

Federal Tax of Authority issued Amendments in Current Federal Decree-Law No. 8 of 2017 – Issued 23 Aug 2017 (Effective from 1 Jan 2018) vide,

Federal Decree-Law No. 18 of 2022 – Issued 26 Sep 2022, effective from 1 Jan 2023.

26 articles are amended by FTA in current Legislation, followings are list of amendments for reference:-

Title One-Definitions

Article 1-Definitions- First Amendments

Definition Title	Old Definition	New Definition
GCC States	all countries that are full members of The Cooperation Council for the Arab States of the Gulf pursuant to its Charter.	All countries that enjoy full membership of the Cooperation Council for the Arab States of the Gulf pursuant to its Charter.
Implementing States	The GCC States that are implementing a Tax law pursuant to an issued legislation	The GCC States that are implementing a Tax law pursuant to an issued legislation, and as specified in the Executive Regulation of this Decree-Law.
Import	The arrival of Goods from abroad into the State or receipt of Services from outside the State	The arrival of Goods from abroad into the territory of the State or receipt of Services from outside the State.
Concerned Services	Services that have been imported, where the place of supply is in the State, and would not be exempt if supplied in the State.	Services that have been imported, where the place of supply is considered to be in the State, and would not be exempt if supplied in the State.
Tax Registration	A procedure according to which the Taxable Person or his Legal Representative registers for Tax purposes at the Authority.	A procedure whereby the Taxable Person or his Legal Representative registers with the Authority for Tax purposes.
Importer	With respect to importing Goods, it is the Person whose name is listed as the importer of the Goods on the date of Import for customs clearance purposes. With respect to Services, it is the Recipient of these Services.	With respect to importing Goods, it is the Person whose name appears for customs clearance purposes as the importer of the Goods on the date of Import. With respect to Services, it is the Recipient of these Services.
Business:	Any activity conducted regularly, on an ongoing basis and independently by any Person, in any location, such as industrial, commercial, agricultural, professional, service or excavation activities or anything related to the use of tangible or intangible properties.	Any activity conducted regularly, on an ongoing basis and independently by any Person, in any location, such as industrial, commercial, agricultural, professional, vocational , service or excavation activities or anything related to the use of tangible or intangible properties.
Exempt Supply	A supply of Goods or Services for Consideration while conducting Business in the State, where no Tax is due and no Input Tax may be recovered , except according to the provisions of this DecreeLaw.	A supply of Goods or Services for Consideration while conducting Business in the State, where no Tax is imposed and the Input Tax related thereto is not recovered , except according to the provisions of this Decree-Law.
Taxable Supply	A supply of Goods or Services for a Consideration by a Person conducting Business in the State, and does not include Exempt Supply.	A supply of Goods or Services for Consideration during the course of Business by any Person in the State, and does not include Exempt Supply.
Deemed Supply	Anything considered as a supply and treated as a Taxable Supply according to the instances stipulated in this Decree-Law.	All that is considered as a supply and treated as a Taxable Supply according to the instances stipulated in this Decree-Law.
Recoverable Tax	Amounts that were paid and may be returned by the Authority to the Taxpayer pursuant to the provisions of this Decree-Law.	Amounts that have been paid and that the Authority may return to the Taxpayer pursuant to the provisions of this Decree-Law.
Due Tax	Tax that is calculated and charged pursuant to this Decree-Law.	Tax that is calculated and imposed pursuant to this Decree-Law.
Tax Invoice	A written or electronic document in which the occurrence of a Taxable Supply is recorded with details pertaining to it.	A written or electronic document in which the occurrence of a Taxable Supply and its details are recorded.

Government Entities:	Federal and local ministries , government departments, government agencies, authorities and public institutions in the State.	Ministries , government departments and agencies, authorities and public institutions in the State, whether Federal or local, or any other entities treated with the treatment decided for Government Entities, in accordance with the decisions issued by the Cabinet for the purposes of implementing the provisions of this Decree-Law.
Relevant Charitable Activity	New Definition added under Article 1	An activity for the purpose other than profit or benefit to any proprietor, member, or shareholder of the Charity, which is undertaken by the Charity in the course or furtherance of its charitable purposes or objectives to carry out a charitable activity in the State as approved by the competent authorities, or under the conditions of its establishment as a charity under Federal or Emirate legislation, decree or decision, or as otherwise licensed to conduct a charitable activity by an entity that grants such licences on behalf of the Federal or Emirate Government.
Administrative Penalties	Amounts imposed upon a Person by the Authority for breaching the provisions of this Decree-Law or Federal Law No. (7) of 2017 on Tax Procedures.	Amounts imposed upon a Person by the Authority for violating the provisions of this Decree-Law and the Tax Procedures Law.
Administrative Penalties Assessment	A decision issued by the Authority concerning any Administrative Penalties due.	A decision issued by the Authority in relation to the Administrative Penalties due.
Excise Tax	A tax imposed on specific Goods.	A tax imposed by law on specific Goods.
Pure Hydrocarbons	New Definition added under Article 1	Any of the various pure compounds of the chemical formula consisting solely of hydrogen and carbon (CxHY).
Tax Evasion	New Definition added under Article 1	The Person's use of illegal means, resulting in the reduction of the amount of the Due Tax, non-payment thereof, or a refund of Tax that the Person did not have the right to have refunded.
Tax Audit	New Definition added under Article 1	A procedure undertaken by the Authority to inspect the commercial records or any information, data or goods related to a Person to verify the fulfilment of its obligations in accordance with the provisions of this Decree-Law or the Tax Procedures Law.
Tax Assessment	New Definition added under Article 1	Shall mean the Tax Assessment as defined in the Tax Procedures Law.
Voluntary Disclosure	New Definition added under Article 1	A form prepared by the Authority pursuant to which the Taxpayer notifies the Authority of any error or omission in the Tax Return, Tax Assessment or Tax Refund application in accordance with the provisions of the Tax Procedures Law.
Tax Procedures Law	New Definition added under Article 1	Federal Law No. 7 of 2017 on Tax Procedures and its amendments, and any other Federal law replacing it.

Comment:-

1. Value Added Tax Federal Decree-Law No. 8 of 2017 has been refreshed to define the below-mentioned terms such that these could be appropriately referenced within the VAT framework under Value Added Tax Federal Decree-Law No.18 of 2022.
 - a. Relevant Charitable Activity
 - b. Pure Hydrocarbons
 - c. Tax Evasion
 - d. Tax Audit
 - e. Tax Assessment
 - f. Voluntary Disclosure
 - g. Tax Procedures Law

2. The scope of existing definitions have also been widened in some cases for better implementation of VAT.

Example-

 - a. from **Anything to All that**
 - b. **Charged or due to Imposed**
 - c. **Concerning to Related to**
 - d. **conducting Business to during the course of Business**

Title Three – Supply

Chapter One – Supply of Goods and Services

Article 5 – Supply of Goods- Second Amendment

Provision Title	Old Provision	New Provision
Supply of Goods	<p>The following shall be considered a supply of Goods:</p> <ol style="list-style-type: none"> 1. Transfer of ownership of the Goods or the right to use them to another Person according to what is specified in the Executive Regulation of this Decree-Law. 2. Entry into a contract between two parties entailing the transfer of Goods at a later time, pursuant to the conditions specified in the Executive Regulation of this Decree-Law. 	<p>The following shall be considered a supply of Goods:</p> <ol style="list-style-type: none"> 1. Transfer of ownership of the Goods or the right to use them to another Person according to what is specified in the Executive Regulation of this Decree-Law. 2. Entry into a contract between two or more parties entailing the transfer of Goods at a later time, pursuant to the conditions specified in the Executive Regulation of this Decree-Law.

Comment:-

The scope of the existing Article 5-Supply of Goods has been widened to cover Contracts between two or more Parties for the Transfer of Goods at a later time.

