

Federal Tax Authority ('FTA') has issued a basic tax information bulletin addressing specific issues relating to artists and social media influencers from UAE VAT laws perspective. The key takeaways from such bulletin have been mentioned below:

**Definition:**

- 'Artists' have been described as individuals who make supplies in their personal capacity as performers, singers, dancers, stage artists, make-up artists, DJs, poets, song writers or any other individuals carrying out other activities.
- Social Media Influencers ('SMIs') have been specified as individuals who provide their services using social media to promote products and services such as bloggers, YouTube hosts, etc.

**Illustration of services rendered by SMIs:**

- Below are some of the services listed in the bulletin which when provided by SMIs would be subject to VAT:
  - ✓ Any online promotional activities performed on behalf of other businesses for a consideration, such as promoting a product in a blog, featuring a product in a video or otherwise promoting a business on a social media post;
  - ✓ Any physical appearances, marketing and advertising related activities;
  - ✓ Providing access to any SMIs' network on social media etc.; and
  - ✓ Any other services that the SMIs may provide for a consideration.
  - ✓ Any additional charges in term of reimbursement received from clients.

**VAT Registration:**

It has been clarified that for the purposes of calculating the threshold for VAT Registration, the Artists and SMIs should take into consideration all the taxable supplies that they make, even if such supplies do not fall within the scope of their core artistic or influencer activity.

**Barter Transaction:**

- VAT shall be applicable on barter arrangements made between Artists/SMIs and their clients.

**Deemed Supply:**

- In a scenario, when Artists/ SMIs do not receive any consideration against supplies made by them, such service providers should take into account the provisions related to 'Deemed Supply'.

**Services provided by Event Management Company:**

- In cases where Artists/SMIs own event management company, and also provides its services separately and independently, such management company should only account for VAT on the supplies made by the company. Correspondingly, such Artists/SMIs should account for VAT on the supplies rendered by them in their individual capacity.

**Agent and Principal Relationship:**

- The bulletin has also addressed situations wherein Artist or SMI has an agent that acts as an intermediary between the Artist/SMI and its clients in relation to services provided by such Artist/SMI:
  - ✓ **The agent acts in the name of and on behalf of the Artist/SMI:**  
The Artist/SME is required to account for VAT on the entire amount charged to the client and the agent would be required to account for VAT on the fee or commission charged to the Artist/SMI.
  - ✓ **The agent acts in its own name and contracts with the client on one hand and with the Artist/SMI on the other hand:**  
The Artist/SMI would be required to account for VAT on the amount charged to the agent and the agent would need to account for VAT on the amount charged to the client.

**Residential status vis-à-vis performance of service:**

- Further, it has been specified that If an Artist or SMI contracts with a UAE-based company to provide advertising services outside the UAE, such services would attract VAT at 5% even if such advertising services are performed outside UAE. The same has been further clarified with the below quoted example.

If a UAE based company, which owns a hotel outside the UAE, contracts with a UAE-resident SMI to visit the hotel and post pictures on social media with a view to promote the hotel, the supply made by the SMI will be subject to VAT at 5%.

## Contacts

You may email us or can contact any of our team members relating to your queries on this subject:

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