



**BETA CONSULTANTS**

**UAE VAT**

**CABINATE DECISION NO. (25) of 2018**

**Mechanism of applying Value Added Tax (VAT) on Gold and  
Diamonds between registrants in the State**

**Applicable from 1 June 2018**

## Mechanism of applying Value Added Tax (VAT) on Gold and Diamonds between registrants in the State

The United Arab Emirates (UAE) has published its Cabinet's Decision No. (25) of 2018 on the mechanism of applying Value Added Tax on Gold and Diamonds between registrant in the state. The decision shall be implemented from 1<sup>st</sup> June 2018.

The Cabinet has decided that, in relation to supply of gold, diamond and any product where the principle component is of gold or diamond, the supplier making supply of such goods in the state to a person who intended to either sell or use them to produce or manufacture any of the Goods, then:

- a. Supplier of the Goods shall not be liable for calculating the Tax;
- b. Recipient of the Goods shall calculate the Tax on the value of the goods supplied to him.

Subject to certain terms and conditions. (further discussed)

**Please Note: The supply of 'investment precious metal' shall be zero rated, the phrase "investment precious metal" means gold, silver and platinum that meets the following standards:**

- a. The metal is of a purity of 99 percent or more.
- b. The metal is in a form tradeable in global bullion markets.

**The terms and condition which are required to be adhered by the supplier are as follows:**

**a. Supplier should ensure the following:**

- The recipient of the goods is registered on the date of the supply.
- The acquisition of the goods is for resale or use to produce or manufacture any of the goods
- The recipient shall calculate the Tax on the value of the goods supplied to him.
- The supplier shall obtain the Declaration from the registered recipient of goods in the format provided by the FTA Authority. (if any additional declaration is required by the supplier he may obtain another additional declaration from recipient). – **Annexure A**
- The supplier shall issue an Invoice without calculating tax, as supplier is not liable to calculate Tax in relation to such goods. It is suggested to add a declaration on the invoice mentioning "**Invoice is being raised in accordance with Cabinet Decision No. (25) of 2018**".
- The supplier shall obtain a delivery confirmation for all such supplies.
- The supplier shall verify the TRN from FTA website before initiating such transaction. It is advised to take a screen shot of FTA web page confirming TRN and same shall be kept on record for any future reference purpose.

**b. Recipient shall ensure the following:**

- The supply of goods is received on or after the date of registration.
- The recipient shall provide true and correct information in the declaration to supplier.
- The recipient shall account the tax liability and credit in his books of accounts in accordance with the VAT Law.
- The recipient shall provide confirmation of such supplies to the supplier, confirming the details such as date of supply, place of supply and details of the goods. Further recipient shall also keep a copy of such confirmation on record for future reference purpose.

From 1 June 2018, if all the terms and condition are complied with, the supplier of such goods shall have to issue an invoice without calculating tax, and the recipient shall calculate Tax on such purchases i.e. book the tax liability and credit on value of such invoices in his books of accounts in accordance with the VAT Law.

**ANNEXURE – A**

## Declaration by Registered Recipient of Gold and Diamond

## إقرار مستلم الذهب والألماس المسجل

In accordance with *Cabinet Decision No. (25) of 2018 On the Mechanism of Applying VAT on Gold and Diamonds between Registrants in the State*, I, [name of the authorised signatory of the recipient], being [the position in the registrant recipient, e.g. managing director], hereby declare on behalf of [the registrant recipient] that:

بموجب قرار مجلس الوزراء رقم (25) لسنة 2018 في شأن آلية تطبيق ضريبة القيمة المضافة على الذهب والألماس بين المسجلين في الدولة، أقر أنا (اسم المخول بالتوقيع عن المستلم)، بصفتي (الصفة الوظيفية لدى المستلم المسجل، على سبيل المثال: المدير العام)، ونيابة عن (المستلم المسجل) بما يأتي:

- [The registrant recipient] acquires the products from [the name of the supplier] for the purpose of resale or to use the products to produce or manufacture gold, diamonds, or other products where gold or diamonds are the principal component.
- [The registrant recipient] is registered for VAT at the date of supply, in accordance with Federal Decree-Law No. (8) of 2017.
- [The registrant recipient's] tax registration number is [insert TRN].
- [The registrant recipient] shall calculate the tax on the value of the goods supplied.

- أن (المستلم المسجل) يحصل/تحصل على المنتجات من (اسم المورد) بهدف إعادة بيعها أو استخدامها لإنتاج أو تصنيع الذهب أو الألماس أو أية منتجات مكونها الأساسي من الذهب أو الألماس.
- أن (المستلم المسجل) مسجل لضريبة القيمة المضافة بتاريخ التوريد، وفقاً لأحكام المرسوم بقانون اتحادي رقم (8) لسنة 2017 في شأن ضريبة القيمة المضافة.
- أن رقم التسجيل الضريبي لـ (المستلم المسجل) هو (رقم التسجيل الضريبي).
- أن (المستلم المسجل) سيقوم باحتساب الضريبة على قيمة السلع المورده له.

I, [name of the authorised signatory of the recipient], declare that the information provided in this declaration is true.

أقر أنا (اسم المخول بالتوقيع عن المستلم) أن جميع البيانات المدرجة في هذا الإقرار صحيحة.

To be signed by the authorised signatory:

يُوقع من قبل المخول بالتوقيع:

Name of the authorised  
signatory:

.....

اسم المخول بالتوقيع:

Name and stamp of the  
registrant recipient:

.....

اسم وختم المستلم المسجل:

Date:

.....

التاريخ:

Signature:

.....

التوقيع:





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