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# VAT Refunds

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# VAT Refunds in the EU

## VAT REFUNDS TO NON-EU BUSINESSES

- ▶ The **13th Directive** VAT refund procedure (Directive 86/560/EEC)
- ▶ Businesses not based in the European Union who **incur VAT in connection with their activities** in a EU country where they do not habitually supply goods/services and are not required to register for VAT are **entitled to deduct the VAT incurred**.
- ▶ Some of the **most common expenses** by non-residents include:
  - Local purchases of goods
  - Employee travel and lodging
  - Conferences
  - Import VAT incurred on the movement of goods across borders
  - Service charges from vendors
  - ...

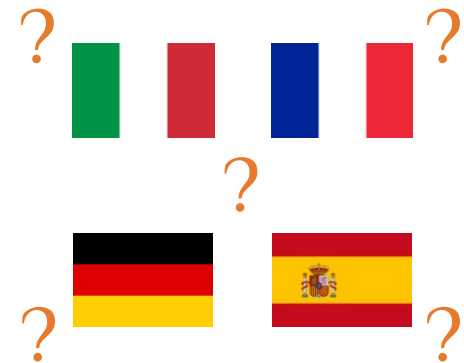
# VAT Refunds in the EU

## PROCEDURE

▶ Non-EU-established business have to submit a refund claim to the Tax Authorities in the **EU Member State of Refund**.

▶ Each Member State will apply **country-specific conditions** as to:

- Time limits
- Minimum amount
- Supporting documentation
- Restrictions on refundable expenditure
- Appointment of a tax representative
- Reciprocal refund rights in the country of establishment



▶ The Tax Authorities **issue a decision** on the VAT refund claim.

# VAT Refunds in the UAE

## VAT REFUND SCHEME FOR BUSINESS VISITORS

- ▶ Foreign Businesses are eligible to apply for a refund of VAT in the **UAE**, if:
  - They have **no place of establishment or fixed establishment** in the UAE
  - They are **not a taxable person** (presumably in the UAE)
  - They are **registered as an establishment** in the jurisdiction where it is established
  - They are from a **country that provides refunds** of VAT to UAE entities in similar circumstances (reciprocity!)
- ▶ The **period** of each refund claim is 12 months (hence at the earliest after the end of each year)
- ▶ **Minimum amount** of each refund claim to be submitted: AED 2,000
- ▶ The claim will be completed by submitting a **form + supporting documents** to the FTA
- ▶ Only limited number of countries (**reciprocity principle**)

# VAT Refunds in the KSA

## TO TAXABLE PERSONS IN OTHER GCC MEMBER STATES

- ▶ An application for refund of tax may be submitted:
  - By a person who is registered for VAT in **another Member State**
  - That has **incurred VAT** in the KSA
  - In accordance with the **mechanism agreed** between the Member States

# VAT Refunds in the KSA

## TO TAXABLE PERSONS NON-RESIDENT IN THE GCC TERRITORY

- ▶ Persons carrying on an economic activity in a country outside of the GCC Member States could apply to be considered an **Eligible Person** for tax refund, if:
  - That person is established in a country with a **transaction tax system similar to VAT**
  - That person is **registered** for that tax
  - The country of establishment allows a similar mechanism to provide **refunds of tax (reciprocity principle)**
  
- ▶ A **refund claim** for tax may be submitted in respect of a calendar year basis only.

# VAT Refunds in the Kingdom of Bahrain

## VAT REFUND SCHEME FOR NON-RESIDENT PERSON

- ▶ Non-resident person is eligible to apply for a refund of VAT in Bahrain, if:
  - Does not make any supply of goods or services in the Kingdom
  - Registered for tax purposes in the country of residence
  - Not resident person for the purposes of his business activity
- ▶ The refund application form accompanied by all supporting documents shall be submitted within three months from the end of the year during which the tax is due (**31st of March of following year**).
- ▶ Notification of the decision on the request within **three months from the date of submission**.
- ▶ Refund mechanism for non-resident persons guide is yet to be published by the tax authorities.
- ▶ **No reciprocity condition.**

# VAT Refunds in the Sultanate of Oman

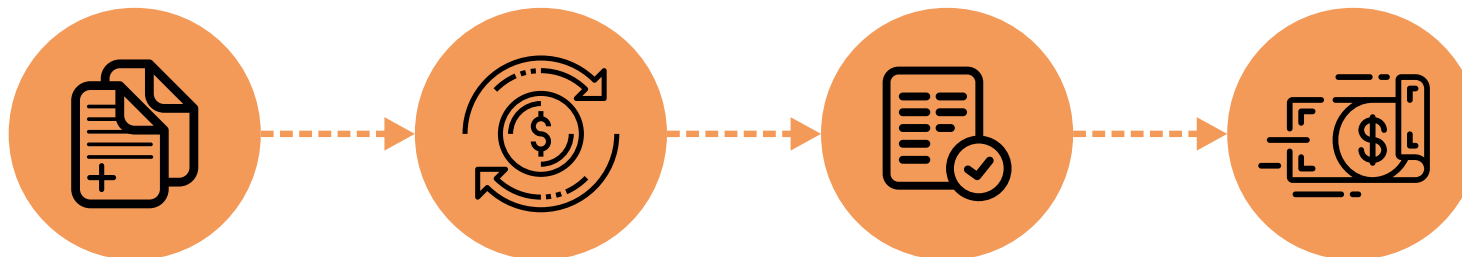
- ▶ To apply for a refund of VAT in Oman, a qualifying foreign company should:
  - Not have a VAT registration (or required to register) in the Sultanate.
  - Not have a place of residence in the Sultanate and does not supply goods or services for which he is required to pay Tax in the Sultanate.
  - Be established in a country with a transaction tax system similar to VAT and the country of establishment allows a similar mechanism to provide refunds of tax.
  - Be registered for VAT purposes in the country of establishment.
  - Ensure that the tax incurred is for the purposes of economic activity and is deductible in the Sultanate.
  
