

## **Cabinet Resolution No. (41) of 2018 Implementing the Refund System of the Value Added Tax to Tourists**

### **The Cabinet,**

- Having reviewed the Constitution; and
- Federal Law No. (1) of the Year 1972 on the Competences of Ministries and Powers of Ministers, and its amendments; and
- Federal Decree under Law No. (13) of 2016 On the Establishment of Federal Tax Authority; and
- Federal Law No. (7) of 2017 on tax Procedures; and
- Federal Decree-Law No. (8) of 2017 on Value Added Tax; and
- Cabinet Resolution No. (52) of 2017 on the regulation of Federal Decree-Law No. (8) of 2017 on Value Added Tax; and
- Based on what has been proposed by the Minister of Finance, and the approval of the Cabinet.

### **It resolves the following:**

### **Article (1)**

#### **Definitions**

In application of Provisions of this Resolution, the following words and phrases shall have the meanings assigned to them, unless the context indicates otherwise:

- |                           |   |
|---------------------------|---|
| <b>State</b>              | : The United Arab Emirates.   |
| <b>FTA</b>                | : The Federal Tax Authority.  |
| <b>Chairman</b>           | : Chairman of the FTA Board of Directors.   |
| <b>VAT</b>                | : The Value Added Tax.  |
| <b>GCC</b>                | : All states that enjoy the membership of GCC in accordance with the statutes of GCC countries. |
| <b>Applying Countries</b> | : GCC states that apply VAT Law under an issued legislation.                                    |

- Tourist Coming from Abroad System** : Any natural person who is not a resident in the State or of any other applying State and is not a member of a flight or naval crew; and leaves the State to outside the applying one.
- System** : The operations under which VAT Refund mechanism shall be provided to the tourist who is coming from abroad.
- Operator** : Service Provider(s) who are contracted to set up and operate the system in the state.
- Items** : Physical personal possessions.
- Retail Dealers** : VAT-registered Businesses in the State which supply items.
- Purchase Without VAT** : Any purchase of any item by the tourist who is coming from abroad for the purpose of refunding the paid VAT using the system.
- Export** : Items departure from the state.
- Tax Period** : The specified period over which VAT shall be calculated and paid. The tax that was levied under Federal Decree-Law No. (8) of 2017 concerning Value Added Tax and its payment date to FTA.
- Output Tax** : The supply tax that is levied by a retail dealer.

## **Article (2)**

### **System Commencement Date**

The President shall issue a decision specifying the Commencement Date of the system providing that it shall be no later than 1 January 2019.

## **Article (3)**

### **System Mechanism**

1. The person shall meet all the following conditions to be qualified to refund VAT using the system:
  - a. To meet the conditions that are stated in Clause No. 2 of Article No. 68 of the referred Cabinet Resolution No. (52) of 2017.
  - b. To purchase the items from a retail dealer who participated in the system.

- c. Items shall be purchased from the retail dealer in accordance with the requirements that will be specified in a presidential decision.
  - d. Items shall be exported in accordance with the requirements that will be specified in a presidential decision.
  - e. Such Items shall not be excluded by FTA from the system.
2. Each retail dealer who meets the participation requirements specified by the FTA shall have the right to participate in the system.
3. If the tourist who is coming from abroad expresses his wish to the retailer, who participates in the system, to purchase without VAT, the retailer shall give the tourist the necessary documents to claim VAT refund using the system as determined by FTA. These documents include tax invoice that meets all the requirements stipulated in Article (59) of the referred Cabinet Resolution No. (52) of 2017.
4. The tourist coming from abroad shall apply for a direct VAT refund from the operator. The operator in turn is required to refund the money upon receipt of the reasonable and sufficient evidence as specified by FTA, on which the tax will be refunded to the tourist coming from abroad.
5. The Operator may charge fees to the tourist coming from abroad against refund management using the System. He may also deduct these fees from the amount to be refunded to the tourist coming from abroad in accordance with the President Decision; providing that these charged fees shall not exceed what is approved by Prime Minister.
6. The operator shall cooperate with the customs departments of the State in cases in which the tourist coming from abroad have to show the goods for which he wishes to recover VAT, which may require verification and inspection in accordance with the conditions determined by FTA.
7. Customs departments shall cooperate with FTA and the Operator concerning verification and inspection in accordance with the conditions determined by FTA.
8. If the operator refunds the amount of VAT related to a purchase without VAT to a tourist coming from abroad in accordance with this Article properly, the operator may demand the retailer, who sold the relevant items to the tourist coming from abroad, to directly pay the amount of the refunded tax.

9. If the retail dealer pays the VAT amount to the Operator properly in accordance with this Article, the retail dealer shall be able deem the VAT amount as a deduction from the Output Tax that is to arise in the Tax Period in which the refund amount has been paid to the tourist coming from abroad.
10. The FTA may:
- a. Specify the requirements including: procedural requirements; evidentiary, verification, documentation and record keeping requirements which the tourist who is coming from abroad, retailer, operator and any other person required to meet in order to apply the system.
  - b. Enter into agreements with any person and specify the necessary conditions and procedures related to system operation.

#### **Article (4)**

##### **System Restrictions**

The President shall issue a decision specifying the minimum amount of money that shall be applied to refund requests in accordance with the System.

#### **Article (5)**

##### **Issuance of Executive Resolutions**

The President shall issue the necessary decisions to implement the provisions of this Resolution.

#### **Article (6)**

##### **Repeals**

Any provision contrary to or inconsistent with the provisions of this Resolution shall be repealed.

## **Article (7)**

### **Provisions of the Resolution Enforcement**

The provisions of this Resolution shall come into force as of the date on which it is issued and shall be published in the Official Gazette.

**Mohammed bin Rashid Al Maktoum**

**Prime Minister**

Issued by us:

On: 11 Dhul Qidah 1439 A.H.

Corresponding to: 24 of July 2018 AD