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Disclaimer

The information contained herein is a translation of the ‘The Unified Agreement for Value Added Tax (VAT) of the Cooperation Council for the Arab States of the Gulf’. The document is not intended to address the circumstances of any particular individual or entity. Although we have endeavored to provide accurate translate, there can be no guarantee that the translation is error free. No one should act on such translation and any applications of these regulations must be consulted with appropriate professional advice after a thorough examination of the particular situation.
The Unified Agreement for Value Added Tax (VAT) of the Cooperation Council for the Arab States of the Gulf.

May 2017

The member states in the Cooperation Council for the Arab States of the Gulf

United Arab Emirates,
The Kingdom of Bahrain,
The Kingdom of Saudi Arabia,
The Sultanate of Oman,
The State of Qatar,
The State of Kuwait,

Based on the goals provided under the Charter of the Cooperation Council for the Arab States of the Gulf aimed at significantly developing the cooperation already existing between them in all fields.

And in line with the objectives of the Economic Agreement between the states of the Cooperation Council for the year 2001 G., which endeavors (to achieve) advanced stages of economic integration and, developing similar legislations and legal principles in the economic and financial fields.

And based on the willingness to strengthen the economies of the states of the council and build on the measures already adopted to

الاتفاقية الموحدة لضريبة القيمة المضافة لدول التعاون لدول الخليج العربية

مايو 2017

الدول الأعضاء في مجلس التعاون للدول الخليج العربية

الإمارات العربية المتحدة،
مملكة البحرين،
الملكة العربية السعودية،
سلطنة عمان،
دولة قطر،
دولة الكويت،

انطلاقاً من الأهداف الواردة في النظام الأساسي لمجلس التعاون لدول الخليج العربي الرامية إلى أهمية تنمية علاقات التعاون القائمة بينها في مختلف المجالات. وتماشياً مع أهداف الاتفاقية الاقتصادية بين دول مجلس التعاون لسنة 2001، التي تسعى إلى مراحل متقدمة من التكامل الاقتصادي ووضع تشريعات و Luật قانونية متماثلة في المجالات الاقتصادية والمالية.

ورغبة في تعزيز اقتصاد دول مجلس التعاون للدول العربية ومواجهة للخطوات التي تم اتخاذها لإقامة الوحدة الاقتصادية بينها.
establish economic unity between them (the states).

And based on the resolution of The Supreme Council in its 36 session (Riyadh (KSA) 9-10 December 2015 with regards to the imposition, by the states of the Cooperation Council for the Arab States of the Gulf, Value Added Tax in a unified manner at the basic rate of 5% and authorizing the committee for financial & economic co-operation to complete all the necessary requirements to ratify and sign the unified agreement for VAT.

Given that the objective of this agreement is to set forth the unified legal framework to introduce a general tax on consumption in the GCC states which is, titled VAT and which shall be imposed on the transactions of importation and supply of goods & services at each stage relating to production and distribution.

Have agreed (the states) to the following:

Part One
Definitions & General Provisions

Article 1
Definitions

For the purposes of implementing the provisions of this agreement, the following words and expressions shall have the meaning stated next to each one of them, unless the context of the text dictates otherwise:

المجلس: مجلس التعاون لدول الخليج العربي.

The Agreement: The unified VAT agreement for the member states.

الاتفاقية: الاتفاقية الموحدة لضريبة القيمة المضافة لدول المجلس.

Tax: VAT to be levied upon import & supply of goods & services at each stage of the production & distribution and shall include deemed supply.

الضريبة: ضريبة القيمة المضافة التي تفرض على استيراد وتوريد السلع والخدمات في كل مرحلة من مراحل الإنتاج والتوزيع وتشمل التوريد المفترض.

The member state: Any state enjoying full membership in the Cooperation Council for the Arab States of the Gulf in accordance with the charter of the Cooperation Council.

