

UNITED ARAB EMIRATES

NEW AUTHORITIES GUIDE

THOMSON REUTERS TAX RESEARCH
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Introduction

Several province level authorities have been added to ONESOURCE Determination under the country zone of United Arab Emirates, including rates, catch-all rules and cross-border logic. The different authorities have been added to support the new VAT regime applicable in United Arab Emirates and they have been created in accordance with the United Arab Emirates VAT Act to account for importing, exporting, manufacturing, and consumption of goods and services.

It is important to bear in mind that the VAT Executive Regulations that will establish the details on the application of certain VAT rules have not been published yet. Once the Regulations are published Thomson Reuters might need to make changes to the logic applicable to the country and to other aspects, such as product taxability. We are keeping close track on this and will inform our clients of any future changes to the United Arab Emirates authorities due to the publication of the VAT Executive Regulations.

Other important issues to keep in mind regarding the new authorities are the following:

- The authorities have been added as "turned off" until the 31st of December 2017 and as "turned on" from the 1st January 2018.
- In order to trigger the right result it is necessary to pass a province level address element within the United Arab Emirates. If only a country level address element is passed in the system, no result will be returned.

PART I – UPDATES TO DETERMINATION

Authorities

The following province level authorities have been added to Determination in order to support the new VAT regime applicable in the United Arab Emirates.

AUTHORITY NAME	AUTHORITY LEVEL
United Arab Emirates – Abu Dhabi	Province
United Arab Emirates – Ajman	Province
United Arab Emirates – Dubai	Province
United Arab Emirates – Fujairah	Province
United Arab Emirates – Ras Al-Khaimah	Province
United Arab Emirates – Sharjah	Province
United Arab Emirates – Umm Al-Quwain	Province

Zone

The authorities detailed above have been attached to the different province-level zones under the country level zone of United Arab Emirates.

ZONE NAME	PARENT ZONE	ZONE LEVEL	SHORT CODE	DEFAULT PRODUCT GROUP
Abu Dhabi	United Arab Emirates	Province	AZ	Harmonized
Ajman	United Arab Emirates	Province	AJ	Harmonized
Dubai	United Arab Emirates	Province	DU	Harmonized

ZONE NAME	PARENT ZONE	ZONE LEVEL	SHORT CODE	DEFAULT PRODUCT GROUP
Fujairah	United Arab Emirates	Province	FU	Harmonized
Ras Al-Khaimah	United Arab Emirates	Province	RK	Harmonized
Sharjah	United Arab Emirates	Province	SH	Harmonized
Umm Al-Quwain	United Arab Emirates	Province	UQ	Harmonized

Registration Mask

The following registration mask was added to each one of the province level authorities.

REGISTRATION MASK
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Authority Options

The following authority options were added to each one of the province level authorities.

OPTION NAME	CONDITION	VALUE	START DATE	END DATE
CR - Registration required	Both	Registration Required	01/01/1901	N/A
DS - Default Services Reverse Charge	Not Applicable	Not Applicable	01/01/1901	N/A
ES - Electronic Services Reverse Charge	Not Applicable	Not Applicable	01/01/1901	N/A
Filing Groups Default Services	None	Yes	01/01/1901	N/A

OPTION NAME	CONDITION	VALUE	START DATE	END DATE
Filing Groups Electronic Services	None	Yes	01/01/1901	N/A
Filing Groups Goods	None	Yes	01/01/1901	N/A
Filing Groups Physical Performance	None	Yes	01/01/1901	N/A
Filing Groups Transport Services	None	Yes	01/01/1901	N/A
Filing Groups Work on Goods	None	Yes	01/01/1901	N/A
GS - Goods Reverse Charge	Not Applicable	Not Applicable	01/01/1901	N/A
Intra-company Tax Free Sale - Default Services	None	Yes	01/01/1901	N/A
Intra-company Tax Free Sale - Electronic Services	None	Yes	01/01/1901	N/A
Intra-company Tax Free Sale - Goods	None	Yes	01/01/1901	N/A
Intra-company Tax Free Sale - Physical Performance	None	Yes	01/01/1901	N/A
Intra-company Tax Free Sale - Transport Services	None	Yes	01/01/1901	N/A
Intra-company Tax Free Sale - Work on Goods	None	Yes	01/01/1901	N/A
PP - Physical Performance Reverse Charge	Not Applicable	Not Applicable	01/01/1901	N/A

