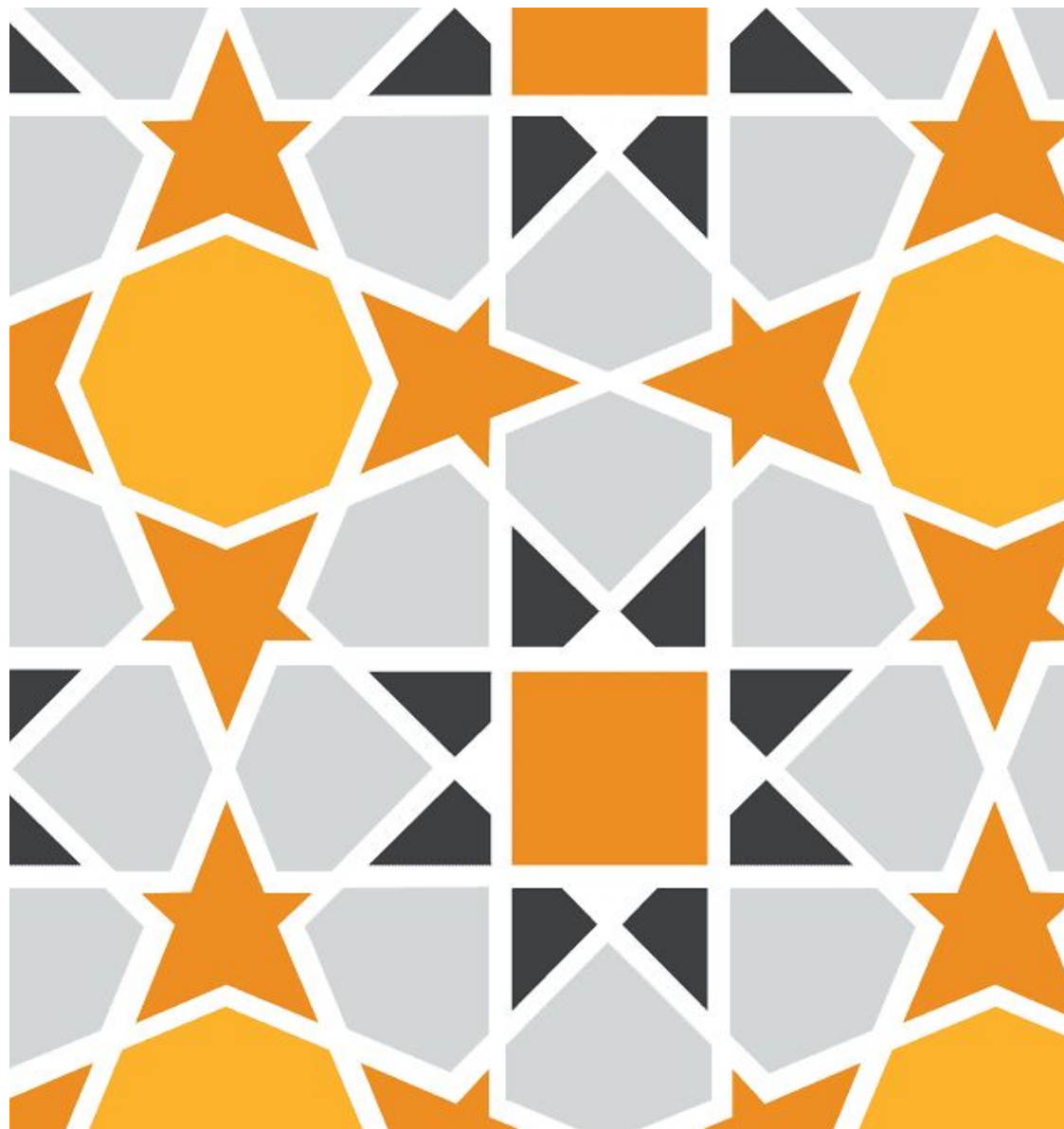


United Arab Emirates

Introduction of a special reverse
charge mechanism for the supply
of electronic devices

September 2023





In brief

Cabinet Decision No. 91 of 2023 was published in the official gazette issue No. 758 dated 30 August 2023 to introduce a special reverse charge mechanism to the local supply of electronic devices.

The new decision sets the conditions and requirements that should be met for the application of VAT through the reverse charge mechanism.

The effective date of the new decision is 60 days from the date of its publication in the official gazette i.e. effective from 29 October 2023.

In detail

Introduction of a special reverse charge mechanism for the supply of electronic devices

An Electronic Device, as defined in the new decision, refers to “mobile phones, smart phones, computers, tablets, and their spare parts”.

The new decision introduces a new mechanism to apply VAT on the supply of electronic devices as follows:

- Where a supplier makes a supply of electronic devices to a registered recipient in the UAE, and the recipient intends to either resell such devices or use them to produce or manufacture electronic devices, the following rules shall apply:
 - The supplier shall not be liable for calculating VAT in relation to the supply of electronic devices and shall not include it in his VAT return.
 - The recipient of electronic devices shall calculate VAT on the value of electronic devices supplied to him and shall be responsible for all applicable VAT obligations related to the supply and for calculating the due VAT in respect of such supplies.
- The following requirements should be met in order to apply the special reverse charge mechanism:
 - The recipient of electronic devices should, before the date of the supply, provide the supplier with a written declaration stipulating (1) the intention from the supply of electronic devices and (2) that he is registered for VAT with the Federal Tax Authority.
 - The supplier of electronic devices should receive and store the declaration received from the recipient and verify that the recipient is registered for VAT in accordance with the methods made available by the Federal Tax Authority in this regard.



Subject to meeting the conditions and requirements listed in the new Cabinet Decision, the newly introduced special reverse charge mechanism applies to the local supply of electronic devices where the recipient intends to either resell such devices or use them to produce or manufacture electronic devices.



The takeaway

Introduction of a special reverse charge mechanism for the supply of electronic devices

Taxable persons whose business involves supply of Electronic Devices should assess the VAT implications of the newly introduced special reverse charge mechanism and do the necessary changes to their system.

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Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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