الدولة العضو: أي دولة تتمتع بالعضوية الكاملة في المجلس وفقاً لنظام الأساسي.

The territory of the Cooperation Council states: All the territories of the member states.

إقليم دول المجلس: جميع أقاليم الدول الأعضاء.

The local law (code): The VAT law (code) & the related legislations issued by each member state.

القانون (نظام): قانون (نظام) ضريبة القيمة المضافة والتشريعات ذات الصلة الصادرة عن كل دولة عضو.

The person: Any natural or legal person, public or private, or any other form of partnership.

الشخص: أي شخص طبيعي أو اعتباري، عام أو خاص، أو أي شكل آخر من أشكال الشراكة.

The taxable person: The person carrying out an economic activity in an independent manner in order to generate an income and, who shall be registered or required to be registered for tax purposes in accordance with the provisions of this Agreement.

الشخص الخاضع للضريبة: الشخص الذي يزاول نشاط اقتصادي بصفته مستقلة بهدف تحقيق الدخل، ويكون مسجلاً أو ملزمًا بالتسجيل لغايات الضريبة وفقاً لأحكام هذه الاتفاقية.

The economic activity: The activity being carried out in a continuous and regular manner and shall include commercial or industrial, or agricultural, or professional, or service or, any use of material or non-material properties, or any other similar activity.

النشاط الاقتصادي: النشاط الذي يمارس بصورة مستمرة ومنتظمة ويشمل النشاط اقتصادي، أو الصناعي، أو الزراعي، أو المهني، أو الخدمي، أو استعمال ممتلكات مادية أو غير مادية، أو نشاط مماثل آخر.
The taxable trader: The taxable person in any state whose principal activity is to distribute gas or oil or water or electricity.

The headquarters: The place where the business is legally incorporated or, the place where the actual management takes place, and where the main decisions related to the progress of work takes place – in case it was different from the place of incorporation.

The Fixed Establishment: Any fixed place for business other than the headquarters, where work is carried out and is distinguished by the fact that it has human & technical resources on a permanent basis and in a way that enables a person to supply or receive goods or services.

The place of residence of the person: The place where the headquarters of the person or any other type of establishment shall be based and, in the case of a natural person his usual place of residence in case of not having headquarters or a fixed establishment and in case the person has a place of residence in more than one state, the place of residence shall be considered to be the place more closely related to the supply.

Resident person: The person shall be resident in a certain state if he has a place of residence in such state.

Non-resident person: The person shall not be resident in a certain state if he does not have a place of residence in such state.

الناج الخاضع للضريبة: الخاضع للضريبة في أي دولة عضو والذي يكون نشاطه الرئيسي توزيع الغاز أو النفط أو المياه أو الكهرباء.

مقر العمل: مكان تأسيس العمل قانونا أو مكان مركز الإدارة الفعلية، الذي تتخذ فيه القرارات الرئيسية المتعلقة بسير الأعمال عند اختلافه عن مكان التأسيس.

المؤسسة الثابتة: أي مقر ثابت للعمل غير مقر العمل، الذي يمارس فيه العمل ويتميز بوجود موارد بشريه وتقنية بشكل دائم وصفة تمكّن الشخص من القيام بتويره أو تلقى السلع أو الخدمات.

محل إقامة الشخص: مكان وجود مقر عمل الشخص أو أي نوع آخر من المؤسسة الثابتة، وفي حال الشخص الطبيعي إذا لم توفر له مقر عمل أو مؤسسة ثابتة يكون مكان إقامته المعنود. وفي حال توفر للشخص محل إقامة في أكثر من دولة، يعد محل الإقامة في المكان الأكثر ارتباطا بالتوير.

شخص مقیم: يكون الشخص مقیما في دولة ما إذا كان لديه محلة إقامة فيها.

شخص غیر مقیم: يكون الشخص غیر مقیما في دولة ما إذا لم يكن لديه محلة إقامة فيها.
The supplier: The person who supplies goods or services.

