the Authority of any changes to his Business that would make him subject to Tax under this Decree-Law pursuant to the time limits and procedures determined in the Executive Regulation of this Decree-Law.</p> <p>3. The Authority shall have the right to collect any Due Tax and Administrative Penalties for the period of exception where that Taxable Person was not entitled to the exception.</p>	<p>1. The Authority may except a Taxable Person from Tax Registration whether a Registrant or not, upon his request if his supplies are only subject to the zero rate.</p> <p>2. Where any changes in the Business of the Taxable Person excepted from Tax Registration according to Clause 1 of this Article, result or may result in the absence of the reason based on which the Taxable Person was excepted, the Taxable Person shall inform the Authority of such changes within the time limits and pursuant to the procedures determined by the Executive Regulation of this Decree-Law.</p> <p>3. The Authority shall have the right to collect any Due Tax and Administrative Penalties for the period during which the Taxable Person was excepted where it is established by the Authority that the Taxable Person was not entitled to this exception.</p>	<p>Clause 1 of the Article 15 is amended to provide that a VAT registered person can also apply from exception from registration if it only has zero-rated supplies.</p> <p>The language of couple of clauses has been slightly amended</p>
Tax Deregistration cases- Article 21	<p>A Registrant shall apply to the Authority for Tax Deregistration in any of the following cases:</p> <p>1. If he stops making Taxable Supplies.</p> <p>2. If the value of the Taxable Supplies made over a period of (12) consecutive months is less than the Voluntary Registration Threshold and said Registrant does not meet the condition stipulated in Clause (2) of Article (17) of this Decree-Law.</p>	<p>A Registrant shall apply to the Authority for Tax deregistration in any of the following cases:</p> <p>a. If he stops making Taxable Supplies.</p> <p>b. If the value of the Taxable Supplies made over a period of 12 consecutive months is less than the Voluntary Registration Threshold and the Registrant does not meet the condition stipulated in Clause 2 of Article 17 of this DecreeLaw.</p> <p>2. The Authority may, in accordance with the controls and conditions specified in the Executive Regulation</p>	<p>Clause 2 added in Article 21 to give authority the right to issue a Tax deregistration decision, if it may prejudice the integrity of the Tax system</p> <p>Clause 3 added in Article 21 to give right to authority to claim any tax or penalty even after de-registration</p>

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		<p>of this Decree-Law, issue a Tax deregistration decision, if the Authority finds that continuity of such Tax Registration may prejudice the integrity of the Tax system.</p> <p>3. Tax deregistration shall not result in the relinquishment of the Authority’s right to claim any Due Tax or Administrative Penalties.</p>	
<p>Date of supply in special cases - Article 26</p>	<p>The date of supply of Goods or Services for any contract that includes periodic payments or consecutive invoices is the earliest of any of the following dates, provided that it does not exceed one year from the date of the provision of such Goods and Services:</p> <p>a. The date of issuance of any Tax Invoice.</p> <p>b. The date payment is due as shown on the Tax Invoice.</p> <p>c. The date of receipt of payment.</p> <p>2. The date of supply, in cases where payment is made through vending machines, shall be the date on which funds are collected from the machine.</p> <p>3. The date of Deemed Supply of Goods or Services is the date of their supply, disposal, change of usage or the date of Deregistration, as the case may be.</p> <p>4. The date of a supply of a voucher is the date of issuance or supply thereafter.</p>	<p>The date of supply of Goods or Services for any contract that includes periodic payments or consecutive invoices shall be the earliest of any of the following dates:</p> <p>a. The date of issuance of any Tax Invoice.</p> <p>b. The date payment is due as specified on the Tax Invoice.</p> <p>c. The date of receipt of payment.</p> <p>d. <u>The date of expiration of one year from the date the Goods or Services were provided.</u></p> <p>2. The date of supply, in cases where payment is made through vending machines, shall be the date on which funds are collected from the machine.</p> <p>3. The date of Deemed Supply of Goods or Services shall be the date of their supply, disposal, change of usage or the date of deregistration, as the case may be.</p> <p>4. The date of a supply of a Voucher shall be the date of issuance or supply thereafter.</p>	<p>There has been some change in language and sub clause (d) added in article 26(1) which add one more event/date to determine date of supply that is “the date of expiration of one year from the date the goods or services were provided”</p>
<p>Place of Supply of Goods – Article 27 (3)(a)</p>	<p>The place of supply of Goods that includes Export or Import shall be as</p>	<p>The place of supply of Goods that includes Export or Import shall be as follows:</p>	<p>Clause 4 has been added to Article 27(3)(a) to specify</p>

