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Director's Note

With decrease in oil and gas prices, the GCC economy is transforming itself into industrial sectors each performing at different speeds. In spite of rise in financial and energy sector, the outlook for the final quarter of 2017 remains comparatively low.

As per recent survey, the wholesale and retail industry (index at 57.9) sector is the best-performing category followed by hospitality sector (56.3) in non-oil economy sector in Dubai.

From January 1, 2018, the UAE and Saudi Arabia introduced implementation of VAT (Value Added Tax). The impact of VAT on inflation and government revenues will be assessed by the proportion of consumption in the economy and the VAT captured from this consumption base.

The UAE is set to almost double its expansion rate in 2018 with two years into Expo 2020 Dubai. UAE is expected to record an accelerated growth in 2018 to 3.6 per cent from 1.7 per cent in 2017. It will further gain pace in 2019 to post 3.6 per cent growth. This is expected as the country remains on track to establish a diverse knowledge and innovation driven economy. VAT requires regular check on competitive pressures and potential slump in consumer spending.

It will be challenging for small / mid-sized businesses to adapt & implement changes required to be VAT compliant. With impact of 5% of VAT current businesses might slow down with downfall in the first quarter of 2018. It is expected to be stabilized in second half. Businesses hence must ensure full compliance to VAT and be ready to grab the next upturn in economy to improve & strengthen their business as well as finances. KAA / GBS team is fully equipped to guide & assist companies in all sectors with VAT implementation & continuous monitoring.



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Arab region's No. 1: UAE leads world bank's ease of Doing business ranking



Once again- in succession for the 5th time, UAE has topped the list of the World Bank's Ease of Doing Business 2018 report for the Arab countries and 21st globally up from the 26th position .

Globally, many reports showed that UAE ranked in top 10 in ten topics – 1st in tax payment & obtaining power, 2nd in construction permits processes and 10th for property registration.

ALLIANCE

This positive result is contributed to months of participation, vigorous work ethics and dedicated commitment by the federal and local government bodies with the Competitive Strategy team at the Federal Competitiveness and Statistics Authority.

The report reflects the World Bank's recognition of UAE's efforts to upgrade methods and laws related to the processes of company formations and easing procedures for both domestic and foreign investors.

IMPROVEMENTS THROUGH INDUSTRIOUS WORK

Over the last year, in association with the strategy competitiveness team at the FCSA, more than 50

government officials and experts worked dedicatedly and effectively on workshops, simulations, paper work and field visits to the World Bank headquarters in Washington DC. Their hard work and focus has lead to 4 improvements officially documented by the World Bank report this year in the areas of construction permits processes, obtaining power, access to credit and resolving insolvency.

Under the guidance of wise leadership and a strategic vision, UAE is a fore runner to compete globally across various sectors and aims to become the best country in the world by 2071. The World Bank's Ease Of Doing Business global ranking at the 21th spot for UAE speaks highly of the country's progress on building an advanced economic infrastructure and financial system thus ensuring profitability and global leadership.

The Finance Ministry's on-going development efforts towards an innovation-driven strategy for all services extended to individuals and institutions coupled with its implementation of prime financial management practices; not just maintains the constant improvement of the national financial ecosystem but has also created a stable & sustainable economy that is both flexible and diverse.

Surges in UAE's deposit growth versus weak credit growth



With foreign credit dropping of 2.4% and soft domestic loan growth of 0.3%, gross credit growth was uninspired at 0.1% month-on-month thus resulting in deposits growth in the UAE's banking system.

A recent accounting adjustment to counterbalance refinancing against personal loans from August 2017 statistically influenced yearly credit growth numbers and reflects in the reduction in year-on-year retail loans growth. On an annual basis, September saw gross credit rise by just 0.9% year on year.

September saw government related entities (GREs) loan growth fall to 0.6% month-on-month causing the yearly contraction to 6.7%. While government borrowing from the banking sector stayed steady with no change from August data, the private sector credit growth showed a positive but diluted high of 0.4% month-on-month.

