

## UAE VAT Bulletin for 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.

If you would like to discuss any VAT matters, please drop us an email at [info@premier-brains.com](mailto:info@premier-brains.com) or call us at +971 4 3542959.

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