Article 7 – Supply in Special Cases- **Third Amendment**

Provision Title	Old Provision	New Provision
Supply in Special Cases	<p>As an exception to what is stated in Articles (5) and (6) of this Decree-Law, the following shall not be considered a supply:</p> <ol style="list-style-type: none"> The sale or issuance of any Voucher unless the received Consideration exceeds its advertised monetary value, as specified in the Executive Regulation of this Decree-Law. The transfer of whole or an independent part of a Business from a Person to a Taxable Person for the purposes of continuing the Business that was transferred. 	<p>As an exception to what is stated in Articles 5 and 6 of this Decree-Law, the following shall not be considered a supply:</p> <ol style="list-style-type: none"> The sale or issuance of any Voucher unless the Consideration received in respect thereof exceeds its advertised monetary value, as specified in the Executive Regulation of this Decree-Law. The transfer of whole or an independent part of a Business from a Person to a Taxable Person for the purposes of continuing the Business that was transferred. Any other supply specified in the Executive Regulation of this Decree-Law.
Comment:-		
<p>A new clause is added in the Amendment Value Added Tax Federal Decree-Law No.18 of 2022, Possibilities are there Executive Regulation of Value Added Tax will specify more supplies which will not be considered as Supply.</p>		

Title Four – Tax Registration and Deregistration

Article 13 – Mandatory Tax Registration- **Forth Amendment**

Provision Title	Old Provision	New Provision
Mandatory Tax Registration	<p>Every Person, who has a Place of Residence in the State or an Implementing State and is not already registered for Tax, shall register in the following situations:</p> <ol style="list-style-type: none"> Where the total value of all supplies referred to in Article (19) exceeded the Mandatory Registration Threshold over the previous 12-month period. Where it is anticipated that the total value of all supplies referred to in Article (19) will exceed the Mandatory Registration Threshold in the next thirty (30) days. <ol style="list-style-type: none"> Every Person, who does not have a Place of Residence in the State or an Implementing State and is not already registered for Tax, shall register for Tax if he makes supplies of Goods or Services, and where no other Person is obligated to pay the Due Tax on these supplies in the State. The Executive Regulation of this Decree-Law shall specify the time limits that a Person has to inform the Authority about his liability to register for Tax and the effective date of Tax Registration. 	<ol style="list-style-type: none"> Every Person, who has a Place of Residence in the State or an Implementing State, shall register for Tax in the following situations: <ol style="list-style-type: none"> Where the total value of all supplies referred to in Article 19 of this Decree-Law exceeded the Mandatory Registration Threshold over the previous 12-month period. Where it is anticipated that the total value of all supplies referred to in Article 19 of this Decree-Law will exceed the Mandatory Registration Threshold in the next 30 days. Every Person, who does not have a Place of Residence in the State or an Implementing State, shall register for Tax if he makes supplies of Goods or Services, and where no other Person is obligated to pay the Due Tax on these supplies in the State. The Executive Regulation of this Decree-Law shall specify the time limits within which the Person has to inform the Authority of his liability to register for Tax and the effective date of Tax Registration.
Comment:-		
<p>The amendment removes the redundancy that was previously in article 13 for Mandatory Registration.</p>		

Article 15 - Registration Exception-Fifth Amendment

Provision Title	Old Provision	New Provision
Registration Exception	<p>1.The Authority may except a Taxable Person from mandatory Tax Registration upon his request if his supplies are only subject to the zero rate.</p> <p>2. Anyone excepted from Tax Registration according to Clause (1) of this Article shall inform the Authority of any changes to his Business that would make him subject to Tax under this DecreeLaw pursuant to the time limits and procedures determined in the Executive Regulation of this Decree-Law.</p> <p>3. The Authority shall have the right to collect any Due Tax and Administrative Penalties for the period of exception where that Taxable Person was not entitled to the exception</p>	<p>1. The Authority may except a Taxable Person from Tax Registration whether a Registrant or not, upon his request if his supplies are only subject to the zero rate.</p> <p>2. Where any changes in the Business of the Taxable Person excepted from Tax Registration according to Clause 1 of this Article, result or may result in the absence of the reason based on which the Taxable Person was excepted, the Taxable Person shall inform the Authority of such changes within the time limits and pursuant to the procedures determined by the Executive Regulation of this Decree-Law.</p> <p>3. The Authority shall have the right to collect any Due Tax and Administrative Penalties for the period during which the Taxable Person was excepted where it is established by the Authority that the Taxable Person was not entitled to this exception.</p>
Comment:-		
<ol style="list-style-type: none"> The amended clause states that registered and non-registered Taxable Persons may apply for an exception from VAT registration, where the supplies are only zero rated. The amendment means that a Taxable Person may opt for the exception even after their registration is completed. The excepted person, is obligated to inform the authority of any modifications in his business within the time limit. 		

Article 21 - Tax Deregistration Cases-Sixth Amendment

Provision Title	Old Provision	New Provision
Tax Deregistration Cases	<p>A Registrant shall apply to the Authority for Tax Deregistration in any of the following cases:</p> <ol style="list-style-type: none"> If he stops making Taxable Supplies. If the value of the Taxable Supplies made over a period of (12) consecutive months is less than the Voluntary Registration Threshold and said Registrant does not meet the condition stipulated in Clause (2) of Article (17) of this Decree-Law. 	<p>1. A Registrant shall apply to the Authority for Tax deregistration in any of the following cases:</p> <ol style="list-style-type: none"> If he stops making Taxable Supplies. If the value of the Taxable Supplies made over a period of 12 consecutive months is less than the Voluntary Registration Threshold and the Registrant does not meet the condition stipulated in Clause 2 of Article 17 of this DecreeLaw. <p>2. The Authority may, in accordance with the controls and conditions specified in the Executive Regulation of this Decree-Law, issue a Tax deregistration decision, if the Authority finds that continuity of such Tax Registration may prejudice the integrity of the Tax system.</p> <p>3. Tax deregistration shall not result in the relinquishment of the Authority’s right to claim any Due Tax or Administrative Penalties.</p>
Comment:-		
<p>The Amendment added 2 new clauses under article 21,</p> <p>Clause 2 gives power to FTA to deregister the Tax Registration of taxable persons under certain conditions specified in the Executive regulation to safeguard the tax system.</p> <p>Clause 3 gives right to FTA the right to collect any due tax and Administrative Penalties even after deregistration.</p>		

Title Five - Rules Pertaining to Supplies

Chapter One – Date of Supply

Article 26 - Date of Supply in Special Cases-Seventh Amendment

Provision Title	Old Provision	New Provision
<p>Date of Supply in Special Cases</p>	<p>1. The date of supply of Goods or Services for any contract that includes periodic payments or consecutive invoices shall be the earliest of any of the following dates, provided that it does not exceed one year from the date of the provision of such Goods and Services:</p> <p>a. The date of issuance of any Tax Invoice. b. The date payment is due as shown on the Tax Invoice. c. The date of receipt of payment.</p> <p>2. The date of supply, in cases where payment is made through vending machines, shall be the date on which funds are collected from the machine.</p> <p>3. The date of Deemed Supply of Goods or Services shall be the date of their supply, disposal, change of usage or the date of Deregistration, as the case may be.</p> <p>4. The date of a supply of a voucher shall be the date of issuance or supply thereafter.</p>	<p>1. The date of supply of Goods or Services for any contract that includes periodic payments or consecutive invoices shall be the earliest of any of the following dates:</p> <p>a. The date of issuance of any Tax Invoice. b. The date payment is due as specified on the Tax Invoice. c. The date of receipt of payment. d. The date of expiration of one year from the date the Goods or Services were provided.</p> <p>2. The date of supply, in cases where payment is made through vending machines, shall be the date on which funds are collected from the machine.</p> <p>3. The date of Deemed Supply of Goods or Services shall be the date of their supply, disposal, change of usage or the date of deregistration, as the case may be.</p> <p>4. The date of a supply of a Voucher shall be the date of issuance or supply thereafter.</p>

Comment:-

Article 26(1) of the law has been rephrased. In the current VAT law, it was clearly stated that the date of supply “does not exceed one year from the date of the provision of such Goods and Services.” The revised law, has been rephrased and added as a separate sub-clause 26(1)(d), which will not change the interpretation of the law.