Similarly on excluding the August data to discard the accounting adjustment, retail credit growth had its strongest positive rise year-to-date of 0.7% month-on-month compared to an average of 0.3% in the first 7 months of 2017. Certain amount of support can be expected to retail credit growth in the fourth quarter prior to VAT introduction. On the other hand improvement is expected in investment activity. Alternative funding such as bond market and international export-credit agencies continue to be available.

After taking a hit of 0.6% in August, banking system deposits rose by 0.9% month-on-month, the best monthly increase since March 2017, largely due to the bank's focus on raising deposits at the end of the

quarter. Another factor may well have been the expectation of stronger demand for credit after the sluggish summer spell.

In contrast, the yearly deposit growth rate dropped to 5.8% from 7% in August, a reflection of the strong growth pace in September 2016.

Monthly increase in resident deposits was controlled by the private sector and GRE segments. Other statistics include government deposits down to 2.5% month-on-month in September, though the year-on-year 18.7% growth remains strong. Non-resident deposits up to 3.3% but their year-to-date figure are still down 5.4%.

LIQUIDITY EASES

September's monetary data indicates easing in banking sector liquidity as monthly deposit growth continues to outrun credit growth. The gross system-wide loan-to-deposit ratio moderated further to 99% down from August's 99.8%. September's monthly rise in GRE deposits and contraction in loan growth saw the sector's return to being a net depositor in the banking system.



Rise in non-oil sectors to boost UAE GDP



According to International Monetary Fund (IMF), the UAE GDP growth is expected to bounce back in 2018 led by strong development in non - oil sector growth. The IMF projected 1.3% growth in UAE's real GDP in 2017 which is expected to increase to 3.4% in 2018.

Dubai and Abu Dhabi played a major role in economic diversification of the UAE. Their efforts will be reflected in economic growth outlook of the UAE in 2018. Dubai's GDP growth was projected to 2.9% and 3.3% in 2016 and 2017 respectively. This growth is expected to surge to 3.5% in 2018. Abu Dhabi's GDP growth is expected to grow 3.2% in 2018 from 0.3% and 2.8% in 2017 and 2016 respectively. Oil and non-oil GDP of Abu Dhabi is expected to recuperate its growth by 3.1% and 3.3% respectively compared to -2.7% and 3.2% respectively in 2017.

IMF forecasted 3.3% economic growth of GCC countries in 2018. UAE, Saudi Arabia and Kuwait play a vital role in this revolution.

Saudi Arabia's low GDP growth is forecast to 0.1% in 2017 down from 1.7% in 2016 as oil GDP declines in line with Saudi Arabia's commitments under the Opec agreement. In spite of this low GDP growth, non oil

sector in Saudi is expected to rise up to 17% in 2017 with a gradual increase in 2018. This will increase overall GDP growth to 1.1%.

As per the IMF data, the overall regional budget deficits have declined. As compared to the first part of 2016, Oman and Qatar deficits went down by one third in first half of 2017. Saudi Arabia cut the deficit by more than 50% in first half of 2017. Despite this the Saudi government's pledge to repay various public sector benefits and bonuses may result in increase in expenditure in second half.



Eurozone: Growth in economy and its consequences.



The Eurozone economy grew faster in third quarter of 2017. The gross domestic product (GDP) of 19 countries sharing the euro was estimated to grow by 0.6% in July-September and 2.5% higher than in the same period of 2016. It matched the economist poll of 0.5% quarterly rise and a 2.4% year on year gain.

This economic growth helped to bring down Eurozone unemployment to an almost nine-year low. The unemployment rate was 9% of the workforce or 14.609 million people in August which fell to 8.9% or 14.513 million in September. A Eurostat estimate showed fall in

consumer inflation by 1.4% in October from 1.5% in August-September. Slower growth in energy prices and reduction in volatile unprocessed food price were the two most volatile components that slowed the inflation rate in October. While the energy prices rose 3% year on year in comparison to 3.9% in September, unprocessed food price rose 2.8% after 1.5% in September.

The European Central Bank decided to extend its government bond buying programme that pumps cash into the banking sector. This will help to keep the inflation number low, about 2% over a two year horizon.