المورد: الشخص الذي يقوم بتوريد سلع أو خدمات.

The customer: The person receiving goods or services.

العميل: الشخص الذي يتلقى سلع أو خدمات.

The reverse (charge) calculation: The mechanism by virtue of which the taxable customer is liable for the tax due on behalf of the supplier and responsible for all the obligations provided under this Agreement & the local law.

الاحتساب (التكليف) العكسي: الآلية التي يكون بموجبها العميل الخاضع للضريبة ملزمًا بالضريبة المستحقة نيابة عن المورد، ومسؤولًا عن جميع الالتزامات المنصوص عليها في الاتفاقية والقانون المحلي.

The related persons: Two or more persons where one person has the authority of supervision & direction over the other person, whereby he holds an administrative authority enabling him to influence the work of the other person from financial, economic & organizational point of view; including persons subject to a third person’s authority enabling him to influence their work from a financial or economic or organizational point of view.

الأشخاص المرتبطون: شخصان أو أكثر يكون لاحدهما سلطة توجيه وإشراف على الآخر، بحيث يكون له سلطة إدارية تمكّن منه التأثير على عمل الأشخاص الآخرين من الناحية المالية أو الاقتصادية أو التنظيمية، ويشمل ذلك الأشخاص الخاضعين لسلطة شخص ثالث تمكّن منه التأثير على أعمالهم من الناحية المالية أو الاقتصادية أو التنظيمية.

The supply: Any form of supply of goods & services for a consideration in accordance with the cases stipulated under Part Two of this Agreement.

التوريد: أي شكل من أشكال توريد السلع والخدمات مقابل وفقًا للحالات المنصوص عليها في الباب الثاني من هذه الاتفاقية.

The deemed supply: All that is deemed as a supply in accordance with the cases stipulated under article (8) of this Agreement.

التوريد المفترض: كل ما يعد بمثابة توريد وفقًا للحالات المنصوص عليها في المادة (8) من هذه الاتفاقية.

Input Tax: Tax incurred by the taxable person in relation to goods & services supplied to him or, imported for the purposes of carrying out the economic activity.

ضريبة المدخلات: الضريبة التي يتحملها الخاضع للضريبة فيما يتعلق بالسلع أو الخدمات الموردة له أو المستوردة لأغراض مزاولة النشاط الاقتصادي.
The common customs system (law): The common customs system (law) for the Cooperation Council for the Arab States of the Gulf.

The first entry checkpoint: The first customs check point for entry of goods to the territory of the GCC states from outside based on the common customs system (law).

The final destination checkpoint: The customs check point for entry of goods into the state of final destination in the territory of the GCC states.

The consideration: All what the taxable supplier has received or shall receive from the customer or from a third party in return for supplying goods or services inclusive of VAT.

Tax exempted supplies: Supplies upon which tax is not levied, and the related input tax shall not be deducted based on the provisions of this Agreement and the local law.

Taxable supplies: Supplies upon which tax is levied based on the provisions of this Agreement, based either on the basic rate or zero rate, and the related input tax shall be deducted based on the provisions of this agreement.

Intra-GCC Supplies: Supplies of goods or services by a supplier resident in one member state to a customer resident in another member state.
Goods: All types of material property/material assets and shall include water and all types of energy including electricity, gas, lighting, heating, refrigeration & air conditioning.

Import of goods: Entry of goods from outside the territory of the GCC states to any member state in accordance with the provisions of the common customs system (law).

Export of goods: Supply of goods from any member state to outside the territory of the GCC states in accordance with the provisions of the common customs system (law).

The concerned tax authority: the respective government authority in each member state and which is assigned with the administration, collection and implementation of the tax.

The deductible tax: Input tax, which can be deducted from the tax due on the supplies for each tax period in accordance with the provisions of this Agreement and the local law.

