

RVG CHARTERED ACCOUNTANTS

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FTA's EmarataTax platform set to go live on December 5

FTA confirmed that the new platform EMARATAX will be launched on 5 December 2022. The new online platform aligns with the UAE Digital Government Strategy 2025 to leverage emerging technologies and build a solid digital infrastructure that serves the people and business community of the UAE. As part of this new implementation, taxpayers can join one of the daily EMARATAX webinars organized by the FTA in November.

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FTA Guided on VAT Refund on the Construction & Operation of Mosques

The Federal Tax Authority (FTA) has set the timelines for submitting requests to refund Value Added Tax (VAT) incurred on the construction and operation of mosques via the FTA's e-Services portal, applicable to all mosques in the UAE. The FTA has set five time periods for receiving requests through its official website to refund VAT incurred on the construction of mosques, after the completion of the mosques' construction, based on the operation date as per the Mosque Operation Commencement Certificate.



As for mosques that will begin operating from 1 January, 2023 onwards, tax refund requests in relation to their construction can be submitted within 12 months from the issuance of the Mosque Operation Commencement Certificate by the competent authority (The General Authority of Islamic Affairs and Endowments, or the Local Authority concerned with mosque's affairs).

With regards to the requests received to refund VAT incurred on the operation of Mosques, the Decision specified the period from April to September 2023 for the FTA to receive tax refund requests related to mosques that began operating before 1 January 2022, for the tax incurred on operation during all years from 2018 to 2022. The Decision also specified the period from October to December 2023 for the FTA to start receiving tax refund requests in relation to the mosques that began operating on or after 1 January 2022, for the tax incurred in the year 2022.

As for all mosques, tax refund requests in relation to the operation of mosques for the years after 2022, during the period from January to April of the year following the year it was incurred in.

The FTA has launched, as of this November, a mechanism to refund VAT paid for the construction and operation of all mosques in the UAE in accordance to the decisions issued, provided that refund requests are submitted within the timeframes through the FTA's e-Services portal.

UAE: VAT Law Amendments and the Impact on Businesses

Federal Decree-Law No. (18) of 2022 (the VAT Amendment Law), issued on Sept. 26, 2022, makes a number of important changes to the United Arab Emirates VAT Law (Federal Decree-Law No. 8 of 2017), from Jan. 1, 2023. The Executive Regulations on the VAT Law (Cabinet Decision No. 52 of 2017) have as yet not been amended.



Some of the most important changes in the VAT Amendment Law relate to the time period for the Federal Tax Authority (FTA) to raise a tax audit or issue a tax assessment.

Under the current law, in Article 42 of the Federal Law on Tax Procedures (Federal Decree-Law No. 7 of 2017), the FTA generally cannot conduct a tax audit after five years from the end of a tax period (increased to 15 years in the case of tax evasion or where a taxpayer fails to register for VAT).

The VAT Amendment Law inserts a new Article 79 bis into the VAT Law which means that the standard five-year period can be increased, giving the FTA more time to challenge VAT filings

The FTA can undertake a tax audit, or issue a tax assessment more than five years after the end of a tax period, if they notify the taxpayer of a tax audit before the end of the five-year period, and either complete the audit or issue a tax assessment within four years from the date they notified the taxpayer of the tax audit. This provides the FTA with a lot more time to raise a tax audit. For instance, if a taxpayer's tax period was the quarter ending March 31, 2019, the FTA could notify the taxpayer of a tax audit on March 30, 2024, and would need to complete the audit or issue a tax assessment within the next four years (i.e. by March 30, 2028, which is nearly nine years from the tax period in which the taxpayer submitted a VAT return).

UAE: Emiratisation law in Private Sector

Increasing the number of UAE nationals in the private sector has long been a key objective for the government. In the past, the UAE government has launched a significant number of laws and initiatives to support the localization of the workforce. The government has recently increased its efforts in this regard and introduced a suite of new laws, including an obligation to recruit Emirati employees at the rate of 2% per year, to drive forward its Emiratisation policy.



This client alert answers frequently asked questions on the key aspects of the new laws. It is important that employers in the private sector are fully aware of the implications of the new legislation. Marking a shift in approach, these laws (particularly Ministerial Decision No. 279 of 2022) are expected to significantly impact businesses' recruitment and organizational policies. The new Emiratisation laws are only applicable to those companies registered with the Ministry of Human Resources and Emiratisation (MOHRE). These laws do not apply to businesses based in free zones.