Investors are warned against Crypto Currency

The UAE Central Bank alerted investors against use of digital currency as Dubai Financial Services Authority (DFSA) has not regulated nor licensed any entities in the financial zone. Neither there is any entity that controls or monitors this nor there is any system that identifies the person behind a crypto currency. Hence there are high risks in dealing with such kind of currencies.

Bitcoin which is one of the popular crypto-currencies had crossed US\$ 19,000/- and thereafter

has dropped sharply.

It has become a word of mouth with an extraordinary growth of more than six times this year; outperforming all other asset classes.

Dubai Financial Services Authority (DFSA) clarified investors that they do not regulate crypto currencies yet. They also drew their attention towards certain online offerings and regarded it as high-risk investments.



Repercussions of lower oil prices.

Due to reduced oil outputs, Gulf oil exporters are still accommodating to low oil prices and the holistic growth in the GCC region is expected to reach new lows in 2017 at 0.5 percent.

Regardless of the extension of the production cuts, oil prices continue to remain soft, resulting in diminished oil sector growth and leading to large fiscal and external deficits.

Non oil growth has recovered about 2.6 percent in 2017 but by 2018 it is expected to reach 2.4 percent due to a delay in the fiscal consolidation.

Oil exporters are distancing themselves from redistributing oil receipts through public sectors and energy subsidies due to decreasing oil prices. Medium term growth prospects remain mediocre amid continuing fiscal consolidations, regardless of which the regions oil exporters have charted unachievable diversification strategies.

These limited growth prospects highlight the lack of momentum in implementation of structural reforms. Oil exporters has been advised to continue pursuing deficit reduction plans to retain fiscal sustainability and support exchange rate pegs.

Decrease in oil prices are a cause to large fiscal deficits across Middle East, North Africa, Afghanistan and Pakistan. Deficits have heightened from 1.1 percent of GDP in 2014 to 10.6 percent in 2016. In spite that, they are expected to rise up to 5.2 percent of GDP this year



due to a reasonable increase in oil prices which lead to considerable deficit reduction efforts.

Medium term outlook of GCC countries is expected to diminish due to low oil prices. As of now, GCC non-oil growth is estimated to be limited at 3.4 percent in 2022, about half of 6.7 percent of 2000-15. GCC countries such as Kuwait and UAE are repositioning themselves in terms of their fiscal conditions slowly which results in a steady growth in the non-oil sector.

The region's growth outlook faces tremendous disadvantages due to sizable uncertainty which surrounds the oil price outlook. Though liabilities due to oil price volatility, regional conflicts and geopolitical developments are causing major disadvantages. Other global risks could also have adverse effects in the region including quick normalization of monetary policy in the US.

Range bound oil

Oil prices are between \$50-\$60 a barrel which is comparatively more from last year's average which was \$43 a barrel. In May several agencies extended policies to reduce oil production until the first quarter of 2018. In spite of that the oil price outlook has been revised downward since May 2017.



Updated legal rights for non-muslim residents in Dubai

A new law is issued in Dubai regulating inheritance, wills and probate for non-Muslims. It allows non-Muslims residing in Dubai to create their personal wills in accordance to their preferences. This law makes the process of registering wills and managing their assets more accessible for non-Muslim residents of Dubai, consequently making Dubai's investment landscape less restricted.

This law promotes the creation of a “Non Muslim Wills and Probate Registry” policy in both; Dubai Courts and the courts of DIFC (Dubai International Financial Centre). The responsibility entrusted on the heads of both courts consists of contriving and regulating the



policies and procedures of court, as well as arbitrating disputes arising from wills and probates for residents, depending on where the wills are registered. According to the law, all non-Muslims will be registered to the Courts for better accessibility.

The law lays out important legal requirements for wills and probates, liabilities and obligations of the recipients of the wills; responsibilities and limitations of will executors; administrative regulations guiding inheritance and the distribution; ownership and management of the estate; as well as appeal procedures.

The law makes all other legislations that contradict its articles invalid. This law is valid from the date of publication and will be published in the leading print media.

