

UAE businesses must register for VAT by Dec 4

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(File photo)

Businesses with annual turnover of more than Dh375,000 should register on or before December 4, 2017

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The online registration for five per cent Value Added Tax (VAT) is now open and businesses with an annual turnover of more than Dh375,000 should apply for registration on or before December 4, 2017, the UAE Federal Tax Authority (FTA) said.

The registration portal is available to all businesses around the clock. The website has been specially designed to provide guidance to registrars on the completion of their applications, said the FTA.

The agency has urged all businesses to adhere to a timeline for registration. Those with an annual turnover exceeding Dh150 million should register before October 31, 2017, and those with an annual turnover exceeding Dh10 million should register before November 30, 2017.

All businesses that must be registered by January 1, 2018, should submit their applications before December 4, 2017, to minimise the risk of not being registered in time for the beginning of 2018.

Khalid Al Bustani, director-general of the FTA, said the authority is committed to enhancing the readiness of businesses. "The FTA is keen to give the business sectors sufficient time to adapt their operating systems to the requirements of the VAT system."

The FTA said businesses with taxable supplies and imports from abroad that are less than the mandatory registration threshold and exceed the voluntary registration limit of Dh187,500 annually can optionally register for VAT.

"This opportunity enables startup businesses that do not have the required income to optionally register for VAT," the FTA said.

Manu Nair, CEO of Emirates Chartered Accountants Group, said the timeframe for registration doesn't restrict any companies to apply for registration before the due date. In short, even a company having less than Dh10 million turnover can apply for registration now.

"Even if the last 12 months' turnover is less than the mandatory threshold Dh. 375,000, but expected turnover within the next 30 days is more than Dh. 375,000, still the business has to register. The proof of the annual turnover such as financial statement has to be uploaded in the application," said Nair.

Companies can propose a manager to represent them in all aspects on tax matters. His personal details such as passport copy, emirates ID and contact details are to be provided in the application and uploaded, Nair said.

If any of the partner/director of the company is a partner in any other company in the UAE either now or at any time in the last five years, the name of such companies should be given in the application.

There is an option for companies to register as a tax group. "If more than one company is managed by the same management and there is proof of relationship between the companies, such companies can choose the tax group registration option. In such cases, the transactions between the group companies will not be taxable," said Nair.

In order to register as a tax group, one should choose a prospective representative member of the group (main company). Once the application is submitted, a tax identification number will be allocated. Once the group application is submitted, the authority will issue a TRN for the group. In the application, the company's name as well as the name of the manager should be filled in Arabic. The applicant should fill the name of the bank, branch and the IBAN number of the UAE bank in which it operates.

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