



Customs Arrangement Concerning the New VAT at UAE

Source: Federal Tax Authority

Further to the newly imposed Value Added Tax (VAT) at UAE from 1 January 2018, the Federal Tax Authority has released the following information about the Customs arrangements arisen from the new VAT:

Pursuant to Federal Decree Law No. 8 of 2017 on Value Added Tax, and Cabinet Decision No. 52 of 2017 on Executive Regulations of the Federal Decree Law No. (8) of 2017 on Value Added Tax; please be advised that Value Added Tax is levied on import of goods to the UAE regardless of their value.

Accordingly, please instruct your concerned officers to abide by the following procedures:

- Where the importer is not registered for VAT (whether a natural or legal person), they must settle the VAT payable on goods before they may be released.
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- The Customs administration shall verify the importer's registration in the Federal Tax Authority system thanks to electronic integration between the FTA and Customs administrations.

Where the importer has assigned a clearing or shipping company to clear the goods on its behalf:

- If the importer is registered in the federal tax system, the assigned clearing or shipping company should prepare a customs declaration using the importer's customs code (TRN will be verified electronically). Import VAT obligations will be directly transferred to the importer's tax declaration.
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- If the importer is not registered in the federal tax system, the clearing or shipping company should prepare the customs declaration using its own customs code (TRN will be verified electronically). In such a case the clearing or shipping company shall be considered as an agent acting on behalf of the importer in accordance with Article 50 of Cabinet Decision No. 52 of 2017, and the agent shall be responsible for the payment of VAT in respect of imported goods.
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- In such a case the clearing or shipping company must declare the VAT payable on imports through the company's tax declarations, and charge VAT on the importer at a rate of 5% of the Customs value (CIF).

Where the value of the imported goods is less than AED 1,000 and no actual value is known, VAT will be charged at 5% of the maximum value which is AED 1,000 (that is AED 50) for each import.

Where the shipping/clearing company (agent) has paid VAT on behalf of another entity/person, it shall issue a statement for that entity/person which contains at least the following details:

1. The name, address, and Tax Registration Number of the agent.
2. The date of issue of the statement.
3. The date of Import of the relevant Goods.
4. A description of the imported Goods.
5. The amount of Tax paid by the agent to the FTA in respect of the imported Goods.

For any further clarification kindly contact the Federal Tax Authority on (971) 600 599 994 or visit <https://www.tax.gov.ae/index.aspx>



Should you require any further information please contact customs.contact@dubaicustoms.ae or (971) 80080080