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	<p>follows:</p> <p>a. Inside the State in the following instances:</p> <p>1) If the supply includes exporting to a place outside the Implementing States.</p> <p>2) If the Recipient of Goods in an Implementing State is not registered for Tax in the state of destination, and the total exports from the same supplier to this state does not exceed the mandatory registration threshold for said state.</p> <p>3) The Recipient of Goods does not have a Tax Registration Number in the State, and the total exports from the same supplier in an Implementing State to the State exceeds the Mandatory Registration Threshold.</p>	<p>a. Inside the State in the following instances:</p> <p>1) If the supply includes exporting to a place outside the Implementing States.</p> <p>2) If the Recipient of Goods in an Implementing State is not registered for Tax in the state of destination, and the total exports from the same supplier to this state does not exceed the Mandatory Registration Threshold for such state.</p> <p>3) If the Recipient of Goods in the State does not have a Tax Registration Number, and the total exports from the same supplier in an Implementing State to the State exceeds the Mandatory Registration Threshold.</p> <p><u>4) If Clause 1 of Article 26 of this Decree-Law applies, and the ownership of Goods is transferred in the State.</u></p>	<p>that the place of supply of goods involving export or import will be in the UAE where the supply is a continuous supply that falls under the date of supply rules in Article 26(1) of the VAT Law and the ownership in the goods is transferred in the UAE.</p>
Place of supply in special cases - Article 30(8)	<p>For the Supply of transportation Services, the place of supply shall be where transportation starts. The Executive Regulation of this Decree-Law shall specify the place of supply for transportation Services if the trip includes more than one stop.</p>	<p>For the supply of transportation Services <u>or Transport-related Services</u>, the place of supply shall be where the transportation starts. The Executive Regulation of this Decree-Law shall specify the place of supply for transportation Services and Transport-related Services if the trip includes more than one stop.</p>	<p>Clause 8 of Article 39 is amended to add that the place of supply for transport-related services will also be the place where the transportation starts.</p>
The Agent - Article 33	<p>The Place of Residence of an agent shall be regarded as the Place of Residence of the principal in the following two cases:</p> <p>1. If the agent regularly exercises the right of negotiation and enters into agreements in favor of the principal.</p> <p>2. If the agent maintains a stock of Goods to fulfil supply agreements for the</p>	<p><u>The Place of Residence of the principal</u> shall be considered as being the Place of Residence of the agent in any of the following cases:</p> <p>1. If the agent regularly exercises the right of negotiation and enters into agreements in favor of the principal.</p> <p>2. If the agent maintains a stock of Goods to fulfil supply agreements for the principal regularly.</p>	<p>Previously it was stated that, the place of residence of the agent shall be the place of residence of the principal. However, the new amendment states that the place of residence of a principal to be the place of residence</p>

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	principal regularly.		of the agent in the specified cases.
Value of supply and Deemed supply for related parties - Article 36	As an exception to Articles (34) and (35) of this Decree-Law, the value of the supply or Import of Goods or Services between Related Parties shall be considered equal to the market value if the following conditions are met: 1. The value of the supply is less than the market value. 2. If the supply is a Taxable Supply and the Recipient of Goods or Recipient of Services does not have the right to recover the full Tax that would have been charged to such supply as Input Tax.	As an exception to Articles 34, 35, and 37 of this Decree-Law, the value of the supply or Import of Goods or Services between Related Parties shall be considered equal to the market value if all of the following conditions are met: 1. The value of the supply is less than the market value. 2. If the supply is a Taxable Supply and the Recipient of Goods or Recipient of Services does not have the right to recover the full Tax that would have been charged on such supply as Input Tax.	Article 36 will override the Article 37 for determining value of deemed supply in case of related parties.
Goods and Services Subject to Zero Rate - article 45	The Zero rate shall apply to the following Goods and Services: 1. A direct or indirect Export to outside the Implementing States as specified in the Executive A direct or indirect Export to outside the Implementing States as specified in the Executive Regulation of this Decree-Law. 2. International transport of passengers and Goods which starts or ends in the State or passes through its territory, including also services related to such transport. 3. Air passenger transport in the State if it is considered an “international carriage” pursuant to Article (1) of the Warsaw Convention for the Unification of Certain Rules Relating to	The zero rate shall apply to the following Goods and Services: 1. A direct or indirect Export of Goods and Services to outside the Implementing States as specified in the Executive Regulation of this Decree-Law. 2. International transport of passengers and Goods which starts or ends in the State or passes through its territory, including Transport-related Services . 3. Air passenger transport in the State if it is considered an “international carriage” pursuant to Article 1 of the Warsaw Convention for the Unification of Certain Rules Relating to International Carriage by Air 1929.	Article (clauses 4, 5 6 and 14) has been amended to cover certain categories of import of goods as subject to zero-rate of VAT, including the import of means of transportation, import of goods related to means of transportation and import of rescue planes and ships; and import of concerned related goods related to supply of preventive and basic healthcare services..