Chapter Two – Place of Supply

Article 27 - Place of Supply of Goods-Eighth Amendment

Provision Title	Old Provision	New Provision
<p>Place of Supply of Goods</p>	<p>1. The place of supply of Goods shall be in the State if the supply was made in the State, and does not include Export from or Import into the State.</p> <p>2. The place of supply of installed or assembled Goods if exported from or imported into the State shall be:</p> <p>a. In the State if assembly or installation of the Goods was done in the State.</p> <p>b. Outside the State if assembly or installation of the Goods was done outside the State.</p> <p>3. The place of supply of Goods that includes Export or Import shall be as follows:</p> <p>a. Inside the State in the following instances:</p> <p>1) If the supply includes exporting to a place outside the Implementing States.</p> <p>2) If the Recipient of Goods in an Implementing State is not registered for Tax in the state of destination, and the total exports from the same supplier to this state does not exceed the mandatory registration threshold for said state.</p> <p>3) The Recipient of Goods does not have a Tax Registration Number in the State, and the total exports from the same supplier in an Implementing State to the State exceeds the Mandatory Registration Threshold.</p> <p>b. Outside the State in the following instances:</p> <p>1) The supply includes an Export to a customer registered for Tax purposes in one of the Implementing States.</p> <p>2) The Recipient of Goods is not registered for Tax in the Implementing State to which export is made, and the total exports from the same supplier to this Implementing State exceeds the mandatory registration threshold for said state.</p> <p>3) The Recipient of Goods does not have a Tax Registration Number and the Goods are Imported from a supplier registered for Tax in any of the Implementing States from which import is made, and</p>	<p>1. The place of supply of Goods shall be in the State if the supply was made in the State and does not include Export from or Import into the State.</p> <p>2. The place of supply of installed or assembled Goods if exported from or imported into the State shall be:</p> <p>a. In the State, if assembly or installation of the Goods was done in the State.</p> <p>b. Outside the State, if assembly or installation of the Goods was done outside the State.</p> <p>3. The place of supply of Goods that includes Export or Import shall be as follows:</p> <p>a. Inside the State in the following instances:</p> <p>1) If the supply includes exporting to a place outside the Implementing States.</p> <p>2) If the Recipient of Goods in an Implementing State is not registered for Tax in the state of destination, and the total exports from the same supplier to this state does not exceed the Mandatory Registration Threshold for such state.</p> <p>3) If the Recipient of Goods in the State does not have a Tax Registration Number, and the total exports from the same supplier in an Implementing State to the State exceeds the Mandatory Registration Threshold.</p> <p>4) If Clause 1 of Article 26 of this Decree-Law applies, and the ownership of Goods is transferred in the State.</p> <p>b. Outside the State in the following instances:</p> <p>1) If the supply includes an Export to a customer registered for Tax purposes in one of the Implementing States.</p> <p>2) If the Recipient of Goods is not registered for Tax in the Implementing State to which export is made, and the total exports from the same supplier to this Implementing State exceeds the Mandatory Registration Threshold for such state.</p> <p>3) If the Recipient of Goods does not have a Tax Registration Number and the Goods are Imported from a supplier registered for Tax in an Implementing State from which import is made, and the total value of imported Goods from the same supplier to the State do not exceed the Mandatory Registration Threshold.</p>

	<p>the total imports from the same supplier to the State do not exceed the Mandatory Registration Threshold.</p> <p>4. Goods shall not be treated as exported outside the State and then reimported if such Goods are supplied in the State and this supply required that the Goods exit and then re-enter the State according to the instances specified in the Executive Regulation of this Decree-Law.</p>	<p>4. Goods shall not be treated as exported outside the State and then reimported if such Goods are supplied in the State and this supply required that the Goods exit and then re-enter the State according to the instances specified in the Executive Regulation of this Decree-Law.</p>
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Comment:-

The amendment added a clause that states that the place of supply of goods for supplies made under Article 26 (1)(for supplies require periodic payments or consecutive invoices) of the VAT Law shall be considered inside UAE, if the ownership of import or export goods has been transferred in the UAE.



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MANAGEMENT
CONSULTANTS

Article 30 – Place of Supply in Special Cases-Ninth Amendment

Provision Title	Old Provision	New Provision
<p>Place of Supply in Special Cases</p>	<p>As an exception to what is stipulated in Article (29) of this Decree-Law, the place of supply in special cases shall be as follows:</p> <ol style="list-style-type: none"> Where the Recipient of Services has a Place of Residence in another Implementing State and is registered for Tax therein, the place of supply shall be the Place of Residence of the Recipient of Services. Where the Recipient of Services is in Business and has a Place of Residence in the State, and the Supplier does not have a Place of Residence in the State, the place of supply shall be in the State. For the Supply of Services related to Goods, such as installation of Goods supplied by others, the place shall be where said Services were performed. For the Supply of means of transport to a lessee who is not a Taxable Person in the State and does not have a TRN in an Implementing State, the place shall be where such means of transport were placed at the disposal of the lessee. For the Supply of restaurant, hotel, and food and drink catering Services, the place shall be where such Services are actually performed. For the Supply of any cultural, artistic, sporting, educational or any similar services, the place shall be where such Services were performed. For the Supply of Services related to real estate as specified in the Executive Regulation of this Decree-Law, the place of supply shall be where the real estate is located. For the Supply of transportation Services, the place of supply shall be where transportation starts. The Executive Regulation of this Decree-Law shall specify the place of supply for transportation Services if the trip includes more than one stop. 	<p>As an exception to what is stipulated in Article 29 of this Decree-Law, the place of supply in special cases shall be as follows:</p> <ol style="list-style-type: none"> Where the Recipient of Services has a Place of Residence in an Implementing State and is registered for Tax therein, the place of supply shall be the Place of Residence of the Recipient of Services. Where the Recipient of Services is in Business and has a Place of Residence in the State, and the Supplier does not have a Place of Residence in the State, the place of supply shall be in the State. For the supply of Services provided on Goods, such as installation of Goods supplied by others, the place shall be where said Services were performed. For the supply of means of transport to a lessee who is not a Taxable Person in the State and does not have a TRN in an Implementing State, the place shall be where such means of transport were placed at the disposal of the lessee. For the supply of restaurant, hotel, and food and drink catering Services, the place shall be where such Services are actually performed. For the supply of any cultural, artistic, sporting, educational or any similar services, the place shall be where such Services were performed. For the supply of Services related to real estate as specified in the Executive Regulation of this Decree-Law, the place of supply shall be where the real estate is located. For the supply of transportation Services or Transport-related Services, the place of supply shall be where the transportation starts. The Executive Regulation of this Decree-Law shall specify the place of supply for transportation Services and Transport-related Services if the trip includes more than one stop.

Comment:-

The place of supply of transport-related services has been added. It has been stated that the place of supply for the transportation services or transport-related services shall be the place from where the transportation starts.

