

# United Arab Emirates

## Standard rate

The standard VAT rate in United Arab Emirates in 2023 is 5%.

## What is zero rated

Certain education services for Governmental nurseries, preschools, schools, and higher educational institutions owned;  
Healthcare services and related medicines and medical equipment;  
Means of air, sea, and land transportation e.g. ships, and aircraft;  
International transportation;  
The first sale of new residential property (within 3 years of construction);  
Crude oil and natural gas;  
Exports outside of GCC\* states;  
Investment in precious metals (gold, silver, and platinum);  
Investment in precious metals (gold, silver, and platinum).

\* *Gulf Cooperation Council*

## Threshold

Residents who have a business in UAE are not taxed if their inventory is under AED 375,000 USD BUT Foreigners who sell and ship items to customers in UAE must register when the first sale is made.

## Registration procedure

To register, you need to create an account with the tax authority and send in a questionnaire that includes your director's information, business description, and contact information.

You will need to attach the following documents to your application:

Business or Trade license (articles of incorporation);  
ID or passport of Manager/Owner;  
ID or passport copy of authorized signatory (if different from Manager);  
Proof of qualifying manager/authorized signatory (e.g. articles of association, power of attorney).

## **Deductible VAT**

When your input tax is greater than the output tax on a VAT return, the taxpayer can request a VAT refund after filing their VAT return. Application for refund must be submitted via FTA's e-Services portal.

## **Tax representative**

The appointment of a representative is not a prerequisite for registration. However, all countries' tax systems differ, and to avoid "pitfalls" you can hire a consultant. Lovat can assist you with this.

## **VAT returns filing date**

After registration, taxpayers are required to file tax returns no later than the 28th day of the month following the tax period. The tax period is determined depending on the annual turnover:

If the turnover is below AED 150 million, then, as a rule, quarterly filing of VAT returns is assigned;

If the turnover is higher, then a monthly period is applied.

The Tax Agency may, at its discretion, assign a different tax period for a particular type of business.

## **VAT payment date**

The deadline for tax payment coincides with the last day of filing a tax return.

## **Penalties**

Late submit the declaration after the deadline specified in the Tax Law:

1,000 AED for the first time;

2,000 AED in case of repetition within 2 years.



[www.vatcompliance.co](http://www.vatcompliance.co)