



Tax Newsletter

United Arab Emirate: VAT update on Automotive Sector (VATGAM1)

Federal Tax Authority (“FTA”) has recently issued a guide on Automotive Sector. This guide provides information and guidance on how VAT affects businesses, which operate within the automotive sector.

The guide mainly covers following topics with detailed explanation and examples.

- Sales of New Car within UAE as outright sales or under hire purchase agreement
- Sale of pre-owned cars,
- The import and export of cars,
- Leasing of Cars,
- Warranties related to car
- Promotions/Discounts provide on car or provided with Car
- Auctioneering.

FTA has clarified the position on the additional recovery made by leasing company other than leasing charges e.g. salik charges. It has been mentioned in the guide that these are in nature of recharge of cost to the customer and will be subject to vat at 5%.

[Click here to read our detailed blog on VAT update on Automotive Sector.](#)

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UAE VAT update - Guide for VAT Refund for UAE nationals building New Residences (VATGRH1)

Federal tax authority (“FTA”) has recently issued revised guide for VAT Refund for UAE Nationals Building New Residences:

Please refer below key updates made in guide:

1. Revised Section 2.2 to define ‘residence’.

Any building (including townhouses and villas) used primarily as a natural person's private home, including fixtures and fittings belonging to and enjoyed therewith, which include at least kitchen and washroom/bathroom facilities in addition to sleeping quarters, is referred to as a "residence."

2. Revised Section 3 on deadlines for application.

The Refund Request must be sent to the FTA within 12 months from the date of completion of the newly built residence which is the earlier of the date:

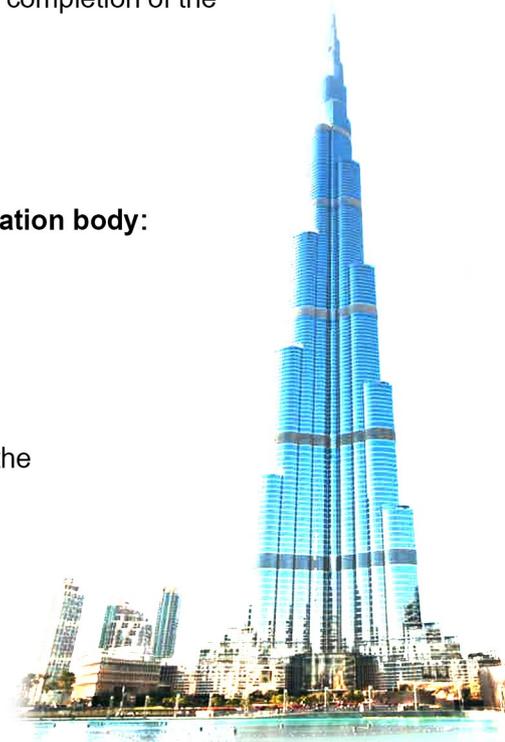
- The Residence is Occupied; Or
- When a Competent Body in the UAE certifies it as completed (on Receipt of the Building Completion Certificate).

3. Revised Section 4.6 on documents required to be submitted to the verification body:

- Copies of the construction contract (including addendums);
- Copies of the consultancy agreement (including addendums);
- Copies of variation orders.
- Copies of invoices that include returned items; and
- Copies of credit notes.
- Lump-sum tax invoices and proof of payments provided by the contractor and the Consultant to the owner; and
- Relevant tax invoices and proof of payments (for example, receipts).

4. Former section 5 which was having details of “Processing of the Refund by the FTA” has been deleted and has been incorporated in Section 4.

5. FTA has updated the Appendices in the latest guide. [Click here to refer the guide.](#)





DUBAI CUSTOMS

Notice No. (10/2021)

Dubai Customs has recently issued Notice No. 10/2021 on the payment of definitive anti-dumping duties against GCC imports of ceramic flags and paving, hearth, floor, or wall tiles originating in or exported from India and China on 6th July 2021

This Notice shall come into effect from 1st July 2021.