Chapter Three – Place of Residence

Article 33 - The Agent-Tenth Amendment

Provision Title	Old Provision	New Provision
The Agent	<p>The Place of Residence of an agent shall be regarded as the Place of Residence of the principal in the following two cases:</p> <ol style="list-style-type: none"> 1. If the agent regularly exercises the right of negotiation and enters into agreements in favor of the principal. 2. If the agent maintains a stock of Goods to fulfil supply agreements for the principal regularly. 	<p>The Place of Residence of the principal shall be considered as being the Place of Residence of the agent in any of the following cases:</p> <ol style="list-style-type: none"> 1. If the agent regularly exercises the right of negotiation and enters into agreements in favor of the principal. 2. If the agent maintains a stock of Goods to fulfil supply agreements for the principal regularly.
<p>Comment:-</p> <p>Where the agent regularly exercises the right of negotiation and enters into agreements in favour of the principal, or the agent maintains a stock of goods to fulfil supply agreements for the principal regularly, that should be the place of residence of the principal, and it has been clarified in the article 33 of the revised VAT law.</p>		

Chapter Four – Value of Supply

Article 36 - Value of Supply and Deemed Supply for Related Parties-Eleventh Amendment

Provision Title	Old Provision	New Provision
Value of Supply and Deemed Supply for Related Parties	<p>As an exception to Articles (34) and (35) of this Decree-Law, the value of the supply or Import of Goods or Services between Related Parties shall be considered equal to the market value if the following conditions are met:</p> <ol style="list-style-type: none"> 1. The value of the supply is less than the market value. 2. If the supply is a Taxable Supply and the Recipient of Goods or Recipient of Services does not have the right to recover the full Tax that would have been charged to such supply as Input Tax. 	<p>As an exception to Articles 34, 35, and 37 of this Decree-Law, the value of the supply or Import of Goods or Services between Related Parties shall be considered equal to the market value if all of the following conditions are met:</p> <ol style="list-style-type: none"> 1. The value of the supply is less than the market value. 2. If the supply is a Taxable Supply and the Recipient of Goods or Recipient of Services does not have the right to recover the full Tax that would have been charged on such supply as Input Tax.
<p>Comment:-</p> <p>The amendment includes the Value of Supply and <u>deemed supply</u> between related parties shall be determined by the Market Value, In certain cases when related parties make supplies of goods or services without consideration, the market value should be used to determine the value of the supply as opposed to the cost value</p>		

Title Six - Zero Rates and Exemptions

Chapter One – Zero Rate

Article 45 - Goods and Services Subject to Zero Rate-Twelfth Amendment

Provision Title	Old Provision	New Provision
<p>Goods and Services Subject to Zero Rate</p>	<p>The Zero rate shall apply to the following Goods and Services:</p> <ol style="list-style-type: none"> 1. A direct or indirect Export to outside the Implementing States as specified in the Executive Regulation of this Decree-Law. 2. International transport of passengers and Goods which starts or ends in the State or passes through its territory, including Transport-related Services. 3. Air passenger transport in the State if it is considered an “international carriage” pursuant to Article (1) of the Warsaw Convention for the Unification of Certain Rules Relating to International Carriage by Air 1929. 4. Supply of air, sea and land means of transport for the transportation of passengers and Goods as specified in the Executive Regulation of this Decree-Law. 5. Supply of Goods and Services related to the supply of the means of transport mentioned in Clause (4) of this Article and which are designed for the operation, repair, maintenance or conversion of these means of transport. 6. Supply of aircrafts or vessels designated for rescue and assistance by air or sea. 7. Supply of Goods and Services related to the transfer of Goods or passengers aboard land, air or sea means of transport pursuant to Clauses (2) and (3) of this Article, designated for consumption on board; or anything consumed by any means of transport, any installations or addition thereto or any other use during transportation. 8. The supply or Import of investment precious metals. The Executive Regulation of this DecreeLaw shall specify the precious metals and the standards based on which they are classified as being for investment purposes. 9. The first supply of residential buildings within (3) years of its completion, either through sale or lease in whole or in part, according to the controls specified in the Executive Regulation of this Decree-Law. 	<p>The zero rate shall apply to the following Goods and Services:</p> <ol style="list-style-type: none"> 1. A direct or indirect Export of Goods and Services to outside the Implementing States as specified in the Executive Regulation of this Decree-Law. 2. International transport of passengers and Goods which starts or ends in the State or passes through its territory, including Transport-related Services. 3. Air passenger transport in the State if it is considered an “international carriage” pursuant to Article 1 of the Warsaw Convention for the Unification of Certain Rules Relating to International Carriage by Air 1929. 4. Supply or Import of air, sea and land means of transport for the transportation of passengers and Goods as per the criteria and conditions specified in the Executive Regulation of this Decree-Law. 5. Supply of Goods or Services, or Import of Concerned Goods, related to the supply of the means of transport mentioned in Clause 4 of this Article and which are designated for the operation, repair, maintenance or conversion of these means of transport. 6. Supply or Import of air or sea rescue and assistance aircrafts or vessels. 7. Supply of Goods and Services related to the transport of Goods or passengers aboard air, sea and land means of transport pursuant to the provisions of Clauses 2 and 3 of this Article, designated for consumption on board; or anything consumed by any means of transport, any installations or addition thereto or any other use during transportation. 8. The supply or Import of investment precious metals. The Executive Regulation of this Decree-Law shall specify the precious metals and the standards based on which they are classified as being for investment purposes. 9. The first supply of residential buildings within 3 years of its completion, either through sale or lease in whole or in part, according to the controls specified in the Executive Regulation of this Decree-Law. 10.The first supply of buildings specifically designed to be used by Charities through sale or lease according to the controls specified in the Executive Regulation of this Decree-Law. 11.The first supply of buildings converted from non-residential to residential through sale or lease according to the conditions specified in the Executive Regulation of this Decree-Law. 12.The supply or Import of crude oil and natural gas.

	<p>10. The first supply of buildings specifically designed to be used by Charities through sale or lease according to the controls specified in the Executive Regulation of this Decree-Law.</p> <p>11. The first supply of buildings converted from non-residential to residential through sale or lease according to the conditions specified in the Executive Regulation of this Decree-Law.</p> <p>12. The supply of crude oil and natural gas.</p> <p>13. The supply of educational services and related Goods and Services for nurseries, preschool, school education, and higher educational institutions owned or funded by Federal or local Government, as specified in the Executive Regulation of this Decree-Law.</p> <p>14. The supply of preventive and basic healthcare Services and related Goods and Services according to what is specified in the Executive Regulation of this Decree-Law.</p>	<p>13.The supply of educational services and related Goods and Services for nurseries, preschool, school education, and higher educational institutions owned or funded by Federal or local Government, as specified in the Executive Regulation of this Decree-Law.</p> <p>14.The supply of preventive and basic healthcare Services and related Goods and Services, and Import of concerned related Goods according to what is specified in the Executive Regulation of this Decree-Law.</p>
<p>Comment:-</p> <p>The Amendment specify, The import of means of transportation, import of goods and services related to means of transportation, import of rescue aircraft or vessels, import of crude oil and natural gas, import of related basic healthcare goods, and import of precious metals (if imported for investment purposes) will also be considered as zero-rated supply.</p>		

Chapter Two – Exemptions

Article 46 - Supply Exempt from Tax-Thirteenth Amendment

Provision Title	Old Provision	New Provision
Supply Exempt from Tax	<p>The following supplies shall be exempt from Tax:</p> <ol style="list-style-type: none"> 1. Financial services that are specified in the Executive Regulation of this Decree-Law. 2. Supply of residential buildings through sale or lease, other than that which is zero-rated according to Clauses (9) and (11) of Article (45) of this Decree-Law. 3. Supply of bare land. 4. Supply of local passenger transport. The Executive Regulation of this Decree-Law shall specify the conditions and controls for exempting the supplies mentioned in the preceding clauses of this Article. 	<p>The following shall be exempt from Tax:</p> <ol style="list-style-type: none"> 1. Supply of financial services that are specified in the Executive Regulation of this Decree-Law. 2. Supply of residential buildings through sale or lease, other than that which is zero-rated according to Clauses 9 and 11 of Article 45 of this Decree-Law. 3. Supply of bare land. 4. Supply of local passenger transport. The Executive Regulation of this Decree-Law shall specify the conditions and controls for exempting the supplies mentioned in the preceding clauses of this Article.
<p>Comment:-</p>		