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	<p>International Carriage by Air 1929.</p> <p>4. Supply of air, sea and land means of transport for the transportation of passengers and Goods as specified in the Executive Regulations of this Decree-Law.</p> <p>5. Supply of Goods and Services related to the supply of the means of transport mentioned in Clause (4) of this Article and which are designed for the operation, repair, maintenance or conversion of these means of transport.</p> <p>6. Supply of aircrafts or vessels designated for rescue and assistance by air or sea.</p> <p>7. Supply of Goods and Services related to the transfer of Goods or passengers aboard land, air or sea means of transport pursuant to Clauses (2) and (3) of this Article, designated for consumption on board; or anything consumed by any means of transport, any installations or addition thereto or any other use during transportation.</p> <p>8. The supply or Import of investment precious metals. The Executive Regulation of this Decree-Law shall specify the precious metals and the standards based on which they are classified as being for investment purposes. This is an unofficial translation</p> <p>9. The first supply of residential buildings within (3) years of its completion,</p>	<p>4. Supply or Import of air, sea and land means of transport for the transportation of passengers and Goods as per the criteria and conditions specified in the Executive Regulation of this Decree-Law.</p> <p>5. Supply of Goods or Services, or Import of Concerned Goods, related to the supply of the means of transport mentioned in Clause 4 of this Article and which are designated for the operation, repair, maintenance or conversion of these means of transport.</p> <p>6. Supply or Import of air or sea rescue and assistance aircrafts or vessels.</p> <p>7. Supply of Goods and Services related to the transport of Goods or passengers aboard air, sea and land means of transport pursuant to the provisions of Clauses 2 and 3 of this Article, designated for consumption on board; or anything consumed by any means of transport, any installations or addition thereto or any other use during transportation.</p> <p>8. The supply or Import of investment precious metals. The Executive Regulation of this Decree-Law shall specify the precious metals and the standards based on which they are classified as being for investment purposes.</p>	

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	<p>either through sale or lease in whole or in part, according to the controls specified in the Executive Regulation of this Decree-Law .</p> <p>10. The first supply of buildings specifically designed to be used by Charities through sale or lease according to the controls specified in the Executive Regulation of this Decree-Law.</p> <p>11. The first supply of buildings converted from non-residential to residential through sale or lease according to the conditions specified in the Executive Regulation of this Decree-Law.</p> <p>12. The supply of crude oil and natural gas.</p> <p>13. The supply of educational services and related Goods and Services for nurseries, preschool, elementary education, and higher educational institutions owned or funded by Federal or local Government, as specified in the Executive Regulation of this Decree-Law.</p> <p>14. The supply of preventive and basic healthcare Services and related Goods and Services according to what is specified in the Executive Regulation of this Decree-Law.</p>	<p>9. The first supply of residential buildings within 3 years of its completion, either through sale or lease in whole or in part, according to the controls specified in the Executive Regulation of this Decree-Law.</p> <p>10.The first supply of buildings specifically designed to be used by Charities through sale or lease according to the controls specified in the Executive Regulation of this Decree-Law.</p> <p>11.The first supply of buildings converted from non-residential to residential through sale or lease according to the conditions specified in the Executive Regulation of this Decree-Law. 12 Article amended as per Federal Decree-Law No. 18 of 2022 Federal Decree-Law No. 8 of 2017 and its amendments – Unofficial translation 22</p> <p>12.The supply or Import of crude oil and natural gas.</p> <p>13.The supply of educational services and related Goods and Services for nurseries, preschool, school education, and higher educational institutions owned or funded by Federal or local Government, as specified in the Executive Regulation of this Decree-Law.</p> <p>14.The supply of preventive and basic healthcare Services and related Goods and Services, and <u>Import of concerned related Goods</u> according to what is specified in the Executive Regulation of this Decree-Law.</p>	
Supply Exempt from Tax – Article 46	The following supplies shall be exempt from Tax:	The following shall be exempt from Tax:	Language amended slightly

