

# Current VAT developments

1

—Common GCC VAT framework has been concluded and recently released in KSA

2

—UAE tax authority was recently established  
—Agreement effective - January 2017

3

—UAE Ministry of Finance has recently announced a series of VAT and excise workshops, commencing 21 March 2017

## GCC initiative

—Modelled on the EU's VAT regime

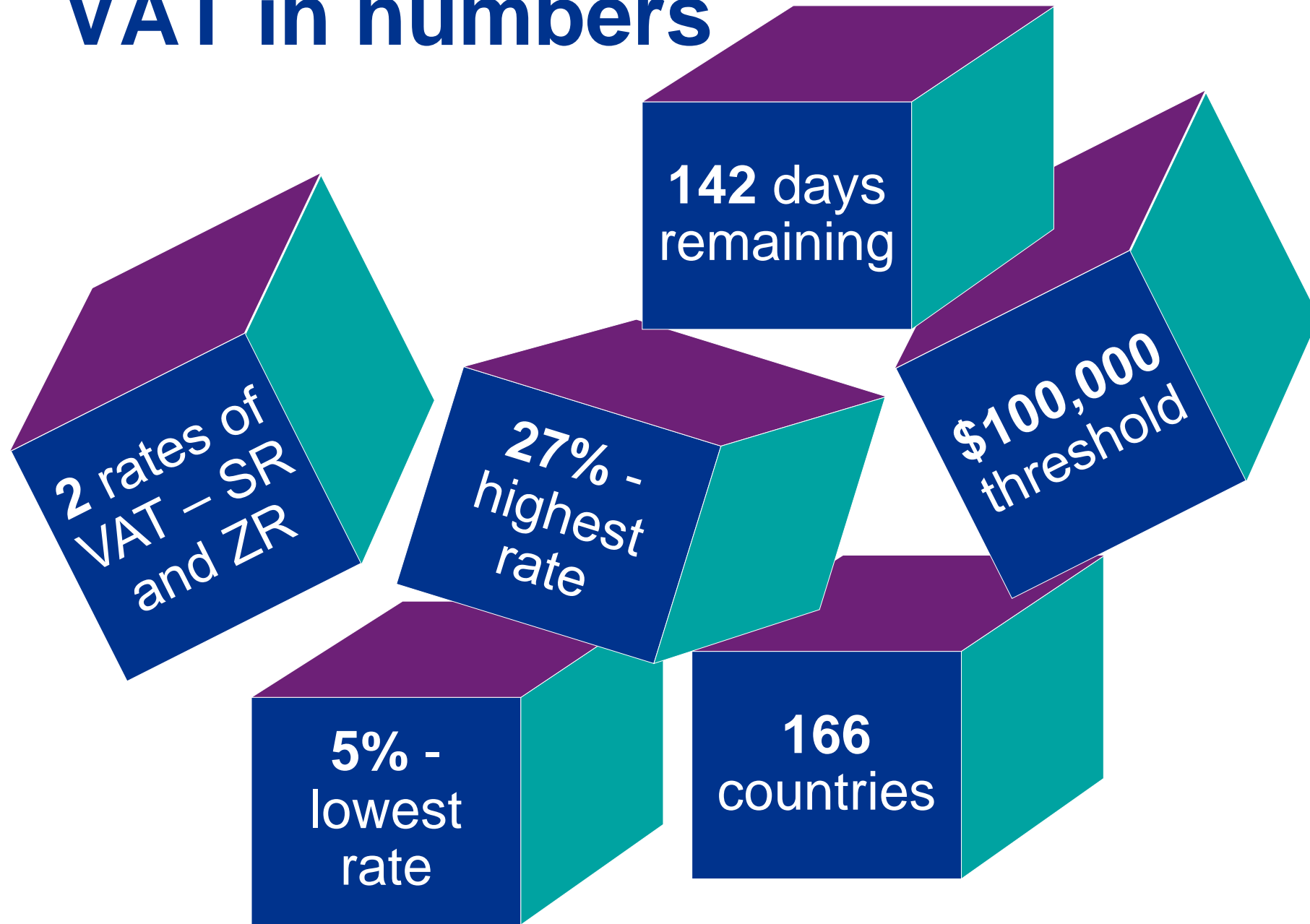
## Common GCC framework

—The GCC framework agreement will be the basis for national VAT laws across the GCC

## UAE VAT implementation

—Expected to go into effect in the UAE in 1 January 2018  
—Time for implementation is now only 8 months

# VAT in numbers



# Examples of different types of supply

\*As per MoF workshops (21<sup>st</sup> March 2017)

Expected treatment in UAE

| Zero rated   | Exempt   | Option to be zero rated or exempt (yet to be determined)   |
|--|--|--|
| <ul style="list-style-type: none"> <li>— Basic foodstuff (<i>UAE may not adopt this approach</i>), medicines and certain medical equipment – list to be agreed across GCC</li> <li>— Transport of goods/ passengers from one member State to another and international transport</li> <li>— Exports of goods and services</li> </ul> | <ul style="list-style-type: none"> <li>— Financial services (margin-based) by banks and financial institutions</li> <li>— Life insurance</li> <li>— Bare land</li> </ul> | <ul style="list-style-type: none"> <li>— Education (<i>UAE-zero rate</i>)</li> <li>— Real Estate (<i>UAE- new residential-zero rate</i>)</li> <li>— Medical (<i>UAE-zero rate</i>)</li> <li>— Local Transport Sector (<i>UAE – exempt for passengers</i>)</li> <li>— Other financial services, including insurance (<i>UAE – taxable</i>)</li> <li>— Government/Oil and gas sector (no special treatment)</li> </ul> |
| <p><b>Treatment of free zones is yet to be determined</b></p>  |  |  |