Capital Assets: Tangible or intangible assets which constitute part of the assets of the business and are assigned for the long term use as a business tool or as an investment vehicle.

The tax period: The period of time upon which the net tax shall be computed.

The net tax: The tax resulting from subtracting the deductible tax in a member state from the
The mandatory registration threshold: The minimum limit for the value of actual supplies by virtue of which the taxable person shall be required to register for tax purposes.

The voluntary registration threshold: The minimum limit for the value of actual supplies by virtue of which the taxable person may apply to register for tax purposes.

The Ministerial Committee: The Committee of Financial & Economic Co-operation for the states of the council.

Article 2
Scope of the Tax

The agreement shall be implemented in the territory of the states of the Cooperation Council and shall be levied on the following transactions:

1- Taxable supplies by the taxable person in the territory of the member state.

2- The taxable customer receiving goods & services supplied to him by a non-resident & non-taxable person in the member state, in the cases where the reverse (charge) calculation mechanism is applied.

3- Importation of goods by any person.
Article 3
Time of Calculation

The times and periods stipulated in the Agreement shall be calculated in accordance with the Gregorian Calendar.

Article 4
The Tax Group

Each member state is entitled to treat the tax group as one taxable person, and this shall be in accordance with the modalities & conditions laid down (by each member state) for such purpose. The tax group shall mean two or more legal persons resident in the same member state.
Part Two
Supplies within the scope of tax

Article 5
Supply of Goods

1- Supply of goods shall mean transferring the ownership of such goods or the right to dispose of it of as owner.

2- Supply of goods shall include the following transactions:

a- Waiving the right of ownership of the goods by virtue of an agreement providing for the transfer of ownership of such goods or, the possibility to transfer it at a date subsequent to the date of such agreement (but) not later than the date of full settlement of the consideration.

b- Granting in rem rights resulting from the ownership, which give the right of use for real estate properties.

c- Transferring ownership of goods for a consideration in a compulsory manner by means of a decision issued by the Public Authorities or by means of any applicable law.

Article 6
Transfer of Goods from one Member State to Another Member State

1- The taxable person transferring goods that constitute part of his assets from its location in
the member state to another location in another member state - shall be considered as having supplied goods in the first state.

2- The transfer of goods referred to in the first paragraph of this article shall not be considered as supply of goods in the first state when transfer is carried out for one of the following purposes:

a- Using the goods in the other member state on a temporary basis within the conditions of temporary import stipulated under the common customs system (law).

b- When the transfer of goods shall be part of another taxable supply in the other member state.

Article 7
Supply of services

Any supply transaction which doesn’t constitute supply of goods shall be considered as a supply of services based on the provisions of this Agreement.

Article 8
Deemed supply

1- The taxable person shall be considered as if he has carried out a supply of goods transaction, when he disposes of goods which constitute part of his assets in any of the following cases:
a- The assignment of goods for other than economic activity purposes, whether for a consideration or without consideration.

b- Changing the use of goods in order to carry out non-taxable supplies.

c- Keeping goods after ceasing economic activity.

d- Supply of goods without consideration unless supply is taking place in the context of business such as samples & gifts of insignificant value in accordance with what each member state shall specify.

2- The taxable person shall be considered as if he has carried out a supply of services transaction in any of the following cases:

a- Using goods which constitute part of his assets for other than economic activity purposes.

b- Supplying services without consideration.

3- The provisions of this article shall apply in case the taxable person has previously deducted the input tax related to the goods & services stated under this article.

4- It’s for the discretion of each member state to set forth the conditions & modalities for the implementation of this article.

a - التنازل عن السلع، لغير غايات النشاط الاقتصادي، سواء بمقابل أو دون مقابل.

ب - تغيير استخدام السلع للفيي توريدات غير خاضعة للضريبة.

