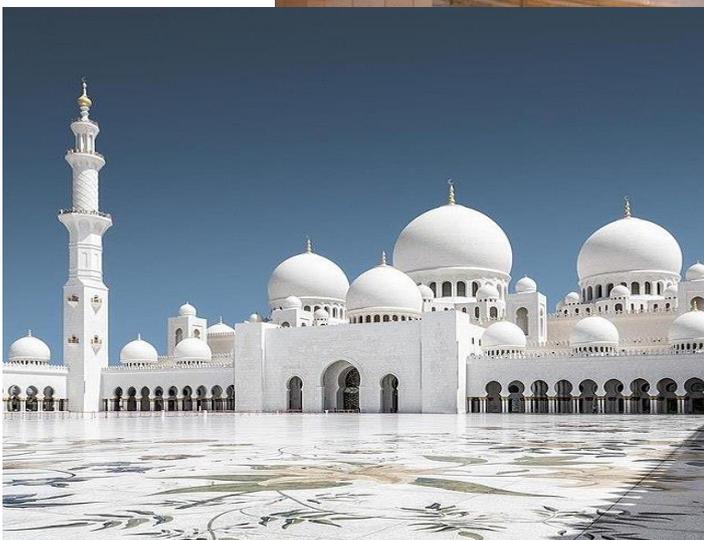
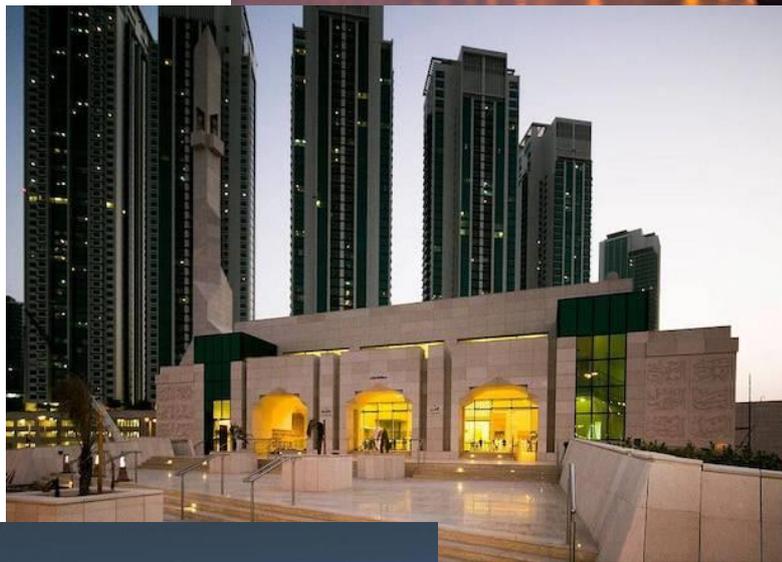


VAT Guide on Refund on VAT Incurred on Mosques and Cabinet Decision on Timelines for Recovery



VAT guide on refund on VAT incurred on Mosques and Cabinet decision on Timelines for recovery

1. VAT Guide (VATGRM1) on Refund of VAT incurred on the construction and operation of Mosques

FTA has issued VAT guide on Cabinet decision 82 of 2022, explaining the requirements and procedure for recovering input tax incurred on the construction and operation of mosques.

Meaning of Construction of a Mosque:

For purpose of VAT Recovery, “to construct a mosque” includes the following which are incurred before the Mosque becomes operational:

- The actual construction processes.
- The equipping and furnishing of the Mosque.
- The supply of the necessary equipment, devices and its maintenance.
- Everything required to carry out all the authorized activities of the Mosque before the Mosque becomes operational.

This means that the supply of the goods and services must be made before the operation of the Mosque starts.

The eligibility criteria for recovering of VAT is as follows:

VAT Refund for the Construction of Mosque

The person constructing mosque, either a Donor or by using a Construction company may submit a request to FTA to recover input tax incurred on the construction of the mosque provided he satisfies the following requirements:

- a) The Donor must have incurred the VAT
- b) The goods and services must have been acquired specifically for the construction of a Mosque.
- c) The Donor obtained and retains a Mosque Operation Commencement Certificate; and
- d) Any of the following conditions are met:
 - The General Authority of Islamic Affairs and Endowments or the regional authority responsible for mosque affairs (the "Competent Authority"⁴) accepted the Donor's plan to transfer ownership of the Mosque to any other person, unless doing so would result in a taxable supply, or
 - In accordance with the Competent Authority's consent, the Donor runs the mosque.
- e) Eligible goods and services

The Donor may only recover VAT on goods and services which were acquired directly in connection with the construction of mosque. These include:

• Architecture design services for the specific Mosque	• Mosque’s audio system and microphones
• Engineering consultancy services	• Lights
• Contractors’ services	• Carpets
• Tiles and sanitary ware	• Imam’s platform

VAT refund for the Operation of Mosque

The Operator of a mosque is eligible to apply for refund in respect of VAT incurred on goods and services acquired directly in connection with the operation of the Mosque, provided all requirements are met.

- a) The VAT must have been incurred by the Operator.
- b) The products or services must have been purchased specifically for use in running and maintaining the mosque.
- c) The mosque must be registered as a mosque with the Competent Authority.
- d) Throughout the time for which a refund request is filed, the Operator is in possession of a written, time-limited permit from the Competent Authority for the Operation of the Mosque.
- e) Eligible goods and services

The Operator may only recover VAT on goods and services which were acquired directly in connection with the operation of mosque. These include:

- a) Water and electricity for the Mosque.
- b) Contractors’ services to repaint the Mosque.
- c) Architecture designs for the expansion of the Mosque (excluding any commercial annexures).
- d) Replacing the Mosque’s audio system and microphones.
- e) Cleaning and replacements of lights and carpets in the Mosque.

2. Timelines As Per Ministerial Decision No. 162 of 2022 with effect from 29 October 2022

Recovery of Tax on the Construction of Mosques

Upon completion of the Mosques' construction in compliance with the following schedule, applications for refunds of Value Added Tax incurred on their construction must be submitted to the Federal Tax Authority in accordance with the following schedule:

Operation date as per the Mosque Operation Commencement Certificate	Date of receipt of applications by the Authority
1 January 2018 – 31 December 2018	1 November 2022 – January 2023
1 January 2019 – 31 December 2019	February 2023 – March 2023
1 January 2020 – 31 December 2020	March 2023 – April 2023
1 January 2021 – 31 December 2021	April 2023 – May 2023
1 January 2022 – 31 December 2022	June 2023 – December 2023
1 January 2023 onwards	Within 12 months of the issuance of the Mosque Operation Commencement Certificate from the Competent Authority

Recovery of Tax on the Operation of Mosques

Applications for refunding VAT incurred for operating mosques must be submitted to the Federal Tax Authority according to the schedule below:

Commencement date of the operation of the Mosque by the applicant	Years for which the application is made	Commencement date of receiving applications
Before 1 January 2022	2018 – 2022	April 2023 – September 2023
From 1 January 2022 onwards	2022	October 2023 – December 2023
All Mosques	2023 onwards	January – April of the following year

**If applications for refunding input tax incurred are filed after the deadlines stated in Articles 1 and 2 of this Decision, they will not be accepted.

[Click here for the detailed VAT guide](#)

[Click here for the detailed Ministerial Decision No. 162 of 2022](#)

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