



VAT Compliant ?

How you can manage your VAT obligations and be VAT compliant

A Practical Guide

To managing VAT for SME's in the GCC

With the introduction of VAT throughout the GCC, starting with Saudi Arabia and UAE implementing VAT from 1st of January 2018, most companies operating in these countries will be required to register for VAT and comply with the VAT reporting requirements.

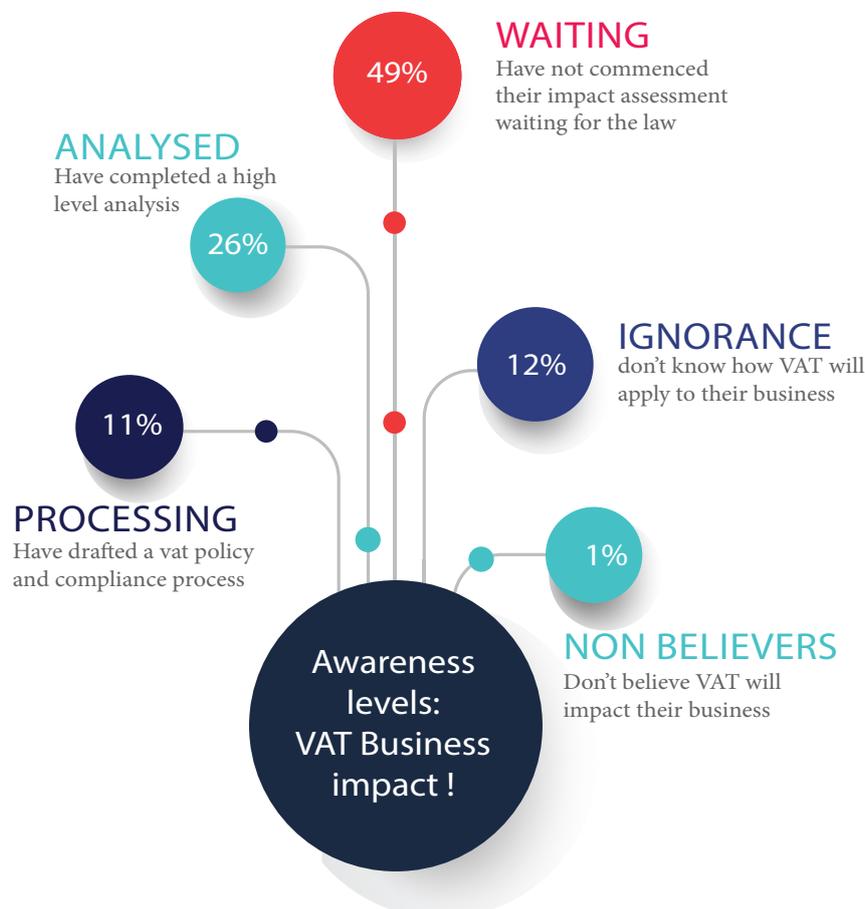
Applicable laws and regulations

The Executive Regulation of Federal Law No (7) of 2017 on Tax Procedures and the Executive regulations of the Federal decree Law No 8 of 2017 on VAT provide detailed guidelines on the application and the governance of VAT.

Key highlights of the law include:

- › Details regarding the supply or imports of goods and services that are either subject to vat Zero Rated or exempt from it.
- › The procedures, controls and conditions for VAT registration and de-registration, including the formation of "Tax Groups".
- › VAT treatment for imported goods and services.
- › Requirements for accounting and record keeping.
- › Procedures with respect to tax audits, assessments and appeals.
- › Requirements of persons to be registered as Tax Agents.
- › Procedures for the recovery of input tax and refunds.
- › Requirement of Emiratewise and intro GCC reporting of output tax.

Awareness level: VAT business impact



VAT readiness within the UAE

A survey recently conducted by Thomson Reuters gives out some alarming facts with regards to the low level of both VAT awareness by local business and the limited in-house resources capable of handling the VAT implementation and reporting process.

According to the Thomson Reuters survey only 11% of respondents understood the impact that VAT will have on their business and have used this knowledge to draft a VAT policy, consider compliance models and identify IT and systems gaps within the business.

Alarmingly close to half of the respondents said they were waiting for the framework to be finalized before commencing their VAT impact assessments.

Resource availability

In addition to understanding the potential business impact of VAT implementation, it is advisable for organisations to ascertain whether they have the capacity and resources to get the business VAT ready and manage the post implementation requirements. This involves both VAT knowledgeable resources and IT resources partnering together in order to prepare and modify systems which will be impacted VAT. Some of the regional complexities need further consideration such as the breakdown of output VAT by Emirate in the UAE, and reporting intra GCC Transactions