Dubai HealthCare City



Dubai HealthCare City (DHCC) is the first medical free zone in the world. The rapidly increasing population growth and economic boom in the Middle East has given Dubai HealthCare City the impetus to provide local and international patients with an extensive range of medical care. Dubai is the perfect platform for DHCC and it has emerged as the leading healthcare service center in the region.

Dubai HealthCare City, a member of TECOM investment was conceived as the location of choice for quality healthcare and an integrated center of excellence for clinical and wellness services, medical education and research in the Middle East. Dubai HealthCare City boasts two complementary communities, namely the Medical Community and the Wellness Community. The Medical Community, which focuses on acute care services occupies and is 4.1 million square feet. The Wellness Community covers 19 million square feet and completes DHCC's healthcare continuum by housing hospitals, outpatient's clinics, luxury spa resorts and the entire spectrum of wellness services.

The medical and complimentary service will provide in two conveniently customized phases. Through the Medical Community, DHCC will treat the region to host of medical services grouped in a highly convenient setting. Physician offices, ambulatory surgery centers, general hospitals, specialty hospitals, rehabilitation and long-term care facilities, diagnostic laboratories are brought together to deliver diagnostic and treatment services to an international standard. DHCC is the prime location for ultra-modern outpatient facilities, healthcare commercial offices and retail services.

Location: Dubai HealthCare City, Dubai, (U.A.E.)

Permitted activity: Clinical, Healthcare, Higher Education Provider, Executive Search, Event Management, Outsource and other relevant activities related to medical, paramedical sector

License available: Service and commercial license

Types of entities: Free Zone Limited Liability Company (FZ-LLC) and Branch office

Shareholder: Can be individual or corporate entity

Director: Individuals only

Share capital: Minimum of AED 50,000/-. However certain category of medical related activities requires share capital worth AED 200,000 onwards

Audit: Audit report is required to be submitted to free zone authorities

Estimated time: Minimum of 5 - 6 weeks to obtain final trade license

Key benefits:

- Ownership, Taxation and Repatriation Advantage.
- 100% foreign ownership.
- 100% repatriation of capital and profits.
- No personal income tax.
- No corporate tax.
- No currency restriction

Renewal: License of the company has to be renewed on annual basis. Penalty would be charged by the authority if license is renewed after expiry date.

Starting from AED 96,120/- onwards (inclusive of license, registration and executive desk estimated size of 50 sq. ft rentals) and renewal charges amounts to AED 75,010/- from next year onwards. However please note that the above mentioned charges can vary depending upon the number of license applied under one company and also depends upon the leasing/office facility acquired.

GBS provides you consultancy and helps you with company incorporation services at Dubai HealthCare City Free Zone.

Singapore Company

SYNOPSIS:

Singapore is situated at the southern tip of the Malaysian Peninsula. Strategically located along the major shipping and air routes of Asia, it is the major nerve centre for trade and investments in the region.

Spanning just over 622 sq km, Singapore though small, is undoubtedly an advanced and bustling economy. It thrives on an excellent infrastructure, highly educated labour force, political stability and an efficient business environment. Singapore is an ideal holding company and headquarters location and a gateway for foreign investments in to the emerging economies of Asia such as China, India, Vietnam, Indonesia and Thailand.

A company incorporated in Singapore has the following characteristics:

A. Shareholders:

A minimum of one shareholder is required whose details are filed on the public register. Corporate shareholders are permitted and anonymity can be achieved by the use of nominee shareholders.

B. Directors:

A minimum of one director is required and full details must be filed with the Public Registry. Corporate directors are not permitted. Also one Director MUST be a Singapore resident.

C. Officers/Secretary:

Companies are required to appoint a resident company secretary who must be a natural person.

D. Restriction on name and activity:

Names which suggest any connection to the existing companies or trade mark / patents are generally prohibited and certain words which suggest specialist activity can only be used when the appropriate licences have been obtained e.g. bank, insurance company and other specialist financial enterprises.

E. Local Requirements:

As a matter of local company law, the company MUST maintain a registered office address within the jurisdiction of incorporation and must also appoint a local resident company secretary. The secretary cannot be the sole director of the company. We would generally provide these services as part of the domiciliary service fee.