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	<p>1. Financial services that are specified in the Executive Regulation of this Decree-Law.</p> <p>2. Supply of residential buildings through sale or lease, other than that which is zero-rated according to Clauses (9) and (11) of Article (45) of this Decree-Law.</p> <p>3. Supply of bare land.</p> <p>4. Supply of local passenger transport.</p> <p>The Executive Regulation of this Decree-Law shall specify the conditions and controls for exempting the supplies mentioned in the preceding clauses of this Article.</p>	<p>1. Supply of financial services that are specified in the Executive Regulation of this Decree-Law.</p> <p>2. Supply of residential buildings through sale or lease, other than that which is zero-rated according to Clauses 9 and 11 of Article 45 of this Decree-Law.</p> <p>3. Supply of bare land.</p> <p>4. Supply of local passenger transport.</p> <p>The Executive Regulation of this Decree-Law shall specify the conditions and controls for exempting the supplies mentioned in the preceding clauses of this Article.</p>	<p>and the word “supply of” has been added to clause 1</p>
<p>Reverse charge - Clause 3 of Article 48 and clause 8 added under amended law</p>	<p>Article 48(3) If a Registrant makes a Taxable Supply in the State to another Registrant of any crude or refined oil, unprocessed or processed natural gas, or any hydrocarbons, and the Recipient of these Goods intends to either resell the purchased Goods as crude or refined oil, unprocessed or processed natural gas, or any hydrocarbons, or use these Goods to produce or distribute any form of energy, the following rules shall apply: a. the Registrant making the Supply shall not charge Tax on the value of the supply of the The Registrant making the Supply shall not charge Tax on the value of the supply of the Goods referred to in this paragraph. b. The Recipient of the Goods shall calculate the Tax on the value of the Goods supplied thereto</p>	<p>Article 48(3) If a Registrant makes a Taxable Supply in the State to another Registrant of any crude or refined oil, unprocessed or processed natural gas, or Pure Hydrocarbons, and the Recipient of these Goods intends to either resell the purchased Goods as crude or refined oil, unprocessed or processed natural gas, or Pure Hydrocarbons, or use these Goods to produce or distribute any form of energy, the following rules shall apply: a. The Registrant making the Supply shall not account for Tax on the value of the supply of the Goods referred to in this Clause. 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 and for calculating the Due Tax in respect of such supplies.</p> <p>Article 48(8) The Cabinet may issue a decision specifying other Goods or Services that are subject to the reverse charge and specify the relevant</p>	<p>The amendment in clause 3 specifies that the domestic reverse charge will apply to Pure Hydrocarbons defined in the new Decree-Law as “any kind of different pure combinations of a chemical equation made only of hydrogen and carbon”</p> <p>Clause 8 has been added to Article 48 to include other goods or services subject to reverse charge for which a cabinet decision may be issued.</p>