All employers with more than 50 employees must recruit UAE nationals at the rate of 2% per year. The Emiratisation rate is to be calculated as follows, with reference to the number of skilled workers in the company, and with one national employee to be hired for every 50 skilled workers:

The aim is to ensure that Emiratis make up 10% of the workforce by 2026. Companies will be fined at least AED 6,000 per month in respect of each Emirati employee not hired. Fines will start to be issued from 1 January 2023 (with failure to pay likely to result in the suspension of the company's ability to apply for work permits). Fines will be increased on an annual basis. Failure to comply with Emiratisation quotas for two consecutive years will result in the company being demoted to the third category under the Classification Law. The added financial (and potential reputational) implications will likely discourage employers from being complacent with regard to hiring UAE national employees.

UAE announces new VAT exemption from Jan 1

Another important update to the Executive Regulations for VAT in the UAE with effect from 1 January 2023; Director fees will no longer be subject to VAT in the UAE!

Whilst the update – on paper – seems to be limited to a change in VAT treatment only, it is important to note that the update will likely also result in VAT Registered Directors having to (re-)assess their VAT registration position and possibly de-register for VAT where they have “ceased” making taxable supplies as a whole. A potential de-registration requirement should be monitored carefully and an application should be lodged in a timely manner in order to avoid administrative penalties, such as late de-registration penalties.

VAT will still apply to the director services for legal persons serving as board members that delegate a natural person to act in the name of the legal persons as a member of the board of directors.

Younis Haji Al Khoori, Undersecretary of the Ministry of Finance, noted that as per the Cabinet Decision amending the Executive Regulation of the Federal Decree-Law on VAT, which will go into effect on January 1, 2023, performing the duties of a member of a board of directors at a government entity or private establishment in exchange for a reward (monetary or benefits in kind) will not be considered as a supply of services for the purposes of VAT.

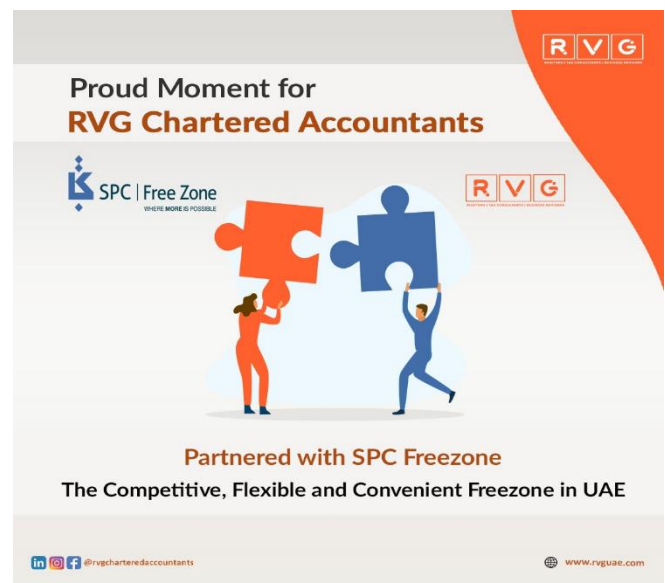
He stated that before the new legislative amendment is implemented, tasks performed by board members – natural and legal persons alike – are treated as taxable services subject to VAT, on the condition that the member provides them on a regular, continuous, and independent basis, and if the total value of these taxable supplies as well as any other taxable services and import transactions, exceeds the mandatory tax registration threshold.

“Where the director services provided by a member of a board span January 1, 2023 (the effective date of the Cabinet Decision), the date of supply should be considered to determine whether such services are subject to the amended provisions or not,” he said.

RVG Updates

Proud Moment for RVG Chartered Accountants is Partnered with SPC Freezone

RVG Chartered Accountants partnered with One of the Competitive Flexible and Convenient free zones in UAE. SPC Free Zone has significantly enabled the entry and expansion of industry players into the MENA region and offered unparalleled customer-centric solutions to help businesses thrive. Along with 1500+ business activities, SPC offers a mix of infrastructure facilities such as Coworking, Retail, Storage, and Commercial Offices in a business-friendly regulatory environment, which makes an ideal choice for investors and entrepreneurs to establish their ventures.



We are also providing zero Services packages for business set-up services in Selected free zones until 31 December 2022.

Corporate Tax FAQ: RVG Chartered Accountants extending their Digital Campaigns

The UAE will introduce a federal Corporate Tax on business profits effective for financial years starting on or after 1 June 2023. The UAE Corporate Tax regime has been designed to incorporate best practices globally and minimize the compliance burden for UAE businesses.

As Corporate Tax is new in the UAE, businesses might often find it hard to understand the concept. We have created a series of Videos in our Youtube Channel, describing all the details you need to know about Corporate Tax in the United Arab Emirates.




[Subscribe](#) to our YouTube channel to get updates on corporate tax in UAE


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Our Services

- Audit & Assurance
- Accounting & Business Advisory
- International Tax Advisory
- VAT Advisory
- IS Audit & ERP Implementation
- Business Consultancy
- PRO Services

*Disclaimer: All the information is sourced from the latest updates of the Ministry of Finance, and media updates