

Tax Newsletter



UAE VAT bulletin Automotive Sector

Tax information bulletin is relating to businesses such as:

- New car dealers
- Used car dealers
- Servicing and parts' suppliers

VAT implication on supplies made by automotive sector

- Supplies made by the businesses under automotive sector are usually subject to VAT, including below:
- Sales of new and used cars
- Sales of car parts
- Service centers' services, warranties, and related insurance products

Zero rating of Supplies under automotive sector

- Supplies of qualified means of transport, such as buses that are designed or adapted for public transportation of 10 or more passengers and are actually used for public transportation are, however zero-rated for VAT purposes

Other key highlights of the tax bulletin are as follows:

- The profit margin scheme may be applied to the sale of used cars that have previously been subject to UAE VAT on the purchase. Where VAT is charged with reference to the profit margin scheme, the tax invoice should clearly state that VAT was charged with reference to the profit margin scheme and must include all other information required on a tax invoice except the amount of VAT
- Warranty packages sold separately to the customer will be subject to standard rate of VAT in the first instance.
- Subsequent supply of repair services and parts under warranty claims will be treated as out of scope of VAT if no separate charges are recovered from customer.
- Repair and Maintenance services physically provided in UAE to the motor vehicles will be treated as standard rated supplies regardless if it is charged to an entity, which is established outside UAE

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UAE VAT Public clarification on Zero-rating certain medical equipment

FTA published public clarification (VAT P025) on Zero-rating certain medical equipment and extended the temporary zero rating decision till 31st Dec 2021 from the previous announced date of 28th February 2021 (as per earlier public clarification VATP023).

Some of the key highlights of VATP025 are as follows:

- The clarification prescribes that the supply or import of certain personal protective equipment during the period from **1 September 2020 to the extended date of 31st Dec 2021** (*previous date was 28th February 2021*) and used for protection from the coronavirus (COVID-19) disease is considered to be medical equipment subject to VAT at a zero-rate (0%). Eligible medical equipment is limited to the following items:
 - » Medical face masks that are not included in the Cabinet Decision No. 56 of 2017 on Medications and Medical Equipment Subject to Tax at Zero Rate (of approved standards 14683 and UAE.S ASTM F2100);
 - » Half filtered face mask (UAE.S EN 149)
 - » Non-Medical "community" face mask made from textile (UAE.S 1956);
 - » Single-use gloves (UAE.S ISO 374-2); and
 - » Chemical disinfectants and antiseptics intended for use on the human



- The medical equipments mentioned in the Ministerial Decision are zero-rated in the following circumstances:
 - » The medical equipment is delivered to the recipient or placed at the recipient's disposal in the period from 1 September 2020 to 31 December 2021.
 - » In respect of imports of medical equipment, an import can be zero-rated when the medical equipment is imported in the period from 1 September 2020 to 31 December 2021.
 - The zero-rating rules **do not apply** in respect of any supply of medical equipment where the date of supply, date of delivery or date of import to the recipient falls outside the period from 1 September 2020 to 31 December 2021.
 - In such situations, the supply of medical equipment is subject to VAT at 5% and this VAT must be reported in the tax return of the **relevant tax period (or periods)** where the date of supply occurs. Similarly, medical equipment cannot be zero-rated where the date of import is either before 1 September 2020 or after 31 December 2021.
- The rules allowing for zero-rating of medical equipment under the Cabinet Decision are effective from 1 September 2020. In situations when a supplier is aware of the identity of a recipient of eligible equipment, a tax credit note is to be issued and delivered to the recipient in order to allow for a refund of any VAT overcharged on the supply of the eligible equipment during the relevant period. If the recipient cannot be identified, the supplier is to report and remit collected VAT amounts to the tax authority.



Oman VAT: Extending list of Zero rated food items

Oman Justice and Legal Affairs has issued Ministerial Decision 65/2021 to Expand the scope of zero-rated food items from 93 to 488 commodities. The full list of the 488 items consist with their HS codes currently identified as zero-rated is available in Ministerial Decision 65/2021 (Arabic);

- ▶ Click the [Link](#) to read the Official Gazette in Arabic.

Premier Brains is pleased to provide you with our unofficial English translation for your reference.

- ▶ Click the [link](#) to access the unofficial English translation.