F. Timescale:

Incorporation of a Singapore company takes around 10 days.

G. Annual Reporting:

Singapore Companies are required to file annual tax returns with unaudited financial statements (for private cos. with revenue less than S\$ 5mn).





H. Taxation:

The Singapore company may be taxed in Singapore depending on activity and geographical location where such activity is conducted.

I. Confidentiality:

Details of shareholders and Directors appear on the public file.

J. Company Renewal:

Renewal for Singapore Companies falls every first week of the month of incorporation. In case of late renewal, government and service charges shall be applicable for late payment of its annual license.

Updated passport copy and address proof of the shareholder/director are required to be submitted upon renewal of the company.

K. Required Documents:

KYC Documents for individual Director/Shareholder

- Passport copy
- Proof of address (dated less than 3 months)
- Bank reference (dated less than 3 months with satisfactory record clearly mentioned and also the time period the client has been dealing with the bank: minimum of 2 yrs)
- Detailed CV
- Professional reference

KYC for Corporate Director/Shareholder

- Certificate of Incorporation
- Registered address and place of business
- Certificate of Current Standing if incorporated more than 1 year
- Register of Directors
- Register of Shareholders
- Memorandum & Articles of Association

PPF accounts of NRI holders deemed to be closed



If the status of the holder changes from resident to non-resident Indians (NRI) as per the changes in investment rules for select small savings schemes including National Savings Certificate (NSC), it is said that their accounts will be closed before their maturity. As opposed to the higher rate one gets as a resident, the NRI holders will earn only post office savings account rate of 4 percent.

The account is definitely going to be closed the day the status of the account holder changes to NRI in case of public provident fund (PPF). This is described in the amendment to the Public Provident Fund Act, 1968. A separate notification said that NSC is deemed to be encashed on the day the holder becomes an NRI.

In the case of NSC, the interest will be paid as per the post office savings account rate from time to time. This is applicable from the day an account holder becomes an NRI and up to the last day of the month before the month in which it is originally encashed.

The interest rates on small savings schemes were kept unchanged by the government for the October-December quarter. These rates have been recalibrated on a quarterly basis since April last year. 7.8% percent interest has been pegged by the government for both PPF and NSC schemes for October-December



UAE

India strategic discussion in Abu Dhabi

Abu Dhabi hosted the second UAE-India strategic dialogue. The dialogue was attended by high-level Indian delegations. Matters relating to defense, investment, security, terrorism, consular matters, energy and technology, along with regional and international issues of mutual interest were discussed.

The developing momentum in the bilateral ties is noteworthy. Indian community has contributed in the progress and affluence of the UAE.

The most important element in the growing relationship with UAE is the strategic dialogue. The elements of the complete dialogue could be reviewed and re-energized with discussions. Both the delegations



expressed contentment over the progress achieved in the bilateral relationship between UAE and India. The UAE has increased its investment profile in India and there has been increase in team efforts related to security issues.

Strategic dialogue will be held in Delhi in near future as agreed by both the parties.



Indian government plans to give NRIs proxy voting rights

On July 14th, the Indian Supreme Court informed of a new development that will be made in the winter session of Parliament, the centre. Efforts are being made to amend voting rights of the Non-Resident Indians (NRIs) who will now be allowed to vote through postal or e-ballots in the polls in the country. It is to be noted that the Centre and the Election Commission of India (ECI) were in favor of this bill to be passed.

A bench of top Chief Justices is considering a submission to the Centre to accept its request that the hearing on petitions seeking alternate voting rights for NRI's to be dismissed.

Top lawyers, appearing for the Centre, are looking for postponement for six months on the basis of the bill being annulled in the Winter Session. As per the decision by the Bench, the hearing has been delayed by 12 weeks.

