

TAX NEWSLETTER

Monthly Updates on Tax

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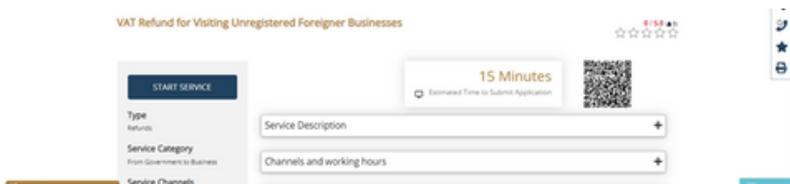
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UAE - VAT Refund for Visiting Unregistered Foreigner Businesses for Calendar Year 2021

The FTA has opened window from March 1,2022 to August 31,2022 to qualifying Non-U.A.E. businesses for filing refund requests to the Federal Tax Authority (FTA) for reclaiming VAT paid during the 2021 calendar year. Only foreign businesses who meet the certain terms & conditions are eligible to apply for a Refund. The eligible business should provide the required documents for verification by the Federal Tax Authority to process the refund claims. The FTA can reject ineligible claims

Timeline:

The Turn-around time for Federal Tax Authority for such application is 4 months from the date of completed application form. The Service can be accessed through FTA's website through a service card.



UAE - Updated Guidance on Economic Substance Reports

The U.A.E. Ministry of finance has recently updated guidance on Economic Substance Report. For key highlights refer to our post through [Link](#)

UAE - Dubai introduces new crypto law, establishes regulatory authority for oversight

In line with global leaders like Singapore, US, UK etc. which have rolled out laws on crypto currencies, Dubai has also introduced its own crypto asset regulation in February 2022. The new law also calls for the establishment of a regulatory entity called Virtual Asset Regulatory Authority (VARA) to regulate the Crypto Currency sector.

Dubai citizens who are interested in engaging in crypto-related activities will be required to register with the VARA. Firms that trade in virtual assets, such as cryptocurrency exchanges and businesses that facilitate bitcoin transactions, would be required to register as well. The Virtual Assets Regulatory Authority will oversee the development of the business environment for virtual assets in terms of regulation, licensing and governance.

The new law will apparently not apply to the DIFC financial free zone. The Dubai Financial Services Authority (DFSA), the DIFC's regulator, is working on its own virtual asset legislation.

Oman Tax Authority issues guide on supplies of goods and services to Education Sector

Oman Tax Authority issues guidance on VAT implications on supply of goods and services related to education sector. Under the current VAT regime in Oman, education services and related goods are exempt from VAT.

The guide addresses the VAT impact on services provided by different institutes like public schools, International Schools etc., it also covers guidance regarding tax impact in case of educational services through distance learning programmes.

The guide also addresses VAT impact on ancillary services provided by educational institutes such as incomes from renting out the property, incomes from donations, sponsorships and advertising etc., the guide also provides insights into input tax recovery rules against services covered under the scope of the guidance note.

The guide is currently available in Arabic which can be accessed through the following [link](#):

Oman Tax Authority issues guide on calculating VAT on Profit Margin Mechanism

Oman Tax Authority issues guidance on calculating VAT based on Profit Margin Scheme. The guide sets out rules and regulations for dealers in second hand goods to which Profit Margin Scheme is applicable.

The VAT in general circumstances is calculated on the gross value of supply. However, the Profit margin scheme notifies goods which are eligible for special VAT calculation method. Under this scheme the suppliers can charge VAT on difference between Selling Price and Purchase Cost (i.e., Profit Margin).

The guide provides detailed definitions of various relevant terminologies covered under the profit margin scheme. It also specifies compliances which the eligible businesses are required to follow to get the benefit of the scheme. The guide also provides guidance on supplies in special cases such as goods sold under partial exchanges, rules related to Input Tax deduction and self-margin invoicing.

The guide is currently available in Arabic which can be accessed through the following [link](#).

Oman VAT- addition of notified food items subject to zero-rated VAT

Oman Tax Authority has issued a decision to expand the list of Notified Food items eligible for zero-rated VAT considering public interest requirements.

Food items subjected to zero rates are described in this resolution. Anything which violates and contradicts the resolution and its provisions shall not be eligible for Zero rating of OMAN VAT. The resolution's decision shall be implemented effective on or after March13,2022.

List of food items can be accessed through the link below

[Tax Authority : Ministerial Decision 89/2022 Amending Ministerial Decesion 65/2021 Determining the Food Products Subject to Value Added Tax at the Rate of Zero Percent \(mjla.gov.om\)](#)



Kuwait - Contemplates introduction of Selective Taxation

As per Media Sources, The Kuwait Government is assessing the introduction of selective taxation primarily on tobacco products, soft and sweetened drinks, expensive goods such as watches, jewelry and precious stones as well as luxury cars and yachts.

For details refer to our post through this [link](#).



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