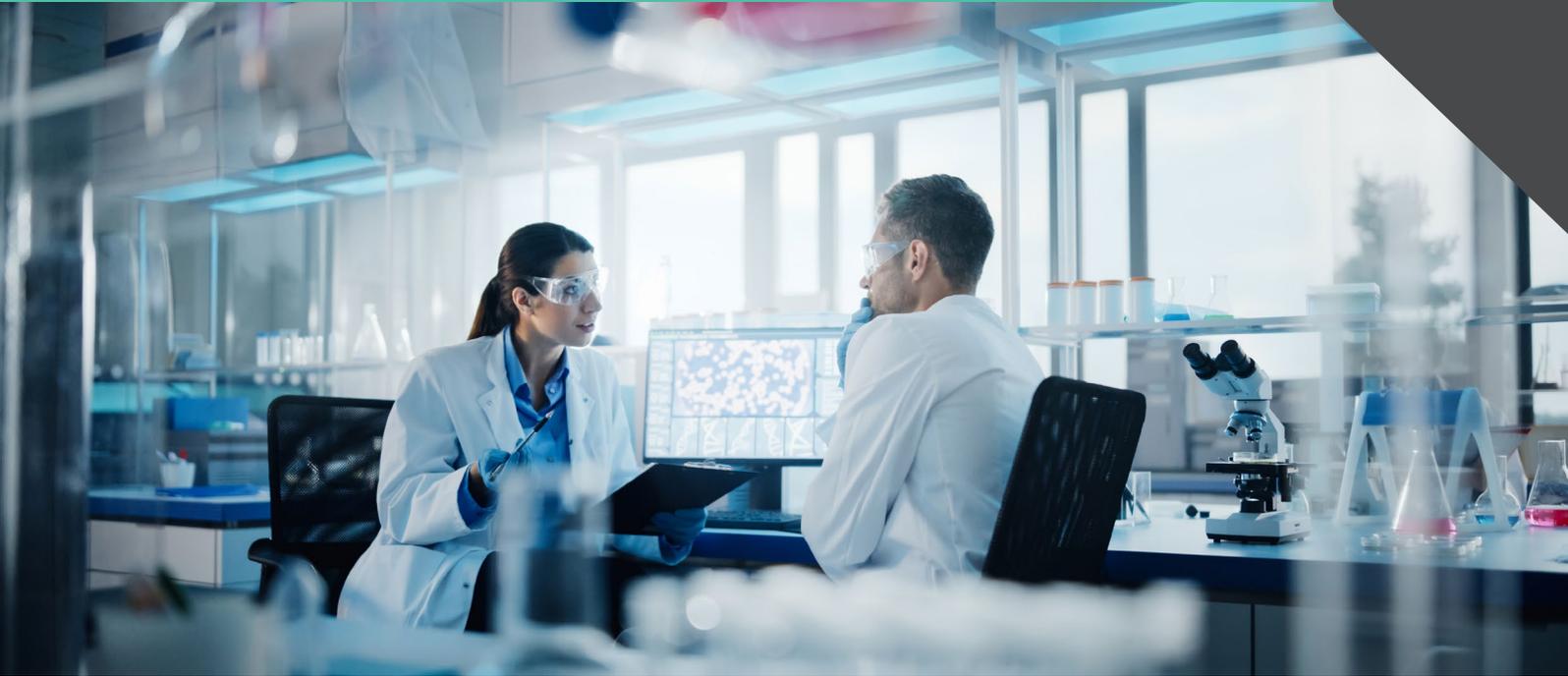


Tax Newsletter



Application of Tax at the Zero-rate on Certain Medical Equipment

The Federal Tax Authority (FTA) released decisions regarding the temporary zero rating of supplies of certain personal protective equipment.

The decision concerns the temporary application of VAT at the 0% rate on certain supplies and imports of medical equipment. The Ministerial Decision No. 380 of 2020 ("Ministerial Decision") issued by the Minister of Health and Prevention on 6 December 2020 (with effect from 1 September 2020) specifies the medical equipments that are zero-rated in accordance with the Cabinet Decision. Such medical equipment are limited to below:

- Medical face masks
- Half filtered face masks
- Non-Medical "community"

- Single-use gloves
- Chemical disinfectants and antiseptics

A supply or import of above medical equipment may be zero-rated **within 6 months** from the **effective date of the Cabinet Decision**. The dates will be determined as below,

- In case of imports, the date on which such medical equipment are imported into the State
- In case of supply within the state, the date of delivery to the recipient or the date on which they are placed at the recipient's disposal.

Since effective date is 1 September 2020, so it will apply from start of this period till the end of February 2021 i.e. 28 February 2021.

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- Oman tax authority (OTA) issued VAT guides and resolutions
- Bahrain National Bureau for Revenue (NBR) issues a public clarification (VAT/PC/20/3) to amend the place of supply rules for telecommunication services

KSA: GSTC guide for tax grievances

KSA General Secretariat of the Tax Committees (GSTC) issued a guide recently to explain the process for the taxpayers for filing any appeals for all types of tax grievances such as corporate tax, withholding tax, VAT, Excise and Zakat.

The guide mentions the requirements for filing the appeals/claims via the GSTC portal.

Further, the timelines for filing an appeal has also been included in the guide, which makes it important for the taxpayers to go through the guide if they are looking at filing an appeal.