- ▶ Tax Refund application shall be submitted **within six (6) months** from the end of the following periods, for invoices with dates that fall within these periods:
  - **The first period:** from 1st January to 30th June in each tax year.
  - **The second period:** from 1st July to 31st December in each tax year.;
  
- ▶ Minimum amount for each refund claim is **100 Omani Rials**.
  
- ▶ Refund mechanism for non-residents is yet to be established in the Sultanate.



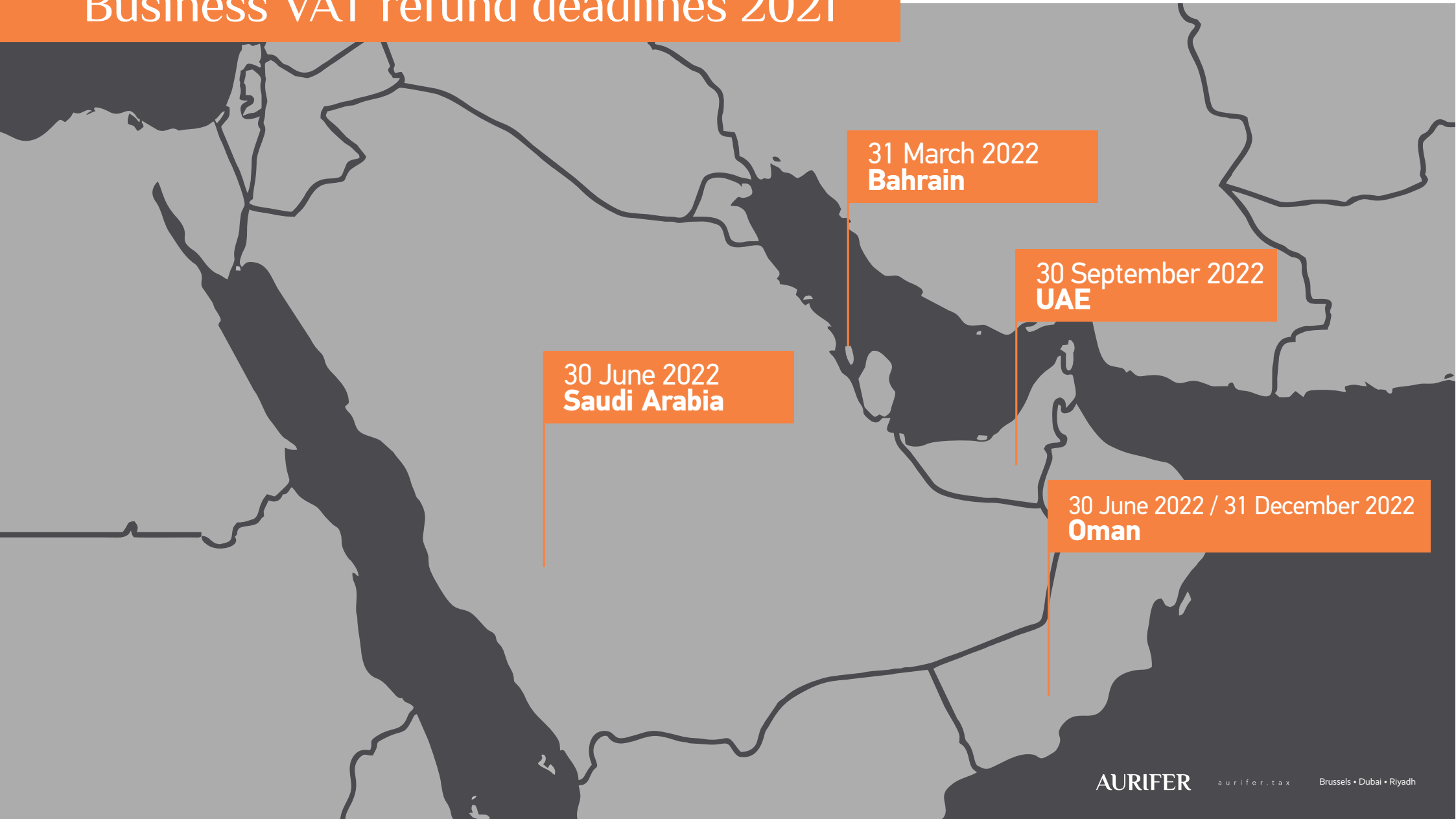
# VAT Refunds

## HOW CAN WE HELP YOU?

- ▶ Aurifer assists in **submitting refund claims** for tax with the competent tax authorities
  - In all EU countries
  - In the GCC: UAE, KSA, Bahrain and Oman
- ▶ Our approach:
  - Collecting and bundling of the **supporting documentation** (minimum of 50 invoices per year)
  - **Review and interpretation** of the selected invoices
  - **Prepare** the refund claim in accordance with the country-specific requirements
  - **Submitting** of the refund claim to the tax authorities
  - Follow-up of **payment of tax refund** to client's bank account



# Business VAT refund deadlines 2021



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