

## **Cabinet Decision No. (41) of 2018**

### **On Introducing the Tax Refunds for Tourist Scheme**

#### **The Cabinet:**

- Having reviewed the Constitution,
- Federal Law No. (1) of 1972 on the Competencies of the Ministries and Powers of the Ministers and its amendments,
- Federal Decree-Law No. (13) of 2016 on the Establishment of the Federal Tax Authority,
- Federal Law No. (7) of 2017 on Tax Procedures,
- Federal Decree-Law No. (8) of 2017 on Value Added Tax,
- Cabinet Decision No. (52) of 2017 on the Executive Regulations of the Federal Decree-Law No. (8) of 2017 on Value Added Tax, and
- Pursuant to the presentation of the Minister of Finance and the approval of the Cabinet,

#### **Has decided:**

#### **Article (1)**

##### **Definitions**

In the application of the provisions of this Decision, the following words and expressions shall have the meanings assigned against each, unless the context requires otherwise:

<b>State:</b>	United Arab Emirates.
<b>Authority:</b>	Federal Tax Authority.
<b>Chairman:</b>	Chairman of the Board of the Authority.
<b>Tax:</b>	Value Added Tax (VAT).
<b>GCC States:</b>	All countries that are full members of The Cooperation Council for the Arab States of the Gulf pursuant to its Charter.
<b>Implementing States:</b>	The GCC States that are implementing a Tax law pursuant to an issued legislation.
<b>Overseas Tourist:</b>	Any natural Person who is not resident in the UAE or any of the other Implementing States and who is not a crew member on a flight or cruise and is leaving the UAE to outside the Implementing States.

This is an unofficial translation

- Scheme:** Operations under which the refund mechanism for an Overseas Tourist will be provided.
- Operator:** The provider(s) who is (are) contracted to provide and operate the Scheme in the State.
- Goods:** Physical personal property.
- Retailers:** Businesses that are registered for Tax in the State and engaged in the supply of Goods.
- Tax Free Purchase:** The purchase of a good by an Overseas Tourist that is intended to be subject to a Tax refund under the Scheme.
- Export:** Goods departing the State.
- Tax Period:** A specific period of time for which Tax shall be calculated and charged pursuant to the Federal Decree-Law No. (8) of 2017 on Value Added Tax and is due for payment to the Authority.
- Output Tax:** Tax charged on a supply by the Retailer.

## **Article (2)**

### **Date Scheme Comes into Effect**

The Chairman shall issue a decision determining the date the Scheme comes into effect which shall be no later than 1 January 2019.

## **Article (3)**

### **Mechanism of the Scheme**

1. To be eligible for a refund of Tax under the Scheme , the person shall meet all of the following conditions:
  - a. The conditions in Clause (2) of Article 68 of Cabinet Decision No. (52) of 2017 are met.
  - b. The Goods are purchased from a Retailer who is participating in the Scheme.
  - c. The purchase of the Goods from the Retailer is conducted in accordance with requirements as determined in a decision issued by the Chairman.
  - d. The Export of Goods is conducted in accordance with requirements as determined in a decision issued by the Chairman.
  - e. The Goods are not excluded from the Scheme by the Authority.

This is an unofficial translation

2. Any Retailer which meets the participation requirements as specified by the Authority has the option of participating in the Scheme.
3. Where an Overseas Tourist has indicated to a Retailer participating in the Scheme that he/she wishes to make a Tax Free Purchase, the Retailer shall provide the Overseas Tourist with the necessary documentation for the refund claim under the Scheme as determined by the Authority, including a tax invoice with the particulars as governed by Article (59) of Cabinet Decision No. (52) of 2017.
4. The Overseas Tourist shall request his/her Tax refunds directly from the Operator who shall provide such a refund only upon receipt of satisfactory and sufficient evidence as stipulated by the Authority following which a refund of the Tax can be made to the Overseas Tourist.
5. The Operator shall be permitted to charge fees to the Overseas Tourist for the administration of the refund under the Scheme and may deduct such fees from the amount to be refunded to the Overseas Tourist, in accordance with a decision issued by the Chairman provided that the charged fees shall not exceed those approved by the Cabinet.
6. The Operator shall be required to collaborate with Customs Departments in the State in cases where the Overseas Tourist is required to present any Goods on which he is claiming a refund and which may require validation and inspection according to the conditions stipulated by the Authority.
7. The Customs Departments shall cooperate with the Authority and the Operator in respect to validation and inspection according to the conditions stipulated by the Authority.
8. Where the Operator has correctly issued a refund in respect of a Tax Free Purchase to an Overseas Tourist in accordance with this Article, the Operator may seek reimbursement of the Tax amount refunded directly from the Retailer who sold the relevant Goods to the Overseas Tourist.
9. Where the Retailer has correctly reimbursed the amount of Tax to the Operator in accordance with this Article, the Retailer shall be able to treat the amount of Tax as reduction of Output Tax that arises in the Tax Period in which the refund was paid to the Overseas Tourist.
10. The Authority may:
  - a. Determine the requirements, including procedural, evidential, verification, documentation and record-keeping requirements, which need to be met by the Overseas Tourist, the Retailer, the Operator, and any other person for the Scheme to apply.

This is an unofficial translation

- b. Enter into arrangements with any person and stipulate the conditions and procedures necessary for operating the Scheme.

#### **Article (4)**

##### **Limitations on the Scheme**

The Chairman shall issue a decision to determine a minimum value for refund claims that shall apply under the Scheme.

#### **Article (5)**

##### **Issuance of Executive Decision**

The Chairman shall issue the required decisions to implement the provisions of this Decision.

#### **Article (6)**

##### **Cancellations**

Any provision violating or conflicting with the provisions of this Decision shall be abrogated.

#### **Article (7)**

##### **Implementation of the Decision**

This Decision shall be implemented as of the date of issuance, and shall be published in the Official Gazette.

**Mohammad Bin Rashid Al Maktoum**

**Prime Minister**

**Issued by us:**

**On:** 11 Dhul Qaadah 1439H

**Corresponding to:** 24 July 2018