There are many who believe that NRIs cannot be permitted the right to vote by simply altering the rules made under the Representation of People Act and a Bill will be required to be introduced in the Parliament to revise the Act itself to allow voting rights. The poll panel believes that to allow NRIs to use proxy voting on the

lines of defense personnel and e-ballot facility would also require adjustment either in the RP Act or in the rules made under the Act. Although, Several high ranking lawmakers who appeared for petitioners says that NRIs could be provided a right to vote without making any changes in the provisions of the RP Act and by only amending the rules Based on a report prepared by a 12-member committee and the deputy election commissioner, Centre is inclined towards an alternative option for voting for overseas electors. The Centre has been allowed time by the apex court to make amendments in the statute for extension of voting rights for the NRI as the apex court was unable to order the legislature to create or change a law within a given timeframe.

According to the most recent statistics, it is believed that 70% of the residents of the state Kerala are NRIs, who should be given this right considering their significant contribution to the country. To bring this vote in the favor of NRIs, the PIL has provided with examples of 114 countries including 20 Asian countries, who have adopted external voting which could be held by setting up polling booths at diplomatic missions, through postal, proxy or electronic voting.



VOTE

IMF stresses about uncertainty with introduction of VAT across GCC.



According to International Monetary Fund, all the six countries in the Gulf Cooperation Council are dedicated to implement Value Added Tax. Each country will implement tax at their own pace. According to the tax experts, Kuwait might take time to implement tax because of its slow moving civil service. Also it's relatively independent parliament might want a stand in the process. While Oman has not announced its VAT implementation date yet, Bahrain is expected to implement VAT by mid 2018. GCC states have agreed to

introduce VAT at 5% rate in 2018. This can be considered as a huge step for the government that has traditionally levied little tax.

Authorities shall face administrative and technical challenges while implementing VAT. They will have to draft detailed regulations, register companies paying the tax and create administrative procedures to supervise the system. VAT might lead to slow economic growth since it is already moving slow.



Taxation and exemption of VAT in UAE

Whilst every effort has been made to ensure that the details contained herein are correct and up-to-date, it does not constitute legal, tax or other professional advice. We do not accept any responsibility, legal or otherwise, for any errors or omissions. This publication has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable.

VAT Structure: Categories

Exempt

- Residential real estate (sale or lease) (after 1st sale or 3 yrs)
- Local passenger transport
- Financial Services (interest etc., excluding fees / charges)
- Supply of bare land

Zero %

- Exports (outside implementing states)
- Int'l passenger & goods transportation (incl. related services)
- Supply of means of transport (conditions)
- Supply of Investment grade precious metals
- Oil & Gas
- Preventive & basic healthcare
- Education (subject to conditions)
- 1st supply of residential buildings within 3 years

5 %

All other which are not covered in exempt or zero % incl but not limited to:

- Commercial real estate (sale & lease)
- Exports to implementing states if Customer is not taxable (subject to conditions)

Valuation: Concept

Value is based on entire Consideration

- All expenses imposed / recovered (clarification awaited)
- All taxes incl. custom duty, excise etc. except VAT
- Mkt Value of non cash portion of consideration
- Discounts and deductions
- Subsidies granted
- Amount paid on account of customer may not be included

Margin Scheme: On certain products, VAT levied on Profit Margin earned on taxable supplies and not entire value



Due Date

Date of Supply	Date of Invoice	Date of Receipt	➔	Earlier of the Three
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Transaction	Condition	Date of Supply
Supply of Goods	Without Transportation	Date on which Goods were placed at Customer's Disposal
	With Transportation	Date of commencement of Transportation
	With installation and Assembly	Date of Completion of Installation and Assembly
Supply of Services		Completion of Services

Adjustment To Tax Value: Bad Debts

Claim of Output tax refund / credit on bad debts subject to all of the following conditions:

- VAT on goods and services supplied has been charged and paid
- More than six months have been passed on the date of supply
- Consideration for the supply has been written off in full or part in the accounts of the supplier
- Registrant supplier has notified the customer of the amount of consideration for the supply that has been written off

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Input Tax (Credit) | Recoverable Input Tax

Input Tax

- In carrying on the economic activity, tax borne on goods and services supplied to him or imported by him and except when import is done with final destination being VAT implementing GCC state

Recoverable Input VAT can be used to set off output VAT

Restrictions on Recoverable Input Tax – No Input Available

- Tax borne goods / services are used for other than economic activity
- Tax borne on those goods which are prohibited
- Non taxable person
- Vehicle (if available for personal use), Entertainment, Goods / services purchased for use by employees (certain exceptions)



Transitional Rules

Irrespective of date of issue of invoice or receipt of consideration, if date of supply is after the effective date of VAT Law, VAT is applicable.