ج - الاحتفاظ بالسلع بعد التوقف عن ممارسة النشاط الاقتصادي.

d - توريد السلع دون مقابل ما لم يتم التوريد في سياق العمل كعينات وهدايا ذات قيمة زهيدة وفقاً لما تحدده كل دولة عضو.

2- بعد الخاضع للضريبة، وكأنه قام بمعاملة توريد خدمات في إحدى الحالتين الآتيتين:

أ - استخدامه سلع تشكل جزء من أصوله لغير غايات النشاط الاقتصادي.

ب - قيامه بتوريد خدمات دون مقابل.

3- تطبيق أحكام هذه المادة في حال سبق وأن خصم الخاضع للضريبة ضريبة المدخلات المرتبطة بالسلع والخدمات المذكورة في هذه المادة.

4- للدولة الخاضعة وضع شروط وضوابط تطبيق هذه المادة.

المادة 9

تلقي السلع والخدمات

1- في حال تلقى خاضع للضريبة في دولة عضو السلع أو خدمات خاضعة للضريبة من شخص مقيم في دولة عضو أخرى، يعد وكأنه قام بتوريد هذه السلع أو الخدمات لنفسه.
and this supply shall be subject to tax in accordance with the reverse (charge) calculation mechanism.

2- And when the taxable person resident in a member state shall receive services from a person who is non-resident in the territory of the GCC states, this shall be considered as supplying such services to himself, and this supply shall be subject to tax in accordance with the reverse (charge) calculation mechanism.

ويخضع هذا التوريد للضريبة وذلك وفقاً لآلية الاحتساب العكسي.

2 - في حال تلقى الخاضع للضريبة المقيم في دولة عضو خدمات من شخص غير مقيم في إقليم دول مجلس التعاون، يعد وكأنه قام بتوريد هذه الخدمات لنفسه، ويخضع هذا التوريد للضريبة وذلك وفقاً لآلية الاحتساب العكسي.
Part Three
Place of supply

Chapter one
Place of supply of goods

Article 10
Supply of Goods without transport

The place of supply of goods which, takes place without transport or dispatch, shall be the place where such goods exist, on the date of placing it at the disposal of the customer.

Article 11
Supply of Goods with transport

The place of supply of goods which takes place with transport or dispatch by the supplier or for the account of the customer, shall be the place where such goods are located at the start of transport or dispatch.

Article 12
The Special Case For Certain Intra-GCC supplies of Goods with transport

1- As an exception to the provisions of article (11) of this agreement, the place of intra-GCC supply of goods, which takes place with transport or dispatch from a member state to another member state, shall be in the state where the transport or dispatch for such goods ends in the following circumstances:
21

a- If the customer is subject to tax.

b- Subject to the provisions of paragraph (2) of this article, in case the customer is not subject to tax and the supplier is registered in the state where the customer has his place of residence or the supplier is required to be registered.

2- The place of intra-GCC supply of goods which takes place with transport or dispatch but without installation or assembly by a supplier registered for tax purposes in a member state, in favor of a customer not registered for tax purposes in another member state shall be the place where the goods are located at the start date of transport or dispatch provided that the total value of supplies of such supplier shall not exceed within any 12 month period the amount of (Saudi Riyals 375,000 or the equivalent of such amount in the currencies of the GCC states), in the state where supplies have been delivered and if the total value of supplies exceeds such amount the supplier shall register for tax in that state.

3- In case there is no evidence that the transport of goods from one member state to another member state is in compliance with the requirements stipulated under article 6 of this Agreement and the local laws, the place of supply shall be where the goods are located at the start date of transport or dispatch.

4- In case goods were supplied without transport or dispatch but it was proved later on that there was a transport or dispatch of such goods to a member state in the circumstances provided under paragraph 1 of this article, the member state where transport or dispatch ends shall be entitled to tax refund from the member state where transport or dispatch

أ - إذا كان العميل خاضعاً للضريبة.