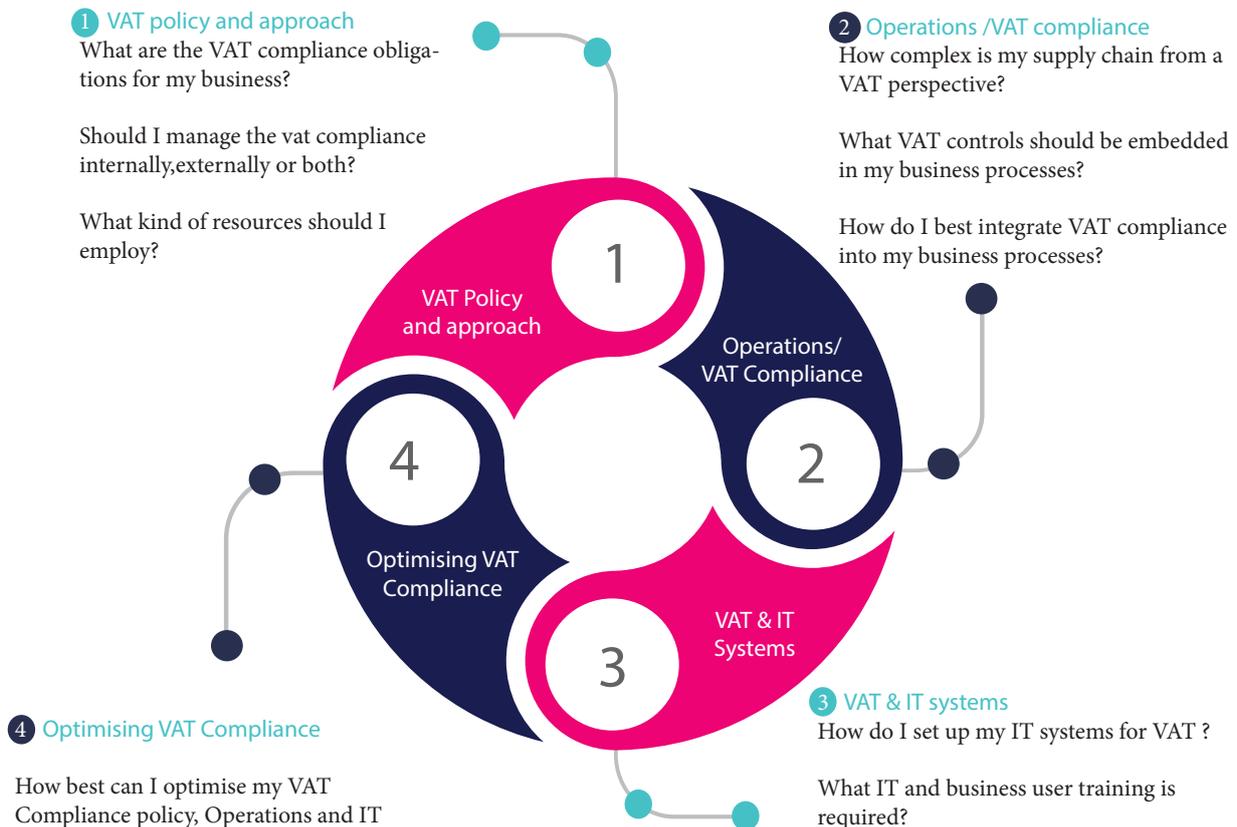
A VAT implementation project requires specialist skills from various departments in the organisation. It is important to take into consideration whether these resources are adequate and skilled enough to perform these tasks.

A recent survey conducted by PWC states that only 18% of the companies surveyed had sufficient resources to handle the pre VAT implementation and the post VAT management process.

The availability of in-house VAT expertise



VAT compliance-areas to be considered



The importance of engaging a tax advisor

Engaging a tax advisor is crucial in any VAT implementation project. We can help you understand how VAT will impact your operations, cash flow, and IT landscape as well as provide a road-map of the changes that need to be made in order to ensure that you are VAT ready and VAT compliant on the implementation date.

At present various surveys conducted by professional firms reveal that, up to 75% of organizations have not yet engaged with their tax advisors on the subject of VAT.

We at MAGAS possess the required VAT expertise and resources in order to meet your VAT needs. In addition to our consultancy services we are also geared to manage your accounting process and file quarterly VAT returns. As your registered tax agent we will also be able to provide advocacy services in the future to represent you when dealing with the Federal Tax Authority



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Andrew Benjamin
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Andrew is an Associate Member of the Chartered Institute of Management Accountants (ACMA) UK, a Fellow Chartered Accountant (FCA) and a Chartered Global Management Accountant (CGMA) with over 20 years of financial and operational experience, having held various senior managerial roles in multi-national organisations based in Sri Lanka, USA and Africa.

He heads the Corporate Services function at MAGAS and is responsible for preparing business valuations, plotting out road maps for mergers and acquisitions, overseeing of financial, internal and due diligence audits and manages the outsourced services business.

He is also responsible for providing strategic, operational and financial advice to our clients who are mainly high net-worth, family owned businesses in the region.

As a Tax specialist with multi country VAT implementation experience, Andrew has been mandated by the company to develop the taxation business in GCC by assisting our clients with VAT preparation, implementation and compliance advice.



Michael Muller
(Business Associate)

Michael is the Managing Partner of Melisa Trading LLC, a leading distributor of ready made garments in the GCC. Beside he has 30 years experience in organizing international trade shows in Russia, Turkey and the UAE.

Because of his profound understanding of the service industry and 15 years experience in the UAE, Michael has associated with MAGAS to promote corporate services in the international business community.