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	and shall be responsible for all applicable Tax obligations and for calculating the Due Tax in respect of such supplies.	conditions and provisions.	
Recovery of Recoverable Input Tax in the Tax Period – Article 55	<p>Taking into consideration the provisions of Article (56) of this Decree-Law, the Recoverable Input Tax may be deducted through the Tax Return relating to the first Tax Period in which the following conditions have been satisfied:</p> <p>a. The Taxable Person receives and keeps the Tax Invoice as per the provisions of this Decree-Law, provided that the Tax Invoice includes the details of the supply related to such Input Tax, or keeps any other document pursuant to Clause (3) of Article (65) of this Decree-Law in relation to the Supply or Import on which Input Tax was paid.</p> <p>b. The Taxable Person pays the Consideration for the Supply or any part thereof, as specified in the Executive Regulation of this Decree-Law.</p> <p>2. If the Taxable Person entitled to recover the</p>	<p>Taking into consideration the provisions of Article 56 of this Decree-Law, the recoverable Input Tax may be deducted through the Tax Return relating to the first Tax Period in which the following two conditions have been satisfied:</p> <p><u>a. If any of the following cases has occurred:</u></p> <p>1) The Taxable Person receives and retains the Tax Invoice as per the provisions of this Decree-Law, provided that the Tax Invoice includes the details of the supply related to such Input Tax, or keeps any other document pursuant to Clause 3 of Article 65 of this Decree-Law in relation to the Supply on which Input Tax was paid.</p> <p><u>2) The Taxable Person imports the Goods, and receives and retains invoices and Import documents in accordance with the provisions of this Decree-Law and its Executive Regulation in relation to the Import on which Input Tax was paid or declared.</u></p> <p><u>3) The Taxable Person imports the Services, and receives and retains invoices in accordance with the provisions of this Decree-Law and its Executive Regulation in relation to the Import on which Input Tax was declared.</u></p> <p>b. The Taxable Person pays the Consideration or any part thereof, as specified in the Executive Regulation of this Decree-Law.</p> <p>2. If the Taxable Person entitled to recover the Input Tax fails to do so</p>	<p>Two new clauses have been added to Article 55 regarding the recovery of input VAT which specify that taxable shall receive and retains invoices and Import documents (for import of goods) in accordance with VAT law & Executive Regulation to recover VAT paid or declared on the import of goods or services</p>

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	Input Tax fails to do so during the Tax Period in which the conditions stated in Clause (1) of this Article have been satisfied, he may include the Recoverable Tax in the Tax Return for the subsequent Tax Period.	during the Tax Period in which the conditions stated in Clause 1 of this Article have been satisfied, he may include the recoverable Input Tax in the Tax Return for the subsequent Tax Period.	
Recovery of Tax by Government Entities and Charities – Article 57	A Cabinet Decision shall be issued at the suggestion of the Minister determining the Government Entities and Charities entitled to recover the full amount of Input Tax paid by them, except for: 1. Tax excluded from recovery as specified in the Executive Regulation of this Decree-Law. 2. Tax paid for Goods and Services used to perform exempt supplies.	<u>Without prejudice to the general provisions of Input Tax recovery,</u> Government Entities and Charities entitled to recover the full amount of Input Tax shall be determined in a Cabinet Decision issued upon the recommendation of the Minister, according to the following: a. Input Tax paid by the Government Entity for the purposes of its Sovereign Activities. b. Input Tax paid by the Charity for the purposes of its Relevant Charitable Activity. 2. As an exception to the provisions of Clause 1 of this Article, the following shall be excluded from recovery: a. Tax excluded from recovery as specified in the Executive Regulation of this Decree-Law. b. Tax paid for Goods and Services used to perform Exempt Supplies.	It is now clearly mentioned in Article 57 that government entities can recover input VAT that is incurred for the provision of sovereign activities. Similarly, charitable organizations can recover input VAT that is incurred for the provision of relevant charitable activities. An exception clause has also been added.
Instances and Conditions for Output Tax Adjustments – Article 61(1)	1. A Registrant shall adjust Output Tax after the date of supply in any of the following instances: a. If the supply was cancelled. b. If the Tax treatment of the supply has changed due to a change in the nature of the supply. c. If the previously agreed Consideration for the supply was altered for any reason. d. If the Recipient of Goods or Recipient of Services returned them to the Registrant in full or in part	1. A Registrant shall adjust Output Tax after the date of supply in any of the following instances: a. If the supply was cancelled. b. If the Tax treatment of the supply has changed due to a change in the nature of the supply. c. If the previously agreed Consideration for the supply was altered for any reason. d. If the Recipient of Goods or Recipient of Services returned them to the Registrant in full or in part and the Consideration was returned in full or in part.	The new amendment covers a scenario where the taxable person applies an incorrect tax treatment. and output tax can be adjusted after the date of supply in such case.