ب - مع عدم الإخلال بأحكام البنود (2) من هذه المادة، إذا كان العميل غير خاضع للضريبة وكان المورد مسجل في الدولة التي يقيم العميل بها أو ملزم بالتسلسل فيها.

2 - يقع مكان توريد السلع البنينة التي يتم مع نقلها أو إرسالها دون التركيب أو التجميع من قبل مورد مسجل للضريبة في دولة عضو لصالح عميل غير مسجل للضريبة الضريبية في دولة عضو أخرى، خاصة في مكان وجود السلع بتاريخ بدء النقل أو الإرسال، شريطة عدم تجاوز قيمة إجمالي توريدات هذا المورد خلال أي فترة ثانية عشر شهر مبلغ (375,000) ريال سعودي أو ما يعادلها من عمولات دول المحسن (في الدولة التي يتم التوريد إليها، ويتربت على تجاوز قيمة إجمالي التوريدات هذا المبلغ قيم المورد بالتسلسل في تلك الدولة).

3 - في حال عدم إثبات نقل السلع من دولة عضو إلى دولة عضو أخرى من خلال الامتثال بالالتزامات المنصوص عليها في المادة (6) من هذه الاتفاقية والقوانين المحلية، يقع مكان التوريد في مكان وجود السلع بتاريخ بدء النقل أو الإرسال.

4 - في حال تم توريد السلع دون نقل أو إرسال ثم ثبت لاحقاً نقل أو إرسال هذه السلع إلى دولة عضو في الحالات المنصوص عليها بالنبن (1) من هذه المادة، يحق للدولة التي ينتهي فيها النقل أو الإرسال استرداد الضريبة من الدولة العضو التي بدء فيها النقل أو الإرسال وفق آلية التحويل الألي المباشر المتبعة في الجمارك أو أي آلية أخرى تقررها اللجنة الوزارية.
started in accordance with the mechanism of automated direct transfer followed by the Customs or, any other mechanism prescribed by the Ministerial Committee.

Article 13
Status of Intra-GCC supplies for the non-registered (for tax purposes)

Each member state shall be entitled to make a claim on the other member state on account of the settled tax, if the value of supply has exceeded the amount of six thousand SAR or, its equivalent in the currencies of the GCC states, with regard to the non-registered persons, and the settlement of such tax shall be in accordance with the mechanism of automated direct transfer for the Customs Duties applied in the framework of common customs at the GCC states, and it shall be possible for the Ministerial Committee to recommend any other mechanisms. The member state has the right to impose tax on these supplies at entry points of this member state in the case of non-submission of a proof of tax settlement in the other member state.

Article 14
Supply of Oil, Gas, Water & Electricity

As an exception to the provisions of both articles (10) & (11) of this Agreement:

1- The place of supply of oil, gas & water by way of a distribution system through pipelines, & the supply of electricity, from a taxable person’s headquarters in a member state to a taxable trader’s headquarters in another
member state - shall be considered to be at the taxable trader’s headquarters.

2- The place of supply of oil, gas & water by way of a distribution system through pipe lines, & the supply of electricity, to a person other than a taxable trader - shall be considered to be the actual place of consumption.

Chapter Two
Place of Supply of Services

Section One
General Principle

Article 15
Place of Supply of Services

The place of supply of services, which is carried out by a taxable supplier, shall be the place of residence of the supplier.

Article 16
Place of supply of services between taxable persons

As an exception to the provisions of article (15) of this Agreement, the place of supply of services, which is carried out by a Taxable Supplier to a Taxable Customer shall be the place where the Customer is resident.
Section Two
Special Cases

Article 17
Services of Hiring Means of Transport

As an exception to the provisions of article (15) of this Agreement, the place of supply of services of hiring means of transport between a taxable supplier & a non-taxable customer, shall be the place of where such means of transport have been placed at the disposal of the customer.

Article 18
Supply of Transport Services for Goods & Passengers

As an exception to the provisions of article (15) of this Agreement, the place of supply of transport services for goods & passengers & the related services, shall be the starting point of transport.

