

Cabinet Resolution No. (153) of 2025

Regarding the Application of the Reverse Charge Mechanism to the Trade of Scrap Metal between Registrants in the State for Value Added Tax Purposes

The Cabinet:

- Having reviewed the Constitution;
- Federal Decree by Law No. (13) of 2016 Regarding the Establishment of the Federal Tax Authority, as amended;
- Federal Decree by Law No. (8) of 2017 Regarding Value Added Tax, as amended;
- Cabinet Resolution No. (52) of 2017 Regarding the Executive Regulations of Federal Decree by Law No. (8) of 2017 Regarding Value Added Tax, as amended; and
- Upon the proposal of the Minister of Finance, and as approved by the Cabinet,

Hereby resolves as follows:

Article (1)

Definitions

The definitions set forth in Federal Decree by Law No. (8) of 2017 Regarding Value Added Tax shall apply to this Resolution; otherwise, the following terms and expressions shall have the meanings assigned to each of them, unless the context requires otherwise:

- Scrap Metal** : Ferrous or non-ferrous metal waste that has commercial value and can be used after processing.
- Processing** : The process through which Scrap Metal is transformed into materials usable in the manufacture of new products, whether by repair, recycling, or any other method.

Article (2)

Application of the Reverse Charge Mechanism to Scrap Metal

1. Where a supplier supplies Scrap Metal to a recipient registered with the Authority, and the recipient intends to resell it or use it in Processing, the following rules shall apply:

- a. The supplier shall not be responsible for accounting for the Tax related to the supply of Scrap Metal and shall not include it in its Tax Return.
 - b. The recipient shall be responsible for accounting for the Tax due on this supply and for all related Tax obligations.
2. The provisions of Clause (1) of this Article shall not apply if the supply of Scrap Metal is subject to VAT at the zero rate in accordance with Clause (1) of Article (45) of Federal Decree by Law No. (8) of 2017.
3. For the purposes of applying Clause (1) of this Article, the following shall be observed:
 - a. The recipient of Scrap Metal shall comply with the following prior to the date of supply:
 1. Submit a written declaration to the supplier of Scrap Metal stating that the supply is for the purposes specified in Clause (1) of this Article.
 2. Submit a written declaration to the supplier of Scrap Metal confirming that the recipient is registered with the Authority.
 - b. The supplier of Scrap Metal shall comply with the following prior to the date of supply:
 1. Receive and retain the declarations referred to in Paragraph (a) of Clause (3) of this Article.
 2. Verify that the Scrap Metal recipient is registered, in accordance with the methods approved by the Authority.
 3. Include an explicit statement on the invoice indicating the application of the reverse charge mechanism.
4. If the Scrap Metal recipient fails to submit the declarations referred to in Paragraph (a) of Clause (3) of this Article, Clause (1) of this Article shall not apply to that recipient, and the recipient may not consider the Scrap Metal to be used or intended to be used for the cases specified in Paragraph (1) and Subparagraph (b) of Clause (1) of Article (54) of Federal Decree by Law No. (8) of 2017.

Article (3)

Executive Resolutions

The Minister of Finance shall issue the necessary resolutions for the implementation of the provisions of this Resolution.

Article (4)

Repeals

Any provision that contradicts or conflicts with the provisions of this Resolution is hereby repealed.

Article (5)

Publication and Entry into Force

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

Mohammed bin Rashid Al Maktoum

Prime Minister

Issued by us:

On: 13 Jumada al-Awwal 1447 A.H.

Corresponding to: 4 November 2025 A.D.