

This is not an official Translation:

# **Application of the Reverse Charge Mechanism on Electronic Devices among Registrants in the State for the purposes of Value Added Tax**

**Cabinet Decision No. 91 of 2023 – Issued 25 August 2023 (Effective 60 days after  
publishing in the Official Gazette)**

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## **The Cabinet has decided:**

- Having reviewed the Constitution,
- Federal Decree-Law No. 8 of 2017 on Value Added Tax and its amendments;
- Pursuant to what was presented by the Minister of Finance and approved by the Cabinet.

## **Article 1- Definitions**

The definitions contained in the Federal Decree-Law No. 8 of 2017 on Value Added Tax and its amendments, shall apply to this Decision, as an exception to that, the following expression shall have the meaning assigned against it, unless the context requires otherwise:

**Electronic Devices** : Mobile phones, smart phones, computer devices, tablets and pieces and parts thereof.

## Article 2 – Application of the Reverse Charge Mechanism on Electronic Devices

1. Where a supplier provides Electronic Devices to a registered Recipient of Goods and the intention of the Recipient of Goods was to resell or use them in producing or manufacturing Electronic Devices, the following rules shall apply:
  - a. The supplier shall not be responsible for accounting for Tax related to the supply of the Electronic Devices, and shall not report such Tax in his tax return.
  - b. The Recipient of Electronic Devices shall account for the Tax on the value of the Electronic Devices supplied to him, and shall be responsible for all tax obligations resulting from such supply and for accounting for Due Tax thereon.
2. The provisions of Clause 1 of this Article shall not apply if the supply of Electronic Devices is subject to Tax at the zero rate in accordance with Clause 1 of Article 45 of Federal Decree-Law No. 8 of 2017 referred to.
3. For the purposes of the application of Clause 1 of this Article, the following shall be considered:
  - a. Prior to the date of supply, the Recipient of Electronic Devices shall:
    - 1) Provide the supplier of Electronic Devices with a written declaration indicating that the intent of the supply of Electronic Devices is for the purpose of the cases provided for in Clause 1 of this Article.
    - 2) Provide the supplier of Electronic Devices with a written declaration confirming that he is registered with the Authority.
  - b. Prior to the date of supply, the supplier of the Electronic Devices shall:
    - 1) Receive and keep the declarations stated in paragraph (a) of Clause 3 of this Article.
    - 2) Verify that the Recipient of Electronic Devices is registered in accordance with the means approved by the Authority in that respect.
4. Where the Recipient of the Electronic Devices does not submit the declarations stated in paragraph (a) of Clause 3 of this Article, the provision of Clause 1 of this Article shall not apply to him, and the Recipient of Goods may not consider these Electronic Devices as being used or intended to be used for the cases provided for in paragraphs (a) and (b) of Clause 1 of Article 54 of Federal Decree-Law No. 8 referred to.

### **Article 3 – Pieces and Parts of Electronic Devices**

For purposes of implementation of this Decision, the Minister of Finance shall issue a decision to specify the criteria that should be followed in determining the pieces and parts related to Electronic Devices.

### **Article 4 – Publication and Enforcement**

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