No.	Nature	Invoice Issued (before effective date)	Consideration (before effective date)	Supply (before effective date)	VAT Applicable
1	Goods / Services	Yes	No	No	Yes
2	Goods / Services	No	Yes	No	Yes
3	Goods / Services – Partial consideration	No	Yes	No	Yes
4	Goods / Services – Partial consideration	Yes; of full Amount	Yes, partial	No	Yes

Compliance

Maintenance of Records

- Tax Invoices, Records and Accounting Documents must be retained for minimum period of 5 years which can be extended upto 15 years for real estate

Tax Returns

- Quarterly Returns to be filed electronically within 28 days of end of each quarter
- May need to return Emirate-wise supply

Audit

- Federal Tax Authority may conduct of taxable persons on selected basis

Penalty

- For Defaults - 3 times VAT (min of AED 500/-)
- For Evasion – Upto 5 times plus could result into prosecution for offence under other applicable laws
- Notice for tax – DG Decision – Executionary order
- Joint Liability – Person who wilfully participates in violating the law shall be jointly liable with person obliged to pay Tax



VAT in UAE:

Tax authority defers date to file returns

In order to ease reporting and compliance pressure on companies, especially SMEs, the Federal Tax Authority (FTA) has extended the timeline for filing the first value-added tax (VAT) returns. This will help many businesses to cope up with VAT implementation requirements. The first VAT return period is provided from January 1 to May 31 and subsequently on a quarterly basis. So the first return will need to be filed on or before June 28 and later returns from June 1 to August 31, September 1 to November 30 and December 1 to February 28-29.

Since tax period is categorized from one month to five months for different businesses, companies are advised to log onto the FTA's website and check the tax period under their profile. As per the new timeline appearing on the FTA's dashboard after log-in by a member company, firms can file their first tax returns after four

or five months in June which was earlier within one month for the companies with more than Dh150 million turnover and three months for others. Most of the micro, small and medium enterprises have been granted four to five months and so on as their filing period for the first return. Such an extension in filing returns shall help firms to better comply.

As a part of GCC agreement, the UAE charges 5% VAT on goods and services. It is advised that Businesses should recognize VAT as a business change. This relaxation in time is given to benefit taxpayers to administer their business and structure processes to comply with regulations and VAT provisions.

However, the struggle related to VAT post January 1, 2018 is reducing gradually.





Kothari Auditors and Accountants is a professionally managed accounting, auditing, management and financial consulting firm established in October 1992.

The firm is registered in UAE Ministry of Economy & Commerce having offices in Dubai and Sharjah. The firm excels in offering accounting, audit services and host of consulting services.

The fact that firm is enlisted on the panel of approved auditors of many local and international banks as well as free zones authorities' in UAE has made Kothari Auditors and Accountants a reputed audit firm in UAE.

Our Services:

Audit
Accounting
System Designing & Implementation
Computerization of Systems
Management of Consultancy
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Global Business Services (GBS), an associate of Kothari Auditors & Accountants, was established to offer company Incorporation services in various onshore and offshore jurisdiction around the world.

GBS is dedicated to provide advisory on corporate formation, legal structuring, double tax avoidance treaties and assistance for formation of companies in various jurisdictions.

Our team of professionals include experts in the international business structuring, tax consultants, finance & laws.

Our Services:

Company Formation (Offshore & Onshore) in UAE
Company Formation in major offshore jurisdictions
Company Management and Administration
Corporate Structuring and Re-structuring
Branch Registration of Foreign Corporations
Establishments of Trusts and Foundations
Trusteeship and provision of Foundation Councils
Corporate Tax Planning
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VAT ADVISORY SERVICES

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