Chapter Four- Specific Obligations to Account for Tax

Article 48 - Reverse Charge-Fourteenth Amendment

Provision Title	Old Provision	New Provision
Reverse Charge	<p>1. If the Taxable Person imports Concerned Goods or Concerned Services for the purposes of his Business, then he shall be treated as making a Taxable Supply to himself, and shall be responsible for all applicable Tax obligations and accounting for Due Tax in respect of these supplies.</p> <p>2. As an exception to Clause (1) of this Article, in case the final destination of the Goods when entering the State is another Implementing State, the Taxable Person shall pay the Due Tax on Import of Concerned Goods pursuant to the mechanism specified by the Executive Regulation of this Decree-Law.</p> <p>3. If a Registrant makes a Taxable Supply in the State to another Registrant of any crude or refined oil, unprocessed or processed natural gas, or any hydrocarbons, and the Recipient of these Goods intends to either resell the purchased Goods as crude or refined oil, unprocessed or processed natural gas, or any hydrocarbons, or use these Goods to produce or distribute any form of energy, the following rules shall apply:</p> <p>a. The Registrant making the Supply shall not charge Tax on the value of the supply of the Goods referred to in this paragraph.</p> <p>b. The Recipient of the Goods shall calculate the Tax on the value of the Goods supplied thereto and shall be responsible for all applicable Tax obligations and for calculating the Due Tax in respect of such supplies.</p> <p>4. The provisions of Clause (3) of this Article shall not apply in any of the following situations:</p> <p>a. Where, before the Date of Supply, the Recipient of Goods has not provided a written confirmation to the supplier that his acquisition of the Goods is for the purpose of resale.</p> <p>b. Where, before the Date of Supply, the Recipient of Goods has not provided a written confirmation to the supplier that he is a Registrant and the supplier has not verified the Tax Registration of the Recipient of Goods by means approved by the Authority.</p> <p>c. Where the Taxable Supply would be subject to Tax at the rate of 0% in accordance with Clause (1) of Article (45) of this Decree-Law. d. Where the Taxable Supply includes a supply of Goods or Services other than the Goods referred to in Clause (3) of this Article.</p>	<p>1. If the Taxable Person imports Concerned Goods or Concerned Services for the purposes of his Business, then he shall be treated as making a Taxable Supply to himself, and shall be responsible for all applicable Tax obligations and accounting for Due Tax in respect of these supplies.</p> <p>2. As an exception to Clause 1 of this Article, in case the final destination of the Goods when entering the State is another Implementing State, the Taxable Person shall pay the Due Tax on Import of Concerned Goods pursuant to the mechanism specified by the Executive Regulation of this Decree-Law.</p> <p>3. If a Registrant makes a Taxable Supply in the State to another Registrant of any crude or refined oil, unprocessed or processed natural gas, or Pure Hydrocarbons, and the Recipient of these Goods intends to either resell the purchased Goods as crude or refined oil, unprocessed or processed natural gas, or Pure Hydrocarbons, or use these Goods to produce or distribute any form of energy, the following rules shall apply:</p> <p>a. The Registrant making the Supply shall not account for Tax on the value of the supply of the Goods referred to in this Clause.</p> <p>b. The Recipient of the Goods shall calculate the Tax on the value of the Goods supplied to him and shall be responsible for all applicable Tax obligations and for calculating the Due Tax in respect of such supplies.</p> <p>4. The provisions of Clause 3 of this Article shall not apply in any of the following situations:</p> <p>a. Where, before the Date of Supply, the Recipient of Goods has not provided a written declaration to the supplier that his acquisition of the Goods is for the purpose of resale, or use for production or distribution of any form of energy.</p> <p>b. Where, before the Date of Supply, the Recipient of Goods has not provided a written declaration to the supplier that he is a Registrant and the supplier has not verified the Tax Registration of the Recipient of Goods by means approved by the Authority based on the data provided in the declaration.</p> <p>c. Where the Taxable Supply would be subject to Tax at the zero rate in accordance with Clause 1 of Article 45 of this Decree-Law. d. Where the Taxable Supply includes a supply of Goods or Services other than the Goods referred to in Clause 3 of this Article.</p>

	<p>5. Where a Recipient of Goods of any crude or refined oil, unprocessed or processed natural gas, or any hydrocarbons confirms in writing to the supplier that he is a Registrant for the purposes of applying Clause (3) of this Article, the following shall apply:</p> <p>a. The supplier shall not be liable for calculating the Tax in relation to the supply unless he was aware or supposed to be aware, that the Recipient was not a Registrant at the Date of Supply.</p> <p>b. The Recipient shall be liable for the calculation of any Due Tax in respect of the supply.</p> <p>6. If the supplier mentioned in paragraph (a) of Clause (5) of this Article is supposed to be aware that the Recipient of Goods was not registered at the Date of Supply, the supplier and the Recipient of Goods shall be jointly and severally liable for any Due Tax and relevant penalties in respect of the supply.</p> <p>7. The Executive Regulation of this Decree-Law shall specify:</p> <p>a. Conditions and instances where the mechanism in Clause (1) of this Article applies.</p> <p>b. Additional obligations related to record keeping for Tax calculated according to the mechanism in Clause (1) of this Article.</p>	<p>5. Where a Recipient of Goods of any crude or refined oil, unprocessed or processed natural gas, or Pure Hydrocarbons declares in writing to the supplier that he is a Registrant for the purposes of applying Clause 3 of this Article, the following shall apply:</p> <p>a. The supplier shall not be liable for accounting for the Tax in relation to the supply unless he was aware or supposed to be aware, that the Recipient was not a Registrant at the Date of Supply.</p> <p>b. The Recipient shall be liable for the calculation of Due Tax in respect of the supply.</p> <p>6. If the supplier mentioned in Paragraph (a) of Clause 5 of this Article is supposed to be aware that the Recipient of Goods was not registered at the Date of Supply, the supplier and the Recipient of Goods shall be jointly and severally liable for any Due Tax and relevant penalties in respect of the supply.</p> <p>7. The Executive Regulation of this Decree-Law shall specify:</p> <p>a. Conditions and instances where the mechanism in Clause 1 of this Article applies.</p> <p>b. Additional obligations related to record keeping in relation to accounting for Tax according to the mechanism in Clause 1 of this Article.</p> <p>8. The Cabinet may issue a decision specifying other Goods or Services that are subject to the reverse charge and specify the relevant conditions and provisions</p>
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Comment:-

The new provisions specifically stated that the Reverse Charge Mechanism shall apply to the supply of Pure Hydrocarbons.

The new clause (8) gives the power to the Cabinet to specify any other goods or services to be subject to the Reverse Charge Mechanism.