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	and the Consideration was returned in full or in part. e. If the Tax was charged in error.	e. If the Tax was charged <u>or Tax treatment was applied</u> in error.	
Mechanism for Output Tax Adjustment - Article 62(2)	2. If the Output Tax calculated by the Registrant exceeds the Output Tax which should have been charged on the supply, the Registrant shall issue a Tax Credit Note according to the provisions of this Decree-Law.	2. If the Output Tax calculated by the Registrant exceeds the Output Tax which should have been charged on the supply, the Registrant shall issue a Tax Credit Note according to the provisions of this Decree-Law <u>within 14 days from the date in which any of the situations</u> provided for in Clause 1 of Article 61 of this Decree-Law took place.	Clause 2 has been amended to include time limit for issuance of tax credit note i.e. within 14 days from the date on which any of the instances provided in Article 61(1) occurs
Conditions and Requirements for Issuing Tax Invoices - Article 65(4)	4. Any Person who receives an amount as Tax pursuant to any document issued by him shall pay this amount to the Authority even if it is not due.	4. Any Person receiving an amount as Tax or issuing a Tax Invoice in respect of an amount, must pay such amount to the Authority, and this amount shall be regarded as being similar to Due Tax under the provisions of this Decree-Law.	Clause 4 has been amended to specify that it is mandatory for the taxable person to pay the VAT to FTA in cases where such a person issues a tax invoice stating VAT on it or receives an amount as VAT
Date of Issuance of Tax Invoice - Article 67	The Registrant shall issue a Tax Invoice within 14 days as of the date of supply as stated in Article (25) of this Decree-Law.	1. The Registrant shall issue a Tax Invoice within 14 days from the date of supply as stated in Article 25 <u>or Article 26</u> of this Decree-Law. <u>2. The Executive Regulation of this Decree-Law shall determine the cases that are subject to periods other than that specified in Clause 1 of this Article, or the cases in which the Tax Invoice shall be issued immediately in accordance with the controls specified therein.</u>	Clause 1 has been amended to specify the date of issuance of tax invoice under Article 26 (date of continuous supply) to be 14 days from the date of the supply. Clause 2 has been added to Article 67
Excess Recoverable Tax – Article 74	1. With the exception of what will be stipulated in the Executive Regulation of this Decree-Law, the Taxable Person shall carry forward any excess of Recoverable Tax to the subsequent Tax Periods and offset such excess	1. Subject to the provisions of the Tax Procedures Law and its Executive Regulation, and without prejudice to the Authority's right to offset in accordance with the provisions of Clause 2 of this Article, the Taxable Person shall be entitled to apply to the Authority to recover excess	The language of clauses has been amended but the actual implications of the provisions remain same.

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	<p>against Payable Tax or any Administrative Penalties imposed under this Decree-Law or Federal Law No. (7) of 2017 on Tax Procedures in subsequent Tax Periods until such excess is fully utilised, in the following cases:</p> <p>a. If the Taxable Person’s Recoverable Input Tax set forth in this Decree-Law exceeds the Output Tax payable for the same Tax Period.</p> <p>b. If the Tax paid to the Authority by the Taxable Person exceeds the Payable Tax according to the provisions of this Decree-Law, other than in the instance mentioned in paragraph (a) of Clause (1) of this Article.</p> <p>2. If there remains any excess for any Tax Period after being carried forward for a period of time, the Taxable Person may apply to the Authority to reclaim the remaining excess. The Executive Regulation of this Decree-Law shall specify the time limits, procedures and mechanisms of returning any remaining excess to the Taxable Person.</p>	<p>Recoverable Tax, or part thereof, in accordance with the time limits and procedures specified in the Executive Regulation of this Decree-Law, in the following cases:</p> <p>a. If the Taxable Person’s Recoverable Input Tax set forth in this Decree-Law exceeds the Output Tax payable for the same Tax Period.</p> <p>b. If the Tax paid to the Authority by the Taxable Person exceeds the Payable Tax according to the provisions of this Decree-Law, other than in the instance mentioned in Paragraph (a) of Clause 1 of this Article.</p> <p>2. The Authority shall offset the excess Recoverable Tax against the Payable Tax or any Administrative Penalties imposed in accordance with the provisions of this Decree-Law or Tax Procedures Law.</p> <p>3. If no request is submitted to recover the excess after offsetting, the excess Recoverable Tax will be carried forward to the subsequent Tax Periods.</p>	
<p>Administrative Penalties Assessment – Article 76</p>	<p>Without prejudice to the provisions of Federal Law No. (7) of 2017 on Tax Procedures, the Authority shall issue an Administrative Penalty Assessment to the Person and notify the Person of the same within five (5)</p>	<p>Without prejudice to the provisions of the Tax Procedures Law, the Authority shall issue an Administrative Penalty Assessment to the Person and notify the Person of the same within 5 business days from the date of issuance in any of the following cases: 1. Failure by the Taxable Person to display prices</p>	<p>The language of clauses has been slightly amended but the actual implications of the provisions remain same.</p>

