Arabic and English text of the GCC Value-Added Tax (VAT) Framework Agreement

May 2017

The Kingdom of Saudi Arabia released the Unified Agreement for VAT in the Gulf Cooperation Council (GCC) in April 2017, setting out the principles under which the new tax system will be implemented in each of the GCC member states. The text of the framework agreement has been published only in Arabic. However, for ease of reference, KPMG is pleased to present you with an English version of the framework agreement text, which has been translated directly from the original Arabic document.

Key points from the GCC VAT framework agreement

- VAT is a tax on the consumption of goods and services. It is charged and collected by a taxable person and remitted to the tax authority.
- 5% VAT will be charged on the supply of goods and services, unless zero-rated or VAT exempt.
- Member states can choose to zero-rate or exempt the following sectors: education, medical, real estate and local transport.
- A taxable person will be required to register for VAT purposes if the annual value of supplies, exceeds, or is expected to exceed, the mandatory registered threshold of USD 100,000.

Each GCC member state (including Bahrain and Qatar) will now need to issue its' own domestic legislation to locally implement VAT by 2018.

You can find a summary of the key information mentioned in the framework agreement in KPMG’s "Analysis of the GCC VAT Framework Agreement" available in our website, or by contacting:

Craig Richardson
Partner and Head of Tax and Corporate Services
KPMG in Bahrain and Qatar
E: craigr@kpmg.com

Philippe Norré
Partner
Indirect Taxes
KPMG in Bahrain and Qatar
E: pnorre@kpmg.com