Title Seven - Calculation of Due

Tax Chapter One – Due Tax for a Tax Period

Article 55 - Recovery of Recoverable Input Tax in the Tax Period-Fifteenth Amendment

Provision Title	Old Provision	New Provision
<p>Recovery of Recoverable Input Tax in the Tax Period</p>	<p>1. Taking into consideration the provisions of Article (56) of this Decree-Law, the Recoverable Input Tax may be deducted through the Tax Return relating to the first Tax Period in which the following conditions have been satisfied:</p> <p>a. The Taxable Person receives and keeps the Tax Invoice as per the provisions of this Decree-Law, provided that the Tax Invoice includes the details of the supply related to such Input Tax, or keeps any other document pursuant to Clause (3) of Article (65) of this Decree-Law in relation to the Supply or Import on which Input Tax was paid.</p> <p>b. The Taxable Person pays the Consideration for the Supply or any part thereof, as specified in the Executive Regulation of this Decree-Law.</p> <p>2. If the Taxable Person entitled to recover the Input Tax fails to do so during the Tax Period in which the conditions stated in Clause (1) of this Article have been satisfied, he may include the Recoverable Tax in the Tax Return for the subsequent Tax Period.</p>	<p>1. Taking into consideration the provisions of Article 56 of this Decree-Law, the recoverable Input Tax may be deducted through the Tax Return relating to the first Tax Period in which the following two conditions have been satisfied:</p> <p>a. If any of the following cases has occurred:</p> <p>1) The Taxable Person receives and retains the Tax Invoice as per the provisions of this Decree-Law, provided that the Tax Invoice includes the details of the supply related to such Input Tax, or keeps any other document pursuant to Clause 3 of Article 65 of this Decree-Law in relation to the Supply on which Input Tax was paid.</p> <p>2) The Taxable Person imports the Goods, and receives and retains invoices and Import documents in accordance with the provisions of this Decree-Law and its Executive Regulation in relation to the Import on which Input Tax was paid or declared.</p> <p>3) The Taxable Person imports the Services, and receives and retains invoices in accordance with the provisions of this Decree-Law and its Executive Regulation in relation to the Import on which Input Tax was declared.</p> <p>b. The Taxable Person pays the Consideration or any part thereof, as specified in the Executive Regulation of this Decree-Law.</p> <p>2. If the Taxable Person entitled to recover the Input Tax fails to do so during the Tax Period in which the conditions stated in Clause 1 of this Article have been satisfied, he may include the recoverable Input Tax in the Tax Return for the subsequent Tax Period</p>

Comment:-

To claim the input tax on the imports, businesses are required to have the invoices and import documents like bills of entry for the goods [Article 55]. If these documents are not available, businesses will not be able to claim input tax, but they will be liable to pay output tax on behalf of non-resident suppliers under the reverse charge mechanism.

Article 57 - Recovery of Tax by Government Entities and Charities-Sixteenth Amendment

Provision Title	Old Provision	New Provision
<p>Recovery of Tax by Government Entities and Charities</p>	<p>A Cabinet Decision shall be issued at the suggestion of the Minister determining the Government Entities and Charities entitled to recover the full amount of Input Tax paid by them, except for:</p> <ol style="list-style-type: none"> 1. Tax excluded from recovery as specified in the Executive Regulation of this Decree-Law. 2. Tax paid for Goods and Services used to perform exempt supplies 	<ol style="list-style-type: none"> 1. Without prejudice to the general provisions of Input Tax recovery, Government Entities and Charities entitled to recover the full amount of Input Tax shall be determined in a Cabinet Decision issued upon the recommendation of the Minister, according to the following: <ol style="list-style-type: none"> a. Input Tax paid by the Government Entity for the purposes of its Sovereign Activities. b. Input Tax paid by the Charity for the purposes of its Relevant Charitable Activity. 2. As an exception to the provisions of Clause 1 of this Article, the following shall be excluded from recovery: <ol style="list-style-type: none"> a. Tax excluded from recovery as specified in the Executive Regulation of this Decree-Law. b. Tax paid for Goods and Services used to perform Exempt Supplies.
<p>Comment:-</p> <p>The Amendment added 2 clauses that specifically mentioned, 1. Input tax paid by Government Entities for Sovereign Activities, and 2. Input tax paid by Charities for their Relevant Charitable Activities shall be recoverable for VAT purposes.</p>		

Chapter Four – Adjustment of Tax after the Supply Date

Article 61 - Instances and Conditions for Output Tax Adjustments- **Seventeenth Amendment**

Provision Title	Old Provision	New Provision
Instances and Conditions for Output Tax Adjustments	<p>1. A Registrant shall adjust Output Tax after the date of supply in any of the following instances:</p> <p>a. If the supply was cancelled.</p> <p>b. If the Tax treatment of the supply has changed due to a change in the nature of the supply.</p> <p>c. If the previously agreed Consideration for the supply was altered for any reason.</p> <p>d. If the Recipient of Goods or Recipient of Services returned them to the Registrant in full or in part and the Consideration was returned in full or in part.</p> <p>e. If the Tax was charged in error.</p> <p>2. Paragraph (e) of Clause (1) of this Article shall not apply where the place of supply was treated by the supplier at the Date of Supply as being subject to Clause (1) of Article (27), but, as a result of a movement of the Goods, it turned out that it should have been treated as a supply under paragraph (b)(1) of Clause (3) of the same.</p> <p>3. In order to adjust the Output Tax any of the following conditions shall be met:</p> <p>a. If the Output Tax amount charged on the supply stated in the Tax Invoice does not match the Tax that should actually be charged on the supply as a result of any of the events mentioned in Clause (1) of this Article.</p> <p>b. If the Registrant submits a Tax Return for the Tax Period during which the supply occurred and an amount was incorrectly calculated as being the amount of Output Tax due for this supply as the result of any of the events mentioned in Clause (1) of this Article.</p>	<p>1. A Registrant shall adjust Output Tax after the date of supply in any of the following instances:</p> <p>a. If the supply was cancelled.</p> <p>b. If the Tax treatment of the supply has changed due to a change in the nature of the supply.</p> <p>c. If the previously agreed Consideration for the supply was altered for any reason.</p> <p>d. If the Recipient of Goods or Recipient of Services returned them to the Registrant in full or in part and the Consideration was returned in full or in part.</p> <p>e. If the Tax was charged or Tax treatment was applied in error.</p> <p>2. Paragraph (e) of Clause 1 of this Article shall not apply where the place of supply was treated by the supplier at the Date of Supply as being subject to Clause 1 of Article 27 of this Decree-Law, but, as a result of a movement of the Goods, it transpired that the Place of Supply should have been subject to Sub-Paragraph 1 of Paragraph (b) of Clause 3 of the same Article.</p> <p>3. In order to adjust the Output Tax any of the following conditions shall be met:</p> <p>a. If the Output Tax amount charged on the supply stated in the Tax Invoice does not match the Tax that should actually be charged on the supply as a result of any of the events mentioned in Clause 1 of this Article.</p> <p>b. If the Registrant submits a Tax Return for the Tax Period during which the supply occurred and an amount was incorrectly calculated as being the amount of Output Tax due for this supply as the result of any of the events mentioned in Clause 1 of this Article.</p>
Comment:-	<p>A taxable person will be able to adjust output tax after the date of supply if the tax was charged in error or tax treatment was applied in error [Article 61]. Adjusting output tax where tax treatment was applied in error is missing in the current VAT law.</p>	

Article 62 - Mechanism for Output Tax Adjustment-Eighteenth Amendment

Provision Title	Old Provision	New Provision
Mechanism for Output Tax Adjustment	<p>The Output Tax shall be adjusted according to the following:</p> <ol style="list-style-type: none"> 1. If the Output Tax due for the supply exceeds the Output Tax calculated by the Registrant, the Registrant shall issue a new Tax Invoice for the additional amount of Tax and calculate the additional Tax due for the Tax Period during which such an increase was identified. 2. If the Output Tax calculated by the Registrant exceeds the Output Tax which should have been charged on the supply, the Registrant shall issue a Tax Credit Note according to the provisions of this Decree-Law. 	<p>The Output Tax shall be adjusted according to the following:</p> <ol style="list-style-type: none"> 1. If the Output Tax due for the supply exceeds the Output Tax calculated by the Registrant, the Registrant shall issue a new Tax Invoice for the additional amount of Tax and calculate the additional Tax due for the Tax Period during which such an increase was identified. 2. If the Output Tax calculated by the Registrant exceeds the Output Tax which should have been charged on the supply, the Registrant shall issue a Tax Credit Note according to the provisions of this Decree-Law within 14 days from the date in which any of the situations provided for in Clause 1 of Article 61 of this Decree-Law took place.

Comment:-

The Amendment Specified the time frame within which a Taxable person is required to issue a tax credit note within 14 days from the date it was established to adjust the output tax [Article 62]. In the current law, there is no specific timeline for issuing a tax credit note.