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	<p>business days as of the date of issuance in any of the following cases:</p> <ol style="list-style-type: none"> 1. Failure by the Taxable Person to display prices inclusive of Tax according to Article (38) of this Decree-Law. 2. Failure by the Taxable Person to notify the Authority of applying Tax based on the margin according to Article (43) of this Decree-Law. 3. Failure to comply with the conditions and procedures related to keeping the Goods in a Designated Zone or moving them to another Designated Zone. 4. Failure by the Taxable Person to issue the Tax invoice or an alternative document when making any Supply. 5. Failure by the Taxable Person to issue a Tax Credit Note or an alternative document. 6. Failure by the Taxable Person to comply with the conditions and procedures regarding the issuance of electronic Tax Invoices and electronic Tax Credit Notes. 	<p>inclusive of Tax according to Article 38 of this Decree-Law. 2. Failure by the Taxable Person to notify the Authority of applying Tax based on the margin according to Article 43 of this Decree-Law. 3. Failure to comply with the conditions and procedures related to keeping the Goods in a Designated Zone or moving them to another Designated Zone. 4. Failure by the Taxable Person to issue the Tax invoice or an alternative document when making any Supply. 5. Failure by the Taxable Person to issue a Tax Credit Note or an alternative document. 6. Failure by the Taxable Person to comply with the conditions and procedures regarding the issuance of electronic Tax Invoices and electronic Tax Credit Notes.</p>	
Tax Evasion - Article 77	<p>If it is proven that a Person who is not a Registrant acquires Goods referred to in Clause (3) of Article 48 of this Decree-Law, claiming that he is a Registrant, he shall be considered as having committed Tax Evasion and shall be subject to the penalties provided for in Federal Law No. (7) of 2017 on Tax Procedures.</p>	<p><u>Without prejudice to the instances of Tax Evasion referred to in the Tax Procedures Law</u>, if it is proven that a Person who is not a Registrant acquires Goods referred to in Clause 3 of Article 48 of this Decree-Law, claiming that he is a Registrant, he shall be considered as having committed Tax Evasion and shall be penalised in accordance with the Tax Procedures Law.</p>	<p>The language has been slightly amended but the actual implications of the provisions remain same.</p>
New article (Article 79 bis) - Statute of Limitation	<p>Not included in the previous law</p>	<p>1. Except in cases under Clauses 2, 3, 6, 7 of this Article, the Authority may not conduct a Tax Audit or issue a Tax</p>	<p>The statute of limitation of 5 years will not apply to</p>