Article 19
Supply of services related to real estate properties

1- Services related to real estate properties shall mean the services that are closely related to the real estate properties such as:

a- Services of real estate experts & agents.

b- Granting the right of possession or the right to use real estate properties.

المادة 17
خدمات تأجير وسائط النقل

كاستثناء من أحكام المادة (15) من هذه الاتفاقية، يقع مكان توريد خدمات تأجير وسائل النقل بين مورد خاضع للضريبة وعميل غير خاضع للضريبة في مكان وضع هذه الوسائل تحت تصرف العميل.

المادة 18
توريد خدمات نقل السلع والركاب

كاستثناء من أحكام المادة (15) من هذه الاتفاقية، يقع مكان توريد خدمات نقل السلع والركاب والخدمات المرتبطة بها في مكان بدء النقل.

المادة 19
توريد خدمات مرتبطة بالعقارات

1- يقصد بالخدمات المرتبطة بالعقارات التي ترتبط ارتباطاً وثيقاً بالعقارات ومنها:

أ - خدمات الخبراء والوكلاء العقاريين.

ب - منح حق حيازة أو استعمال العقارات.
c- Services related to construction works.

2- As an exception to the provisions of article (15) of this agreement, the place of supply of services related to real estate properties, shall be the place where such properties are located.

Article 20
Supply of Wire & Wireless telecommunication services & the services provided electronically

The place of supply of Wire & Wireless telecommunication services & the services provided electronically shall be the place of actual use of such services or benefiting out of them.

Article 21
Supply of other services

The place of supply of the following services shall be the place of actual execution of such services:

1- Restaurant & hotels services as well as food & beverages catering supplies.

2- Cultural, artistic, sports, educational & entertainment services.

3- Services related to the transported goods supplied by a taxable supplier resident in a member state, to a non-taxable customer resident in another member state.

- الخدمات المتعلقة بأعمال البناء.

- استثناء من أحكام المادة (15) من هذه الاتفاقية، يقع مكان توريد الخدمات المرتبطة بالعقارات في مكان تواجد هذه العقارات.

المادة 20
توريد خدمات الاتصالات الالكترونية والخدمات الموزدة إلكترونياً

يُعَد مكان توريد خدمات الاتصالات الالكترونية والخدمات الموزدة إلكترونياً واقعاً في مكان الاستعمال الفعلي لهذه الخدمات أو الاستفادة منها.

المادة 21
توريد الخدمات الأخرى

يقع مكان توريد الخدمات التالية في مكان التنفيذ الفعلي بها:

1- خدمات المطاعم والفنادق وتعهدات تقديم الطعام والمشروبات.

2- الخدمات الثقافية والفنية والرياضية والتعليمية والترفيهية.

3- الخدمات المرتبطة بالسلع المنقلة الموزدة من مورد خاضع للضريبة مقيم في دولة عضو إلى عميل غير خاضع للضريبة مقيم في دولة عضو أخرى.
Chapter three
Place of Import

Article 22
Place of Import

1- The place of import of goods shall be the first entry point of a state.

2- When placing goods in one of the positions resulting in suspension of the customs duties based on the provisions of the common customs system (law) upon importing them into the territory of the GCC states, the place of import shall be the member state where the goods are released from the position of suspending the customs duties.

1- يقع مكان استيراد السلع في دولة منفذ الدخول الأول.

2- عند وضع السلع في إحدى الأوضاع المعلقة للرسوم الجمركية وفقا لأحكام نظام (قانون) الجمارك الموحد فور إدخالها إلى إقليم دول المجلس، يقع مكان الاستيراد في الدولة العضو التي يتم فيها إفراج تلك السلع من الوضع المتعلق للرسوم.
Part Four
Tax Due Date

Article 23
Tax Due Date on the Supply of Goods & Services

1- Tax shall fall due on the date of supply of goods or services or, on the date of issuing a tax invoice or, on the date of receiving partial or full consideration and within the limit of the amount received, whichever is earlier.