Chapter Five – Tax Invoices

Article 65 - Conditions and Requirements for Issuing Tax Invoices-Nineteenth Amendment

Provision Title	Old Provision	New Provision
Conditions and Requirements for Issuing Tax Invoices	<ol style="list-style-type: none"> 1. A Registrant making a Taxable Supply shall issue an original Tax Invoice and deliver it to the Recipient of Goods or Recipient of Services. 2. A Registrant making a Deemed Supply shall issue an original Tax Invoice and deliver it to a Recipient of Goods or Recipient of Services if available or keep it in his records if there is no Recipient of Goods or Recipient of Services. 3. The Executive Regulation of this Decree-Law shall specify the following: <ol style="list-style-type: none"> a. Data to be included in the Tax Invoice. b. The conditions and procedures required to issue an electronic Tax Invoice. c. Instances where the Registrant is not required to issue and deliver a Tax Invoice 	<ol style="list-style-type: none"> 1. A Registrant making a Taxable Supply shall issue an original Tax Invoice and deliver it to the Recipient of Goods or Recipient of Services. 2. A Registrant making a Deemed Supply shall issue an original Tax Invoice and deliver it to a Recipient of Goods or Recipient of Services if available or keep it in his records if there is no Recipient of Goods or Recipient of Services. 3. The Executive Regulation of this Decree-Law shall specify all of the following: <ol style="list-style-type: none"> a. Data to be included in the Tax Invoice. b. The conditions and procedures required to issue an electronic Tax Invoice. c. Instances where the Registrant is not required to issue and deliver a Tax Invoice to the Recipient of Goods or the Recipient of Services.

	<p>to the Recipient of Goods or the Recipient of Services.</p> <p>d. Instances where other documents may be issued in place of the Tax Invoice as well as the conditions thereof and the data to be included therein.</p> <p>e. Instances where another Person may issue a Tax Invoice on behalf of the registered supplier.</p> <p>4. Any Person who receives an amount as Tax pursuant to any document issued by him shall pay this amount to the Authority even if it is not due.</p>	<p>d. Instances where other documents may be issued in place of the Tax Invoice as well as the conditions thereof and the data to be included therein.</p> <p>e. Instances where a Person may issue a Tax Invoice on behalf of the registered supplier.</p> <p>4. Any Person receiving an amount as Tax or issuing a Tax Invoice in respect of an amount, must pay such amount to the Authority, and this amount shall be regarded as being similar to Due Tax under the provisions of this Decree-Law.</p>
<p>Comment:-</p> <p>The Amendment Specified that If a person receives an amount as tax or issues a <u>tax invoice</u> indicating such as tax, he shall have the obligation to pay the Tax Due to the Authority.</p>		

Article 67 - Date of Issuance of Tax Invoice-Twentieth Amendment

Provision Title	Old Provision	New Provision
<p>Date of Issuance of Tax Invoice</p>	<p>The Registrant shall issue a Tax Invoice within 14 days as of the date of supply as stated in Article (25) of this Decree-Law.</p>	<p>1. The Registrant shall issue a Tax Invoice within 14 days from the date of supply as stated in Article 25 or Article 26 of this Decree-Law.</p> <p>2. The Executive Regulation of this Decree-Law shall determine the cases that are subject to periods other than that specified in Clause 1 of this Article, or the cases in which the Tax Invoice shall be issued immediately in accordance with the controls specified therein.</p>
<p>Comment:-</p> <ol style="list-style-type: none"> The Amendment Specified the time frame within which a Taxable person require to issue a Tax Invoice within 14 days from the date of the Supply mentioned Under Article 26. New clause 2 has been added under Article 67- Executive Regulation of decree-law shall determine cases where Tax invoices are required to issue immediately or other cases where 14 days time frame will not be applied. 		

Title Eight – Tax Period, Tax Returns, Settlement and Reclaiming of Tax

Chapter Three – Carrying forward the Excess of Recoverable Tax and Tax Recovery

Article 74 - Excess Recoverable Tax-~~Twenty-First~~ Amendment

Provision Title	Old Provision	New Provision
<p>Excess Recoverable Tax</p>	<p>1. With the exception of what will be stipulated in the Executive Regulation of this Decree-Law, the Taxable Person shall carry forward any excess Recoverable Tax to the subsequent Tax Periods and offset such excess against Payable Tax or any Administrative Penalties imposed under this Decree-Law or Federal Law No. (7) of 2017 on Tax Procedures in subsequent Tax Periods until such excess is fully utilised, in the following cases:</p> <p>a. If the Taxable Person’s Recoverable Input Tax set forth in this Decree-Law exceeds the Output Tax payable for the same Tax Period.</p> <p>b. If the Tax paid to the Authority by the Taxable Person exceeds the Payable Tax according to the provisions of this Decree-Law, other than in the instance mentioned in paragraph (a) of Clause (1) of this Article.</p> <p>2. If there remains any excess for any Tax Period after being carried forward for a period of time, the Taxable Person may apply to the Authority to reclaim the remaining excess. The Executive Regulation of this Decree-Law shall specify the time limits, procedures and mechanisms of returning any remaining excess to the Taxable Person.</p>	<p>1. Subject to the provisions of the Tax Procedures Law and its Executive Regulation, and without prejudice to the Authority's right to offset in accordance with the provisions of Clause 2 of this Article, the Taxable Person shall be entitled to apply to the Authority to recover excess Recoverable Tax, or part thereof, in accordance with the time limits and procedures specified in the Executive Regulation of this Decree-Law, in the following cases:</p> <p>a. If the Taxable Person’s Recoverable Input Tax set forth in this Decree-Law exceeds the Output Tax payable for the same Tax Period.</p> <p>b. If the Tax paid to the Authority by the Taxable Person exceeds the Payable Tax according to the provisions of this Decree-Law, other than in the instance mentioned in Paragraph (a) of Clause 1 of this Article.</p> <p>2. The Authority shall offset the excess Recoverable Tax against the Payable Tax or any Administrative Penalties imposed in accordance with the provisions of this Decree-Law or Tax Procedures Law.</p> <p>3. If no request is submitted to recover the excess after offsetting, the excess Recoverable Tax will be carried forward to the subsequent Tax Periods.</p>
<p>Comment:-</p> <p>The Amendment requires the Taxable Person shall be entitled to <u>apply to the Authority</u> to recover excess Recoverable Tax, within the time limits and procedures specified in the Executive Regulation.</p>		

Title Nine – Violations and Penalties

Article 76 - Administrative Penalties Assessment-**Twenty-Second Amendment**

Provision Title	Old Provision	New Provision
Administrative Penalties Assessment	<p>Without prejudice to the provisions of Federal Law No. (7) of 2017 on Tax Procedures, the Authority shall issue an Administrative Penalty Assessment to the Person and notify the Person of the same within five (5) business days as of the date of issuance in any of the following cases:</p> <ol style="list-style-type: none"> 1. Failure by the Taxable Person to display prices inclusive of Tax according to Article (38) of this Decree-Law. 2. Failure by the Taxable Person to notify the Authority of applying Tax based on the margin according to Article (43) of this Decree-Law. 3. Failure to comply with the conditions and procedures related to keeping the Goods in a Designated Zone or moving them to another Designated Zone. 4. Failure by the Taxable Person to issue the Tax invoice or an alternative document when making any Supply. 5. Failure by the Taxable Person to issue a Tax Credit Note or an alternative document. 6. Failure by the Taxable Person to comply with the conditions and procedures regarding the issuance of electronic Tax Invoices and electronic Tax Credit Notes. 	<p>Without prejudice to the provisions of the Tax Procedures Law, the Authority shall issue an Administrative Penalty Assessment to the Person and notify the Person of the same within 5 business days from the date of issuance in any of the following cases:</p> <ol style="list-style-type: none"> 1. Failure by the Taxable Person to display prices inclusive of Tax according to Article 38 of this Decree-Law. 2. Failure by the Taxable Person to notify the Authority of applying Tax based on the margin according to Article 43 of this Decree-Law. 3. Failure to comply with the conditions and procedures related to keeping the Goods in a Designated Zone or moving them to another Designated Zone. 4. Failure by the Taxable Person to issue the Tax invoice or an alternative document when making any Supply. 5. Failure by the Taxable Person to issue a Tax Credit Note or an alternative document. 6. Failure by the Taxable Person to comply with the conditions and procedures regarding the issuance of electronic Tax Invoices and electronic Tax Credit Notes.
Comment:-		