There are further details on the process for hearing sessions of the Committee and also it has been specified in the guide that there are certain cases of decisions, which are considered final and cannot be appealed in future e.g. where claims do not exceed SAR 50,000 etc.

FTA to deactivate VAT 301 - import declaration form for VAT payment



Since the implementation of VAT in UAE, the VAT301 form has been available on e-services portal to manually process the VAT payment on Customs Declarations using the Tax Registration Number (TRN).

Recently, Federal Tax authority (FTA) has communicated with the taxpayers that the VAT301 form will be discontinued shortly for users who have a valid TRN and were using this form earlier for settlements via their VAT returns. For the VAT registrants who already have a valid TRN, in order to continue being able to import goods via customs, they will need to ensure that their custom code is linked to their TRN.

If a registrant does not have a customs code, it will require registering with the Customs Department and linking their new customs code with their TRN.

Alternatively, one will only be able to import goods via a clearing company that is registered with

the FTA or only use form VAT301 to utilize the payment option.

Below entities can still request to open form VAT 301 for VAT settlements based on customs declaration through FTA online services:

- Designated entities exempted by FTA.
- Free zone Companies that exports through land to GCC Countries from designated zones for the VAT purpose.
- FTA approved shipping and clearance agencies to clear shipments of on behalf of registered and non-registered importers with FTA.

To submit application to open VAT301 form, there is a form "VAT 301 settlement access form" which is available on FTA website.

This will need to be filled and sent to VAT301application@tax.gov.ae along with applicable documents such as sample GCC transit customs declarations for review and approval.

Oman tax authority (OTA) issued VAT guides and resolutions

Please find below list of resolutions, which have been issued recently by OTA:

Resolution No. 1/2021 – This resolution has been issued to set the mandatory and voluntary registration thresholds. Mandatory threshold determined as OMR 38,500 and Voluntary threshold determined as OMR 19,250

Resolution No. 2/2021 – This resolution has been issued to determine the list of food products which are subject to VAT at zero-percent

Resolution No. 3/2021 – This resolution has been issued to set the phased timelines and due dates for registration as below:



MANDATORY REGISTRATION

Phase	Taxable Turnover (OMR)	Mandatory registration timelines	VAT effective date
Phase 1	Above 1 million	1-Feb-2021 to 15-Mar-2021	16 April 2021
Phase 2	From 500,000 upto 1 million	1-Apr-2021 to 31-May-2021	01 July 2021
Phase 3	From 250,000 and upto 499,999	1-Jul-2021 to 31-Aug-2021	1 Oct 2021
Phase 4	From 38,500 to 249,999	1-Dec-2021 to 28-Feb-2022	1 Apr 2022

VOLUNTARY REGISTRATION

It is available for businesses making minimum annual taxable turnover or expenses over OMR 19,250. They may apply for registration starting from 1st February 2021

In addition to the executive decisions, two VAT guides have also been issued by OTA:

- 1. A guide on how to get ready for VAT** - This guide explains the steps to be taken by businesses for VAT implementation which includes understanding the VAT provisions, early planning for the implementation process, carrying out the various actions, testing of the systems and post implementation monitoring and accurate recording.
- 2. VAT registration guide** – This guide explains the process related to VAT registration during the transition period

Bahrain National Bureau for Revenue (NBR) issues a public clarification (VAT/PC/20/3) to amend the place of supply rules for telecommunication services:

The amendment will be effective from 1st February 2021 i.e. these new rules should be applied where a tax due date for a supply of telecommunication services occurs on or after 1st Feb 2021.

Amended rules will be as follows:

- For telecommunications services that require the customer to be physically present in a specific location to use them (such as a wi-fi hotspot or an internet café), the **place of use and enjoyment** is that specific location, so there is no change in place of supply rules for these kinds of services.
- For all other telecommunications services, the **place of use and enjoyment** is the place of residence of the customer.

The supplier of the service should determine the place of residence of the customer by reference to the following:

- » Customer's IP address;
- » SIM card country code used by the customer to receive the service;
- » Customer's billing address;
- » Customer's bank account; and
- » Other commercial information.

Note: *The place of supply cannot shift from Bahrain where the country code of the SIM card is Bahrain.*

As per NBR, evidence of actual residence in another country will be satisfactory if it comprises **at least two documents** clearly showing the same address for the person in another Country.

Below documents will be considered as valid documents:

- Residence permit/ID card,
- Bank statement,
- Utility bills,
- Tax return and
- Certificate of tax residence issued by a tax authority

NBR expects that the supplier should either:

1. See original documents and retain hard or electronic copies with the signature of an employee who confirms that he has had sight of the original document and the date that the copy was retained; or
2. Obtain copies, which have been certified (e.g. by a lawyer or notary) as true copies of the original.

IMPLICATIONS OF THE AMENDMENT

S.No.	Scenario	Implication
1.	Charges from Bahrain resident telecommunication providers (telcos) to non-resident telcos under roaming agreements	Outside the scope of Bahrain VAT
2.	Non-Resident telcos charging Bahrain resident telcos under roaming agreements	Bahrain resident telco will account for VAT under RCM
3.	Non-resident telcos supplying services to non-residents visiting Bahrain	Outside the scope of Bahrain VAT
4.	Bahrain resident customer of Bahrain resident telcos roaming internationally	Bahrain VAT to be charged as services is provided to Bahrain resident.

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