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VAT REFUND – NEW RESIDENCIES

Where a UAE national owns or acquires land in the UAE on which the person builds his / her own residence, he / she shall be entitled to make a claim to the FTA to refund the vat on the expenses of constructing the residence.

WHO IS ELIGIBLE TO CLAIM?

- a) The claim may only be made by a natural person who is a UAE National.
- b) The claim should relate to a newly constructed building to be used solely as residence of the person or the person's family.
- c) The claim should not be made in connection with a building which will not be used solely as a residence by the person or his/her family.

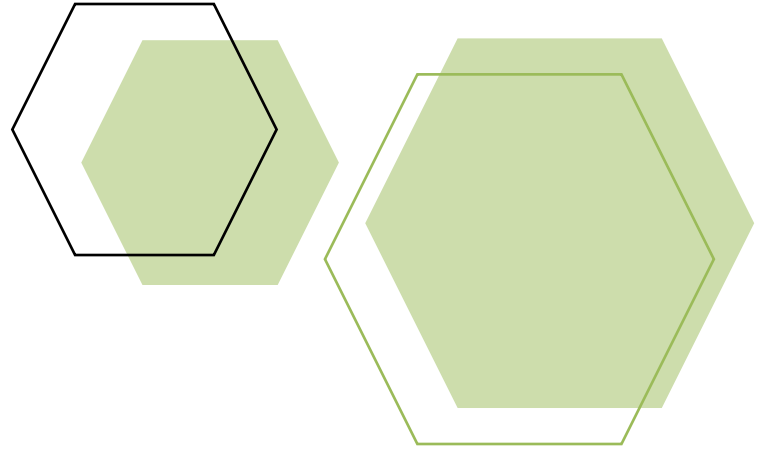


INFORMATION REQUIRED

WHAT INFORMATION IS REQUIRED TO MAKE THE CLAIM?

To support the refund claim, a series of documents is required, including for example:

- documentary proof to support that the applicant owns the specific plot of land in the UAE;
- documentary proof to support the date the building is certified as completed;
- documentary proof of the total refundable VAT that has been paid, issued by any of the verification bodies which are authorized by the FTA for this purpose.



PROCESS

WHAT IS THE PROCESS?

1. Request the verification body to issue a verification report
2. Submit an application form to the FTA accessible via the FTA website



DEADLINE

WHEN IS THE DEADLINE?

The Refund Form must be lodged within 6 months from the date of completion of the newly built residence which is the earlier of the date:

- the residence becomes occupied; or,
- when it is certified as completed by a competent authority in the UAE, as stipulated by the FTA.

Please factor in the time it will take to apply for and receive a verification report.

Criteria relating to the usage of expenses

- Expenses must relate to a newly constructed building which is to be used solely as a residence of the applicant and / or his / her family.

Criteria relating to the nature of expenses

- Services provided by contractors, including services of builders, architects, engineers, and other similar services necessary for the successful construction of residence.
- Building materials, being goods of a type normally incorporated by builders in a residential building or its site, but not including furniture or electrical appliances.

FEES FOR REFUND CLAIM

WHAT ARE THE EXPENSES ON WHICH REFUND CAN BE CLAIMED?

The expenses on which refund of VAT paid can be claimed under this scheme are:

- Services provided by contractors, including services of builders, architects, engineers, and other similar services necessary for the successful construction of the residence.
- Building materials, being goods of a type normally incorporated by builders in a residential building or its site. This does not include furniture or electrical appliances.



COMMERCIAL USE

WHAT HAPPENS IF THE PERSON LATER USES THE PROPERTY FOR COMMERCIAL USE?

When a person who has claimed refund of VAT under this scheme, later uses the property for commercial use, he/she will be required to repay the tax that was refunded earlier.

The new residence VAT refund scheme is an attractive scheme for UAE nationals who newly construct their residence in UAE. They can reduce the expenditure incurred on account of VAT paid on the expenses of constructing the new residence. It is also a measure by the UAE Government to assist UAE nationals to construct residences. UAE nationals can note the conditions of this scheme and use it for their benefit.

