

Cabinet Resolution No. (91) of 2023 Concerning the Application of the Reverse Charge Mechanism on Electronic Devices Among Those Registered in the State for the Purposes of Value Added Tax

The Cabinet,

- Having reviewed the Constitution; and
- Federal Decree-Law No. (8) of 2017, Concerning the Value Added Tax, and its amendments thereof; and
- Based upon the proposal submitted by the Minister of Finance and the Cabinet's approval,

Decided:

Article (1)

Definitions

The definitions stipulated in Federal Decree by Law No. (8) of 2017 Concerning the Value Added Tax and amendments, shall be applied to this Resolution; otherwise, the following term shall have the meaning appearing next to it, unless the context requires otherwise:

Electronic Devices : Mobile phones, smart phones, computers, tablets and its parts and components.

Article (2)

Application of the Reverse Charge the Mechanism on Electronic Devices

1. In the event a supplier has supplied electronic devices to a registered recipient, and the latter's intention was to resell it or use it for the production or manufacturing of electronic devices, the following rules shall apply:
 - a. The supplier shall not be responsible for calculating the tax related to the supply of electronic devices and shall not record in his tax return.
 - b. The recipient of the electronic devices shall calculate the tax on value of the electronic devices supplied to him and shall be responsible for all the tax liabilities arising from such supply and for calculating the due tax thereof.

2. The provisions of clause (1) of this article shall not apply in the event the supply of electronic devices is subject to (0%) tax in accordance with clause (1) of Article (45) of Federal Decree by Law No. (8) of 2017 referenced above.
3. For the purposes of implementing clause (1) of this article, the following shall be taken into consideration:
 - a. The recipient of the electronic devices shall commit to the following before the supply date:
 1. Provide the electronic devices supplier with a written statement clarifying that the supply of electronic devices is intended for the purposes stipulated in clause (1) of this Article.
 2. Provide the electronic devices supplier with a written statement confirming that he is registered with the Authority.
 - b. The electronic devices supplier shall commit to the following before the supply date:
 1. Receive and retain the statements stipulated in paragraph (a) of clause (3) of this article.
 2. Validate that the electronic devices recipient is registered in accordance with means applicable by the Authority in this regard.
4. In the event the electronic devices recipient fails to provide the statements stipulated in paragraph (a) of clause (3) of this article, the provisions of clause (1) of this article shall not be applicable to him, and the said recipient shall not consider the electronic devices that are used or meant to be used for the events stipulated in paragraphs (a) and (b) of clause (1) of Article (54) of Federal Decree by Law No. (8) of 2017 referenced above.

Article (3)

Electronic Devices Parts and Components

For the purposes of implementing this Resolution, the Minister of Finance shall issue a resolution identifying the standards to be followed when determining the parts and components related to electronic devices.

Article (4)

Resolution Publication and Enforcement

This Resolution shall be published in the Official Gazette and shall come into effect (60) days after its publication date.

Mohammed bin Rashid Al Maktoum

Prime Minister

Issued by us,

On: 08 / Safar / 1445 A.H.

Corresponding: 25 / August / 2023 AD