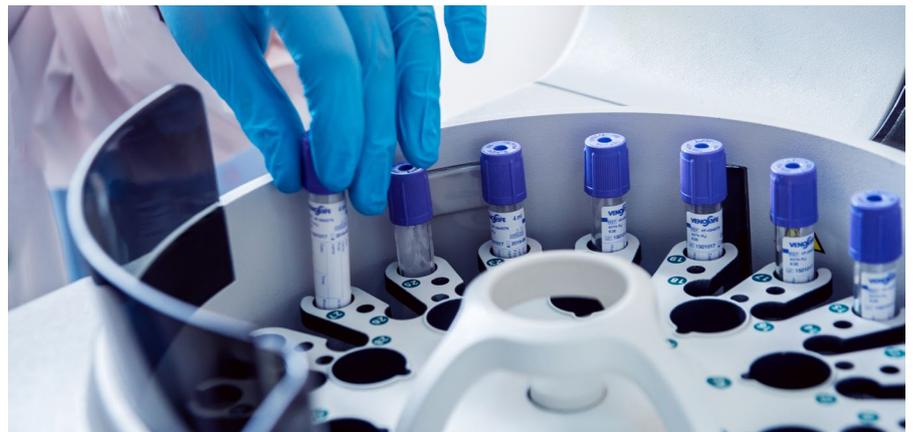
OMAN update on VAT registration:

In Oman, businesses with taxable turnover (actual or expected) in between OMR 500,000 to OMR 1million can now apply for their VAT registration. Registration should be applied by 31st May 2021 and effective VAT registration date will be 1st July 2021. VAT registration process started from 1st April 2021.

The Oman Tax Authority has stated that businesses that are resident in Oman with a valid commercial registration ("CR") can apply for VAT registration via the registration portal (tms.taxoman.gov.om/portal/web/taxportal/home).

Resident businesses that do not hold a valid CR, and businesses which are not resident and meeting the registration thresholds, must apply for VAT registration by completing an excel application form and submit this (with supporting documentation) to the Tax Authority via email (VAT@taxoman.gov.om).

In addition to above the businesses whose taxable turnover or expenses exceed or are expected to exceed the threshold of OMR 19,250 may also register for VAT at any time from 1st February 2021 on a voluntary basis.



Oman VAT: Zero-rating certain medicines and medical equipment

Oman Justice and Legal Affairs has issued Ministerial Decision 59/2021 to define certain medicines and medical equipment subject to VAT at zero rate in the Official Gazette.

The Supplies of medicines, herbal medicines, biological preparations,

health (hygienic) preparations, food for medical use, and medical equipment are subject to value-added tax at zero rates provided there is a release permit is issued by the Ministry of Health in accordance with the customs code.

- ▶ Click the [Link](#) to read the Official Gazette in Arabic.
- ▶ Click [here](#) to access the list of zero rated medicines and
- ▶ Click [here](#) to access the list of zero rated medical equipment.

Kingdom of Saudi Arabia (KSA) update for e-invoicing solution providers

General Authority of Zakat and Tax (GAZT) invites **e-invoicing solution providers and cash register suppliers** to contact the GAZT and register their company to take part in the E-invoicing project.

- The General Authority of Zakat and Tax invites these suppliers to list their contact information by no later than April 30th 2021

for GAZT to contact them with regards to the compatibility of their systems with the e-invoicing requirements.

- GAZT confirms that the purpose of this step is to contribute to the success of the e-invoicing implementation which was officially announced on December 4th, 2020, and the enforcement on taxpayers

subject to it will take effect on December 4th, 2021.

GAZT clarified that e-invoicing solution providers, cash register suppliers, and all other e-invoicing systems are playing a major role in guaranteeing the highest levels of success of the e-invoicing implementation by facilitating taxpayer's compliance.



Bahrain update: Guide on VAT Agent/VAT representative

National Bureau for Revenue (NBR) in Bahrain published a guide in April 2021 on VAT agent or VAT representative.

VAT agent

A VAT agent is a person who is authorized by the NBR to act as an agent on behalf of a VAT payer in his name and on his behalf in relation to the VAT payer's compliance obligations. It is a voluntary appointment (at

discretion and not a requirement of VAT law) by the tax payer subject to the agent being authorized by NBR.

VAT representative

Non-resident VAT payers who are obliged to register for VAT in Bahrain have the option to appoint a VAT representative. A VAT representative replaces the VAT payer in his relationship with the NBR and becomes

responsible for all the VAT payer's obligations towards the NBR.

This guide mainly gives an overview of:

- the requirements for obtaining NBR's approval for getting registered as VAT agent/representative
- rules and procedures for VAT payer to appoint a VAT agent/representative

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