

Cabinet Resolution No. (91) of 2023

Regarding the Application of the Reverse Charge Mechanism on Electronic Devices among those Registered in the State for the Purposes of Value Added Tax

The Cabinet:

- After reviewing the constitution,
- And Federal Decree Law No. (8) of 2017 regarding value added tax, and its amendments,
- Based on what was presented by the Minister of Finance and the approval of the Cabinet,

It has decided the following:

Article (1)

Definitions

The definitions contained in the Federal Decree Law No. (8) of 2017 regarding value added tax and its amendments shall be applied to this resolution. Otherwise, the following phrase shall have the equivalent meaning in front of it, unless the context of the text requires otherwise:

Electronic devices: mobile phones, smart phones, computers, tablets, and their parts and components.

Article (2)

Applying the Reverse Charge Mechanism on Electronic Devices

1. In the event that a supplier supplies electronic devices to a registered recipient, and the recipient intends to resell or use them to produce or manufacture electronic devices, the following rules apply:
 - a. The supplier shall not be responsible for calculating the tax related to the supply of electronic devices and shall not record it in his tax return.
 - b. The recipient of the electronic devices shall calculate the tax on the value of the electronic devices supplied to him, and he shall be responsible for all tax liabilities resulting from that supply and for calculating the tax due thereon.
2. The provisions of Clause (1) of this Article shall not apply if the supply of electronic devices is subject to zero-rate tax in accordance with Clause (1) of Article (45) of the aforementioned Federal Decree Law No. (8) of 2017.
3. For the purposes of applying Clause (1) of this Article, the following shall be taken into account:
 - a. The recipient of electronic devices shall adhere to the following before the date of supply:
 - (1) Providing the supplier of electronic devices with a written statement showing that the purpose of supplying electronic devices is for the purposes of the cases stipulated in Clause (1) of this Article.

(2) Providing the supplier of electronic devices with a written statement confirming that he is registered with the Authority.

b. The supplier of electronic devices shall adhere to the following before the date of supply:

(1) Receiving and storing the permits stipulated in Paragraph (A) of Clause (3) of this Article.

(2) Verifying that the recipient of electronic devices is registered, according to the ways approved by the Authority in this regard.

4. In the event that the recipient of the electronic devices does not submit the permits stipulated 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 may not consider that the electronic devices are used or intended to be used for the cases stipulated in Paragraph (A) and Paragraph (B) of Clause (1) of Article (54) of the aforementioned Federal Decree Law No. (8) of 2017.

Article (3)

Electronic Devices Parts and Components

For the purposes of implementing this resolution, the Minister of Finance issues a decision specifying the standards that shall be followed when defining the parts and components of the electronic devices.

Article (4)

Publishing the Resolution and Implementing it

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

Mohammed bin Rashid Al Maktoum

Prime Minister

Issued on:

Date: 08 / Safar / 1445 AH

Corresponding to 25 / August 2023 AD