



Newsletter



News Highlights

- **New VAT Record keeping for E-commerce Transactions**
- **The New Dubai Virtual Asset Regime**
- **The Ministry of Economy Imposes Fines for Noncompliance**
- **RVG Partnered with IFZA Free zone**

New VAT Record-Keeping Requirements for E-commerce Transaction

The need for the Tax Authorities to have better control and oversight on e-commerce transactions and the respective tax revenues has prompted the UAE Ministry of State for Financial Affairs to issue a Ministerial Decision No. 26 of 2023 on the Criteria and Conditions for Electronic Commerce for Purposes of Keeping Records of Supplies Made (“Ministerial Decision”) in February 2023. This new reporting requirement is applicable for taxpayers whose e-commerce taxable supplies exceed AED 100 million in a 12-month period (i.e., calendar year).

The UAE Tax Authority has recently issued a VAT Public Clarification VATP033 which outlines the amendments to Article 72 of the UAE VAT Executive Regulations, clarifying what is meant by an Electronic Commerce Medium, and describing how e-commerce transactions should be split into Emirate-wise reporting for purposes of submitting the VAT return.

This new UAE Emirate-wise reporting requirement is placing an obligation on taxpayers to split all its e-commerce transactions according to the Emirate in which the supplies are received. This will likely improve the allocation of tax revenue generated from e-commerce sales between the various Emirates and allows the Tax Authority to better enforce VAT compliance obligations.

In line with Ministerial Decision, a supply of goods and services would be considered an electronic service supply made via an Electronic Commerce Medium where all of the following criteria and conditions are met:

- The goods and services are listed or advertised on an Electronic Commerce Medium. The goods and services are ordered through the Electronic Commerce Medium, regardless of whether the payment is made online or not.

- In the case of a supply of goods, the goods are delivered to a location specified by the customer where this location is not owned by the supplier nor operated by that supplier and in the case of a supply of services, the services are provided, or the right to receive the services is granted to the customer with minimal or no human intervention.

UAE – The New Dubai Virtual Asset Regime

The United Arab Emirates (UAE) prides itself on being a progressive market that is open to the use of new technologies and innovations such as blockchain, the metaverse and virtual assets. The Emirate of Dubai has reaffirmed this with the recent release of a new comprehensive tailor-made regime to regulate virtual assets (the Virtual Asset Regime) to provide clarity, assure certainty and mitigate market risks in the virtual asset industry.

On February 2023, the Dubai Virtual Asset Regulatory Authority (VARA), the world's first independent regulator for virtual assets, issued the Virtual Assets and Related Activities Regulations 2023 (VARA Regulations) and accompanying Rulebooks which set out VARA's Virtual Asset Regime for the Emirate of Dubai (including its commercial-free zones, but excluding the Dubai International Financial Centre (DIFC)) in UAE.

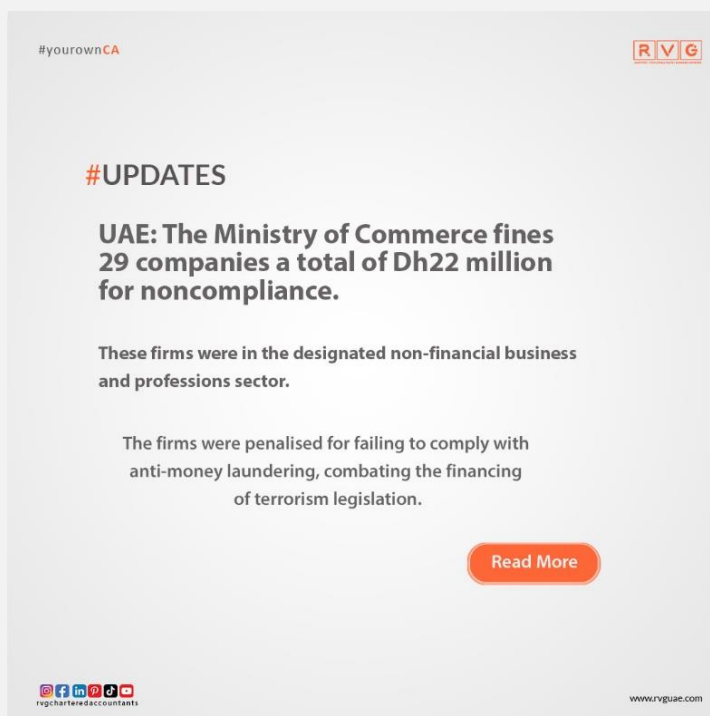
The Virtual Asset Regime follows the implementation by the Dubai Financial Services Authority, the independent regulator of financial services in the DIFC financial freezone of the DIFC Crypto Token Regime on 1 November 2022 which will apply to crypto products and services in the DIFC. These separate regimes have reinforced Dubai's intention to position itself at the forefront of a regional and international hub for virtual assets and related services to develop Dubai's digital economy. As the world's first independent regulator for virtual assets, VARA serves as a transparent and trusted guiding authority for the emerging world of Virtual Assets. VARA issues specialised regulations for Virtual Assets.

The Ministry of Economy Imposes Fines for Noncompliance

Ministry of Economy imposes fines worth AED 22.6 million on 29 companies operating in the designated non-financial business and professions (DNFBP) sector for failure to comply with anti-money laundering and combating the financing of terrorism legislation, which is aimed at ensuring the UAE's full compliance with international standards issued by the Financial Action Task Force (FATF).

Violators include 17 companies engaged in precious metals and gems-related activities, 4 corporate service providers, and two auditing service companies.

The companies were operating in the designated non-financial business and professions sector. The firms were penalised for failing to comply with anti-money laundering, combating the financing of terrorism legislation.



RVG Partnered with IFZA Free Zone

RVG Chartered Accountants has partnered with IFZA Free Zone to provide a comprehensive range of financial and accounting services to businesses operating in the free zone. The partnership aims to offer a one-stop solution for businesses seeking to set up operations in the free zone, with a focus on providing cost-effective and efficient financial services. RVG Chartered Accountants brings its extensive experience in the field of accounting, taxation, and audit services to the table, while IFZA Free Zone offers a dynamic business environment and world-class infrastructure to support business growth.



FTA: Notification for Non-Registered Persons

The Federal Tax Authority (FTA) has started issuing notifications to individuals or businesses who have reached the mandatory registration threshold of AED 375,000 and still not registered for VAT. It is important to note that individuals dealing with commercial properties in the UAE to understand the mandatory VAT registration threshold and register themselves before selling or buying commercial properties. VAT registration is a legal obligation for businesses that exceed the threshold and failure to register can result in penalties and fines.

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



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