OPTION NAME	CONDITION	VALUE	START DATE	END DATE
PRL - Parent Registration Lookup	None	Yes	01/01/1901	N/A
TS - Transport Services Reverse Charge	Not Applicable	Not Applicable	01/01/1901	N/A
Turn Off Authority	None	No	01/01/2018	N/A
Turn Off Authority	None	Yes	01/01/1901	12/31/2017
WG - Work on Goods Reverse Charge	Not Applicable	Not Applicable	01/01/1901	N/A

Rate Updates

The following rates have been added to each one of the province level authorities.

RATE CODE	RATE DESCRIPTION	RATE	START DATE
NL	Not Liable	0%	1/1/2018
SR	Standard Rate	5%	1/1/2018
ZR	Zero Rate	0%	1/1/2018

Catch-all Rules

The following catch-all rules have been added to each one of the province level authorities.

RULE ORDER	RATE CODE	TAX TYPE	TAX CODE	START DATE
5000	ZR	Zero Rate Export	N/A	1/1/2018
5001	NL	Not Liable	N/A	1/1/2018
5002	ZR	Zero Rate	N/A	1/1/2018
9970	ZR	Zero Rate	ZERO RATED	1/1/2018
9990	-None-	Any	EXEMPTED	1/1/2018
10000	SR	Any	N/A	1/1/2018

PART II – TAX RESULT EXAMPLES

Test 1: Goods shipment from United Arab Emirates to United Arab Emirates – Purchase

WORKBENCH ELEMENTS	VALUES
Company Role	Buyer
Transaction Type	Goods
Ship From	United Arab Emirates - Dubai
Ship To	United Arab Emirates - Dubai
Seller Registration	123456789012345
Buyer Registration	123456789012244
Result	Input VAT in United Arab Emirates - Dubai

The following image shows the details of the purchase.

Scenario GCC BG 001 SF=AE ST=AE SBReg:

View Results: 1

Gross Amount: 1000.00		Eff%: 5%							
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt		
Province: DUBAI	United Arab Emirates – Dubai	VAT	S	I		5%	50.00		
							50.00 AED		

☐ Authority Messages:

Authority	RuleOrder	Message
United Arab Emirates – Dubai	10000	GCCBG15: Input VAT in Ship From location.

Test 2: Goods shipment from New Zealand to United Arab Emirates – Purchase

WORKBENCH ELEMENTS	VALUES
Company Role	Buyer
Transaction Type	Goods
Ship From	New Zealand
Ship To	United Arab Emirates - Dubai
Seller Registration	N/A
Buyer Registration	123456789012345
Result	Import VAT in United Arab Emirates - Dubai Recovery of import VAT in United Arab Emirates - Dubai

The following image shows the details of the purchase.

Scenario GCC BG 002 SF=DE ST=AE BReg:								
View Results: 1	Gross Amount: 1000.00	Eff%: 0%						
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	
Province: DUBAI	United Arab Emirates – Dubai	VAT	IM	O		5%	50.00	
Province: DUBAI	United Arab Emirates – Dubai	VAT	IM	I		5%	50.00	
							0.00 AED	
Authority Messages:								
Authority	RuleOrder	Message						
United Arab Emirates – Dubai	10000	GCCBG3: Import VAT in Ship To location.						
United Arab Emirates – Dubai	10000	GCCBG4: Recovery of Import VAT in Ship To location.						

Please bear in mind that the system default result for importation of goods is an import result with a tax type of "IM". However, in the case of United Arab Emirates, and based on the text of article 48 paragraph 1 of the VAT Law, the default result on this case should be a reverse charge with a tax type of "RC".

In order to drive the correct reverse charge tax type a special configuration is needed. Our Professional Services team should be able to help you with this configuration during the implementation process.