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		<p>Assessment to the Taxable Person after the expiration of 5 years from the end of the relevant Tax Period.</p> <p>2. The Authority may conduct a Tax Audit or issue a Tax Assessment to the Taxable Person after 5 years from the end of the relevant Tax Period, if he has been notified of the commencement of such Tax Audit's procedures before the expiration of the 5-year period, provided that the Tax Audit is completed or the Tax Assessment is issued, as the case may be, within 4 years from the date of notification of the Tax Audit.</p> <p>3. The Authority may conduct a Tax Audit or issue a Tax Assessment after the expiration of 5 years from the end of the relevant Tax Period if such Tax Audit or Tax Assessment issuance relates to a Voluntary Disclosure submitted in the fifth year from the end of the Tax Period, provided that the Tax Audit is completed or the Tax Assessment is issued, as the case may be, within one year from the date of submission of the Voluntary Disclosure.</p> <p>4. The Cabinet may, according to a suggestion by the Minister, issue a Decision to amend the period specified for the completion of the Tax Audit or the issuance of the Tax Assessment as per Clauses 2 or 3 of this Article.</p> <p>5. No voluntary disclosure may be submitted after the expiration of 5 years from the end of the relevant Tax Period.</p> <p>6. In the case of Tax Evasion, the Authority may conduct a Tax Audit or issue a Tax Assessment within 15 years from the end of the Tax Period in which the Tax Evasion occurred.</p> <p>7. In case of Tax Registration failure, the Authority may conduct a Tax Audit or issue a Tax Assessment within 15 years from the date on which the Taxable Person should have registered for Tax.</p> <p>8. The statute of limitation set forth in this Article shall be interrupted for any of the reasons provided for in the Federal Law No. 5 of 1985, promulgating the Civil Transactions Law, or any other Federal law replacing it.</p>	<p>cases where the FTA has issued a notice to audit the taxable person, provided such an audit is completed within 4 years from the date of issuance of the notice.</p> <p>In the case where the taxable person files a voluntary disclosure in the 5th year from the end of the relevant tax period, the statute of limitation will be extended by one year.</p> <p>No Voluntary disclosure (VD) may be submitted after the lapse of 5 years from the end of the relevant tax period.</p> <p>In case of tax evasion and failure to register, FTA can conduct audit within 15 years</p>
Transitional Rules – Article 80	1. If the supplier receives Consideration or part	1. If the supplier receives Consideration or part thereof or	The language has been slightly

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	<p>thereof or issues an invoice for Goods or Services before the Decree-Law comes into effect, the date of supply shall be the same as the effective date of the Decree-Law in the following instances if they occur after the effective date of the Decree-Law:</p> <ol style="list-style-type: none"> a. Transfer of Goods under the supervision of the supplier. b. Placing the Goods at the recipient's disposal. c. The completion of assembly or installation of the Goods. d. The issuance of the customs declaration. e. The acceptance by the Recipient of Goods of the supply. <p>2. If a contract has been concluded prior to the enforcement of this Decree-Law, regarding a supply to be wholly or partly made after the effective date of this Decree-Law, but such contract does not contain clauses related to Tax on the supply, it shall be treated as per the following:</p> <ol style="list-style-type: none"> a. The Consideration shall be considered inclusive of Tax if chargeable according to this Decree-Law. b. Tax shall be calculated on the supply regardless of whether it has been taken into account when determining the Consideration for the supply. <p>3. The Executive Regulation of this Decree-Law shall set forth special provisions related to the implementation of this Decree-Law where a</p>	<p>issues an invoice for Goods or Services before the Decree-Law comes into effect, the date of supply shall be considered to be the effective date of the Decree-Law in the following instances if they occur after the effective date of the Decree-Law:</p> <ol style="list-style-type: none"> a. Transfer of Goods under the supervision of the supplier. b. Placing the Goods at the recipient's disposal. c. The completion of assembly or installation of the Goods. d. The issuance of the customs declaration. e. The acceptance by the Recipient of Goods of the supply. <p>2. If a contract has been concluded prior to the enforcement of this Decree-Law, regarding a supply to be wholly or partly made after the effective date of this Decree-Law, but such contract does not contain clauses related to Tax on the supply, it shall be treated as per the following:</p> <ol style="list-style-type: none"> a. The Consideration shall be considered inclusive of Tax if chargeable according to this Decree-Law. b. Tax shall be calculated on the supply regardless of whether it has been taken into account when determining the Consideration for the supply. <p>3. The Executive Regulation of this Decree-Law shall determine the provisions for the application of the Decree-Law where a contract has been concluded before the effective date of this Decree-Law but the Goods and Services were</p>	<p>amended but the actual implications of the provisions remain same.</p>

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	contract has been concluded before the effective date of the Decree-Law but the supply under the contract is wholly or partly made after the effective date of this Decree-Law.	supplied wholly or partly after the effective date of this Decree-Law.	
Article (83)	In case of absence of a special provision in this Decree-Law, the provisions of Federal Law No. (7) of 2017 on Tax Procedures shall be applied.	In the absence of any special provision in this Decree-Law, the provisions of the Tax Procedures Law shall be applied.	Just a small change in language to mention the word "Tax procedures law" since the Tax procedures law definition has been added under Article 1

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