



**BETA CONSULTANTS**

**FREQUENTLY ASKED QUESTIONS**

**ON**

**VAT REFUND FOR BUILDING NEW RESIDENCES BY UAE  
NATIONALS**

# FAQ ON VAT REFUND FOR BUILDING NEW RESIDENCES BY UAE NATIONALS

## 1. What do you mean by VAT Refund for building New Residences by UAE National?

Where a UAE National owns or acquires land in the UAE on which he/she builds or commissions the construction of his / her own residence, he / she shall be entitled to make a claim to the FTA to refund the VAT on the expenses incurred on the construction of the residence, subject to certain conditions.

## 2. Who is qualified to claim the VAT Refund on building new residence?

The claim may only be made by a natural person who is a UAE National and can evidence this with supporting documentation (i.e. the Family Book).

## 3. What are the terms to claim VAT Refund for building new residences?

For a refund claim to be considered by the FTA, it must meet the following conditions:

### Criteria relating to the usage of expenses

- Expenses must relate to a newly constructed building which is to be used solely as a residence of the applicant and / or his / her family.

### Criteria relating to the nature of expenses

- Services provided by contractors, including services of builders, architects, engineers, and other similar services necessary for the successful construction of a residence.
- Building materials, being goods of a type normally incorporated by builders in a residential building or its site, but not including furniture or electrical appliances.

Goods are normally considered to be incorporated into a building when they are fixed in such a way that the fixing or removal of those goods would either require the use of tools or result in the need for remedial work to the fabric of the building, or substantial damage to the goods themselves.

## 4. What are the examples, for which VAT cannot be claimed under the scheme?

VAT paid on goods which are not considered to be incorporated into the building, cannot be claimed in refund application under the scheme, examples of such goods include:

- Removable appliances;
- Furniture which is not affixed to the building such as sofas, tables, chairs etc.;
- Landscaping, such as trees, grass and plants.

## 5. What are the examples, for which VAT can be claimed under the scheme?

VAT paid on goods which are considered to be incorporated into the building, can be claimed in refund application under the scheme, examples of such goods include:

- Central air conditioning and split units;
- Fire alarms and smoke detectors;
- Flooring (excluding carpets);

- Kitchen sinks, work surfaces and fitted cupboards;

*A more detailed list of the types of expenses which may or may not be eligible for a refund is given in Annexure I.*

**6. What is the time limit to file the application to FTA for VAT refund under the scheme?**

The Refund Form must be sent to the FTA within 6 months from the date of completion of the newly built residence which is the earlier of the date:

- the residence is occupied; or,
- when it is certified as completed by a competent authority in the UAE (Municipality), as stipulated by the FTA.

**7. What information and documents are required for completing refund form under the scheme?**

Following documents are required when submitting the Refund Form to the FTA. It is advisable to have these on hand prior to starting the application:

- documentary proof to support ownership of the specific plot of land in the UAE;
- documentary proof to support the date the building is certified as completed;
- documentary proof to support the date the building is occupied (e.g. utility bill) (if available);
- copy of applicant passport, Emirates ID and Family Book.

**8. Where should one submit the refund form?**

The PDF format of the completed and signed refund application form shall be sent to the following email address along with the supporting documents.

*homebuilders@tax.gov.ae*

**9. What are the procedure and timeline for approval of VAT refund under the scheme?**

The Procedure and time limit for processing of VAT refund under scheme is as follows:

- a. Submitting Refund Application
- b. Reply from FTA within 5 business days, confirming eligibility and providing reference number
- c. Applying to the verification body for Verification Report - reference number is linked to verification body and should be used when applying.
- d. Verification Body will take no longer than 15 business days to process the request and send the signed and stamp Verification Report to the FTA. Applicant will receive a copy of the Verification Report from Verification Body.
- e. FTA will process the refund application within 20 business days of receiving the Verification Report from the Verification Body. Applicant will receive a notification of the result by mail.
- f. After claim is processed and approved, the FTA will make the payment within 5 business days.

**10. What documents are required to be submitted with the verification body?**

Post receiving the result of the eligibility check and the reference number from FTA, one must submit the following to the Verification Body as well as any other document as stipulated by the Verification Body;

- The Refund Form which includes your reference number (the form will be stamped and shared by the FTA);
- the construction plan;
- the invoices on which you are making a VAT refund claim. Invoices should have valid TRNs, VAT amounts and include the name of the owner (i.e. the applicant). Simplified tax invoices will not be accepted. For the purposes of claiming the New Residences refund, a Tax Invoice should be provided.

#### 11. Will there be any fees charged by the Verification Body?

The Verification Body will charge fees on its review of your application. These fees are not eligible for a VAT refund.

#### *Annexure 1*

#### **List of items eligible and non-eligible for Refund.**

| <b>Expense items eligible for refund</b>   | <b>Expense items NOT eligible for refund</b>  |
|--|---|
| <ul style="list-style-type: none"> <li>• Services of builders</li> <li>• Services of architects</li> <li>• Services of engineers</li> <li>• Supervisory services</li> <li>• Other similar services necessary for the successful construction of the residence</li> <li>• Building materials that make up the fabric of the property (e.g. bricks, cements, tiles, timber)</li> <li>• Central air conditioning and split units</li> <li>• Doors</li> <li>• Decorating materials (e.g. paint)</li> <li>• Dust extractors and filters</li> <li>• Fencing permanently erected around the boundary of the dwelling</li> <li>• Fire alarms and smoke detectors</li> <li>• Flooring (excluding carpets)</li> <li>• Guttering</li> <li>• Other heating systems</li> <li>• Kitchen sinks, work surfaces and fitted cupboards</li> <li>• Lifts and hoists</li> <li>• Plumbing materials</li> <li>• Power points</li> <li>• Sanitary units</li> <li>• Shower units</li> <li>• Window frames and glazing</li> <li>• Wiring when embedded inside the structure of the building</li> </ul> | <ul style="list-style-type: none"> <li>• Furniture which is not affixed to the building such as sofas, tables, chairs, bedroom furniture, curtains, blinds, carpets</li> <li>• Electrical and gas appliances, including cookers</li> <li>• Landscaping, such as trees, grass and plants</li> <li>• Free-standing and integrated appliances such as fridges, freezers, dishwashers, microwaves, washing machines, dryers, coffee machines;</li> <li>• Audio equipment (including remote controls), built-in speakers, intelligent lighting systems, satellite boxes, freeview boxes, CCTV, telephones</li> <li>• Electrical components for garage doors and gates (including remote controls)</li> <li>• Garden furniture and ornaments and sheds</li> <li>• Verification Body fees</li> </ul> |



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