Test 3: Goods shipment from United Arab Emirates to United Arab Emirates – Sale

WORKBENCH ELEMENTS	VALUES
Company Role	Seller
Transaction Type	Goods
Ship From	United Arab Emirates - Dubai
Ship To	United Arab Emirates - Dubai
Seller Registration	123456789012345
Buyer Registration	654321789012345
Result	Output VAT in United Arab Emirates - Dubai

The following image shows the details of the sale.

Scenario GCC BG 001 SF=AE ST=AE SBReg:

View Results: 1 ▾	Gross Amount: 1000.00	Eff%: 5%					
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt
Province: DUBAI	United Arab Emirates – Dubai	VAT	S	O		5%	50.00
							50.00 AED
☐ Authority Messages:							
Authority	RuleOrder	Message					
United Arab Emirates – Dubai	10000	GCCSG1: Output VAT in Ship From location.					

Test 4: Goods shipment from United Arab Emirates to New Zealand – Export

WORKBENCH ELEMENTS	VALUES
Company Role	Seller
Transaction Type	Goods
Ship From	United Arab Emirates - Dubai
Ship To	New Zealand
Seller Registration	123456789012345
Buyer Registration	N/A
Result	Zero-rated export from United Arab Emirates - Dubai

The following image shows the details of the export.

Scenario UAE export of goods:

View Results: 1		Gross Amount: 1000.00	Eff%: 0%				
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt
Province: DUBAI	United Arab Emirates – Dubai	Zero Rated Export	ZE	O		0%	0.00
							0.00 AED
[-] Authority Messages:							
Authority	RuleOrder	Message					
United Arab Emirates – Dubai	5000	GCCSG5: Zero-Rated Export in Ship From location.					

Test 5: Service supply from United Arab Emirates to United Arab Emirates – Seller

WORKBENCH ELEMENTS	VALUES
Company Role	Seller
Transaction Type	Default Service
Seller Primary	United Arab Emirates - Dubai
Buyer Primary	United Arab Emirates - Abu Dhabi
Seller Registration	123456789012345
Buyer Registration	654321789012344
Result	Output VAT in United Arab Emirates - Abu Dhabi

The following image shows the details of the transaction.

Scenario UAE Default services:

View Results: <input type="button" value="1"/>	Gross Amount: 1000.00	Eff%: 5%						
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	
Province: ABU DHABI	United Arab Emirates – Abu Dhabi	VAT	S	O		5%	50.00	
							50.00 AED	
Authority Messages:								
Authority	RuleOrder	Message						
United Arab Emirates – Abu Dhabi	10000	GCCSDS1: Output VAT in Buyer Primary location.						

Test 6: Service supply from New Zealand to United Arab Emirates – Reverse Charge

WORKBENCH ELEMENTS	VALUES
Company Role	Buyer
Transaction Type	Service
Seller Primary	New Zealand
Buyer Primary	United Arab Emirates - Abu Dhabi
Seller Registration	N/A
Buyer Registration	654321789012344
Result	Reverse charge in United Arab Emirates - Abu Dhabi

The following image shows the details of the transaction.

Scenario UAE Default services:								
View Results: 1 ▼	Gross Amount: 1000.00	Eff%: 0%						
Zone	Authority	Invoice Desc	Type	Dir	Fee	Rate	Tax Amt	
Province: ABU DHABI	United Arab Emirates – Abu Dhabi	VAT	RC	O		5%	50.00	
Province: ABU DHABI	United Arab Emirates – Abu Dhabi	VAT	RC	I		5%	50.00	
							0.00 AED	
Authority Messages:								
Authority	RuleOrder	Message						
United Arab Emirates – Abu Dhabi	10000	GCCBDS3: Reverse Charge in Buyer Primary location.						
United Arab Emirates – Abu Dhabi	10000	GCCBDS4: Recovery of Reverse Charge in Buyer Primary location.						

CONCLUSION

This guide explains changes made in ONESOURCE Indirect Tax Determination in connection with the authorities created to support the new VAT regime applicable in the United Arab Emirates. Please contact Customer Support with any additional questions.