This Notice mention the procedures required to be carried out for payment of the duties.

Companies importing ceramic flags and paving, hearth, floor, or wall tiles originating in or exported from India and China are required to fill in the declaration and undertaking form issued by custom department and need to submit this at the time of custom clearance. These duties shall be paid through the customs systems.

Company has to specify the amount of the payable antidumping duties through the application of the dumping margins on companies. These duties will be calculated on percentage of the CIF value which ranges from 23.5% to 106%

Notice No. (12/2021)

Dubai Customs has recently issued Notice No. 12/2021 regarding the imposition of a definitive anti-dumping duty on the GCC imports of plates, sheets and strips of aluminum alloys originating in or exported from China.

It will be imposed on plates, sheets and strips of aluminum alloys of a thickness greater than 0.2mm but not exceeding 8mm, which fall under HS codes 76061200 and 76069200. This excludes products of polished, coated and heat treatable aluminum alloy as well as those used for manufacturing beverage cans and their lids.

Anti-dumping duty will be levied as 33% of CIF value of imports.





Oman Tax Update: 'local filing' of Country by Country Report (CbCR) suspended

Oman Tax Authority (OTA) has issued circular on July 07, 2021 and notified Multinational Enterprises (MNEs) and its subsidiaries and branches operating in the Sultanate of Oman that the implementation of local filing requirements of CbCR mentioned in the decision of Tax Authority Chairman No. 79/2020 is suspended until further notice.

CbCR is applicable to Multinational Enterprises ("MNE") Groups with consolidated revenue of not less than **OMR 300 million** during the year immediately preceding the Reporting Fiscal Year.

OTA clarified that suspension on local filing (i.e. filing of CbCR report) is only in case of UPEs that are resident outside Oman.

Also, the requirement of submission of CbCR notification shall continue to apply.



Kingdom of Saudi Arabia (KSA) VAT Update

End of the transitional period for VAT rate increase

KSA had increased vat rate from 5% to 15% effective from 1st of July 2020.

Zakat, Tax and Customs Authority ("ZATCA") in Saudi Arabia had announced transitional rules governing supplies that were made during the transitional period for the VAT rate increase i.e. from 11 May 2020 to 30 June 2021.

From 1st July 2021 onwards VAT rate should be 15% applicable to all supplies made except where it is zero-rated or exempt.

Further to these businesses should note that for the credit note issued after 1st July 2021 should be linked to original supply and accordingly business should apply the VAT rate which was applicable to original supply.

KSA VAT refund to eligible real estate developers

ZATCA issued circular to provide information and guidance for real-estate developers regarding the registration process to get the refund of Input VAT.

This circular provide the reference to Royal Decree A/84 dated 1 October 2020 and provisions of Article 70(14) of the KSA VAT Implementing Regulations, according to which real-estate developer can register as eligible person to get the refund of Input VAT paid on exempt real-estate Activities.

Based on above application ZATCA will register the real-estate developer as licensed real-estate developer, who will be then eligible to submit the refund application.

Below points should be looked at while making the application:

- Quarterly or yearly refunds period are available
- No more than one refund request may be submitted for the Quarterly period or for the calendar year.
- All redemption requests must be submitted within six months from the end of the relevant calendar year. If the period has passed, the eligible person's right to a tax refund will be forfeited.
- The amount of total Input VAT to be reclaimed in each request must not be less than SAR 1,000

Refund application should contain following particulars:

- VAT refund registration number should be mentioned on all Correspondence with the authority
- Name and VAT registration number of the supplier, invoice date, invoice number, total invoice amount, VAT amount and description of goods or services
- Detail of VAT paid for services or goods for which a tax invoice has been issued by the taxable person and that dated within the refund period.
- Bank account number

CONTACT

+971 4 354 2959

info@premier-brains.com

www.premier-brains.com

OFFICE LOCATIONS

ABU DHABI BAHRAIN
DUBAI INDIA
KUWAIT OMAN

FOLLOW US

