

## Cabinet Resolution No. (127) of 2024

### On the Application of Reverse Charge Mechanism to Precious Metals and Precious Stones Among Registrants in the State for Value-Added Tax Purposes

#### The Cabinet:

- Upon reviewing the Constitution;
- Federal Decree-Law No. (8) of 2017 Concerning the Value-Added Tax, and any amendments thereto;
- Cabinet Resolution No. (52) of 2017 Concerning the Executive Regulation of Federal Decree-Law No. (8) of 2017 Concerning Value-Added Tax, and any amendments thereto;
- Cabinet Resolution No. (25) of 2018 Concerning the Mechanism for Applying Value-Added Tax to Gold and Diamonds Among Registrants in the State;
- The proposal of the Minister of Finance and the approval of the Cabinet;

#### Has resolved the following:

### Article (1)

#### Definitions

The definitions stated in the aforementioned Federal Decree-Law No. (8) of 2017 shall apply to this Resolution; otherwise, the following words and phrases shall have the meanings assigned to each of them, unless the context otherwise requires:

**Goods** : Precious metals, precious stones and jewellery made of any precious metal or precious stone or a combination thereof, provided that the value of the precious metal or precious stone is higher than the value of the other components.

**Precious Metals** : Gold, silver, palladium and platinum.

**Precious Stones** : Natural and synthetic diamonds, pearls, rubies, sapphires and emeralds.

## Article (2)

### Application of Reverse Charge Mechanism to Goods

1. If a supplier supplies Goods to a registered recipient, and the recipient intends to resell them or use them to produce or manufacture Goods, the following rules shall apply:
  - a. The supplier shall not be responsible for calculating the tax relating to the supply of Goods and shall not record it in his tax return.
  - b. The recipient of Goods must calculate the tax on the value of the Goods supplied thereto, and shall be responsible for all tax obligations arising from that supply and for calculating the tax due thereon.
2. The provisions of Clause (1) of this Article shall not apply if the supply of Goods is subject to zero-rated value-added tax in accordance with Clause (1) of Article (45) of the aforementioned Federal Decree-Law No. (8) of 2017.
3. For the purposes of applying Clause (1) of this Article, the following must be taken into account:
  - a. The recipient of Goods shall commit to the following before the date of supply:
    1. Providing the supplier of Goods with a written statement stating that the intention of supplying Goods to him is for the purposes of the cases stipulated in Clause (1) of this Article.
    2. Providing the supplier of Goods with a written statement confirming that he is registered with FTA.
  - b. The supplier of Goods shall commit to the following before the date of supply:
    1. Receiving and keeping the permits stipulated in Paragraph (A) of Clause (3) of this Article.
    2. Verifying that the recipient of Goods is registered, in accordance with the methods approved by FTA in this regard.
4. If the recipient of Goods does not submit the permits stipulated in Paragraph (A) of Clause (3) of this Article, the provisions of clause (1) of this Article shall not apply to him, and said recipient may not consider that the Goods are being used or intended to be used for the

cases stipulated in Paragraph (A) and Paragraph (B) of Clause (1) of Article (54) of the aforementioned Federal Decree-Law No. (8) of 2017.

### **Article (3)**

#### **Executive Resolutions**

The Minister of Finance shall issue the resolutions necessary to implement the provisions of this Resolution.

### **Article (4)**

#### **Repeals**

1. Cabinet Resolution No. (25) of 2018 Concerning the Mechanism for Applying Value-Added Tax on Gold and Diamonds Among Registrants in the State shall be repealed.
2. Any provision that violates or contradicts the provisions of this Resolution shall be repealed.

### **Article (5)**

#### **Resolution Publication and Entry into Force**

This Resolution shall be published in the Official Gazette and shall enter into force sixty (60) days after the date of its publication.

**Mohammed Bin Rashid Al Maktoum**

**Prime Minister**

**Issued by Us:**

**On: 15 Jumada II 1446 AH**

**Corresponding to: 16 December 2024 AD**