Article 77 - Tax Evasion-**Twenty-Third Amendment**

Provision Title	Old Provision	New Provision
Tax Evasion	<p>If it is proven that a Person who is not a Registrant acquires Goods referred to in Clause (3) of Article 48 of this Decree-Law, claiming that he is a Registrant, he shall be considered as having committed Tax Evasion and shall be subject to the penalties provided for in Federal Law No. (7) of 2017 on Tax Procedures.</p>	<p>Without prejudice to the instances of Tax Evasion referred to in the Tax Procedures Law, if it is proven that a Person who is not a Registrant acquires Goods referred to in Clause 3 of Article 48 of this Decree-Law, claiming that he is a Registrant, he shall be considered as having committed Tax Evasion and shall be penalised in accordance with the Tax Procedures Law.</p>

Title Ten – General Provisions

Article 79 (bis) – Statute of Limitation-Twenty Fourth Amendment

Provision Title	Old Provision	New Provision
Statute of Limitation	New Article Added	<p>1. Except in cases under Clauses 2, 3, 6, 7 of this Article, the Authority may not conduct a Tax Audit or issue a Tax Assessment to the Taxable Person after the expiration of 5 years from the end of the relevant Tax Period.</p> <p>2. The Authority may conduct a Tax Audit or issue a Tax Assessment to the Taxable Person after 5 years from the end of the relevant Tax Period, if he has been notified of the commencement of such Tax Audit’s procedures before the expiration of the 5-year period, provided that the Tax Audit is completed or the Tax Assessment is issued, as the case may be, within 4 years from the date of notification of the Tax Audit.</p> <p>3. The Authority may conduct a Tax Audit or issue a Tax Assessment after the expiration of 5 years from the end of the relevant Tax Period if such Tax Audit or Tax Assessment issuance relates to a Voluntary Disclosure submitted in the fifth year from the end of the Tax Period, provided that the Tax Audit is completed or the Tax Assessment is issued, as the case may be, within one year from the date of submission of the Voluntary Disclosure.</p> <p>4. The Cabinet may, according to a suggestion by the Minister, issue a Decision to amend the period specified for the completion of the Tax Audit or the issuance of the Tax Assessment as per Clauses 2 or 3 of this Article.</p> <p>5. No voluntary disclosure may be submitted after the expiration of 5 years from the end of the relevant Tax Period.</p> <p>6. In the case of Tax Evasion, the Authority may conduct a Tax Audit or issue a Tax Assessment within 15 years from the end of the Tax Period in which the Tax Evasion occurred.</p> <p>7. In case of Tax Registration failure, the Authority may conduct a Tax Audit or issue a Tax Assessment within 15 years from the date on which the Taxable Person should have registered for Tax.</p> <p>8. The statute of limitation set forth in this Article shall be interrupted for any of the reasons provided for in the Federal Law No. 5 of 1985, promulgating the Civil Transactions Law, or any other Federal law replacing it.</p>

Comment:-

New Article Added Article 79 (bis)- That Provides the Authority may not conduct a Tax Audit or Tax Assessment to the taxable Person after the Expiry of 5 Years from the end of tax period, Except following 4 cases,

Clause 2:- If Taxable Person has been notified by FTA of the commencement of the tax audit before the expiry of 5 years and Provided, Tax Audit is completed and Tax Assessment is issued within 4 years from the date of notification of the Tax Audit.

Clause 3:- If the Tax Audit or Tax Assessment issuance relates to a Voluntary Discloser submitted in the fifth year from the end of the tax Period, and provided, Tax Audit Completed or Tax Assessment issued within one year from the date of submission of Voluntary Disclosure.

Clause 6:- If cases related to Tax Evasion, the FTA may Conduct a Tax Audit or issue a Tax Assessment within 15 years from the end of the Tax Period in which the Tax Evasion occurred.

Clause 7:- if the case of Non-registration, the FTA may Conduct Tax Audit or issue a Tax Assessment within 15 years from the date on which the taxable person should have registered for Tax.

Title Eleven – Closing Provisions

Article 80 - Transitional Rules-Twenty Fifth Amendment

Provision Title	Old Provision	New Provision
Transitional Rules	<p>1. If the supplier receives Consideration or part thereof or issues an invoice for Goods or Services before the Decree-Law comes into effect, the date of supply shall be the same as the effective date of the Decree-Law in the following instances if they occur after the effective date of the Decree Law:</p> <p>a. Transfer of Goods under the supervision of the supplier.</p> <p>b. Placing the Goods at the recipient’s disposal.</p> <p>c. The completion of assembly or installation of the Goods.</p> <p>d. The issuance of the customs declaration.</p> <p>e. The acceptance by the Recipient of Goods of the supply.</p> <p>2. If a contract has been concluded prior to the enforcement of this Decree-Law, regarding a supply to be wholly or partly made after the effective date of this Decree-Law, but such contract does not contain clauses related to Tax on the supply, it shall be treated as per the following:</p> <p>a. The Consideration shall be considered inclusive of Tax if chargeable according to this Decree-Law.</p> <p>b. Tax shall be calculated on the supply regardless of whether it has been taken into account when determining the Consideration for the supply.</p> <p>3. The Executive Regulation of this Decree-Law shall set forth special provisions related to the implementation of this Decree-Law where a contract has been concluded before the effective date of the Decree-Law but the supply under the contract is wholly or partly made after the effective date of this Decree-Law.</p>	<p>1. If the supplier receives Consideration or part thereof or issues an invoice for Goods or Services before the Decree-Law comes into effect, the date of supply shall be considered to be the effective date of the Decree-Law in the following instances if they occur after the effective date of the Decree-Law:</p> <p>a. Transfer of Goods under the supervision of the supplier.</p> <p>b. Placing the Goods at the recipient’s disposal.</p> <p>c. The completion of assembly or installation of the Goods.</p> <p>d. The issuance of the customs declaration.</p> <p>e. The acceptance by the Recipient of Goods of the supply.</p> <p>2. If a contract has been concluded prior to the enforcement of this Decree-Law, regarding a supply to be wholly or partly made after the effective date of this Decree-Law, but such contract does not contain clauses related to Tax on the supply, it shall be treated as per the following:</p> <p>a. The Consideration shall be considered inclusive of Tax if chargeable according to this Decree-Law.</p> <p>b. Tax shall be calculated on the supply regardless of whether it has been taken into account when determining the Consideration for the supply.</p> <p>3. The Executive Regulation of this Decree-Law shall determine the provisions for the application of the Decree-Law where a contract has been concluded before the effective date of this Decree-Law but the Goods and Services were supplied wholly or partly after the effective date of this Decree-Law.</p>

Article (83)-Twenty Sixth Amendment

Provision Title	Old Provision	New Provision
Article (83)	In case of absence of a special provision in this Decree-Law, the provisions of Federal Law No. (7) of 2017 on Tax Procedures shall be applied.	In the absence of any special provision in this Decree-Law, the provisions of the Tax Procedures Law shall be applied.
Comment:-	Name change from Federal Law No. (7) of 2017 on Tax Procedures to Tax Procedure	