2- The date of supply stipulated under the first paragraph of this article shall be as follows:
   a- The date such goods were placed at the disposal of the customer with respect to the transactions of supply of goods without transport or dispatch.
   b- The starting date of transport or dispatch of goods with respect to the transactions of supply of goods with transport or dispatch.
   c- The completion date of installation or assembly of goods, with respect to the transactions of supply of goods with installation or assembly.
   d- The completion date of performance of the services.
   e- The date any of the cases provided under article (8) of this agreement shall take place.

Article 24
Tax Due Date on Imports

Tax shall fall due on the date of import of goods to the member state, subject to the provisions.
of article (39) related to the cases of suspension of tax for imports as well as article (64) related to the mechanism of settlement of tax due for imports.

المتعلقة بحالات تعليق الضريبة عند الاستيراد والمادة (64) المتعلقة بالآليّة سداد ضريبة المستحقة عن الاستيراد.
Part Five
Calculation of Tax

Article 25
Rate of Tax

1- Tax shall be imposed at the basic rate of 5% of the value of supply or, of the value of imported goods unless a provision for exemption or the imposition of zero rate on that same supply has been provided in this Agreement.

2- Subject to the obligations stipulated under this Agreement and the local laws, the declared prices of goods & services in the local market must be inclusive of VAT.

Article 26
Value of supply of goods & services

1- The fair market value is the price in return for which the goods or services can be traded in an open market between two independent parties and within competitive conditions specified by each member state.

2- The supply value shall be the consideration value exclusive of tax, and shall include the value of the non-cash portion of the specified consideration based on the fair market value.

3- The supply value shall include all expenses levied by the taxable supplier on the customer and the fees due as a result of the supply and all taxes including excise taxes except for VAT.
4- The value of supply in the case of a deemed supply and transport of goods from one member state to another member state shall be the purchase price or cost, and in case purchase price or cost could not be established, then the fair market value shall be used.

5- Each member state shall specify the conditions & modalities to adjust the value of supply between related persons.

6- The value or supply shall be reduced based on the following amounts:

a- Price discounts & rebates offered to the customer.

b- Value of subsidies offered by a member state to a supplier

c- Amounts paid by a taxable supplier for & on behalf of a customer, and in such a case the taxable supplier shall not have the right to deduct the taxes paid on such expenses.

7- In case any of the components of the supply value are expressed in a foreign currency, it shall be converted to the local currency based on the official exchange rate prevalent in the member state on the tax due date.

8- It is at the discretion of each member state to determine the supply value for certain cases not covered under the paragraphs referenced in this article.

Article 27
Adjustment of the tax value

1- The taxable person shall have the right to adjust the tax value on which tax has been levied when any of the following events shall take place at a date subsequent to the supply date:
1- Cancellation of the supply or rejecting it in part or in full.

2- Reducing the supply value.

3- Non-collection of the consideration in part or in full in accordance with the conditions applied for the write off of debts in each member state.

**Article 28**

**Value of Imported Goods**

1- The value of imported goods shall be the specified customs value based on the common customs system (law), in addition to excise taxes, customs duties and any other burdens excluding VAT.

2- With respect to the temporarily exported goods outside the GCC states territory in order to complete their manufacturing or repair abroad, such goods shall be subject to tax when re-importing them, on the value which has been added to the goods, based on the terms & conditions stipulated under the common customs system (law).
Part Six
Exemptions

Article 29
The right of the States to exempt certain sectors or to subject such sectors to tax at zero rate

1- It is at the discretion of each member state to exempt or subject to tax at zero rate the following sectors and this shall be in accordance with the conditions and modalities determined by them:
   a- Educational sector,
   b- Medical sector,
   c- Real estate sector,
   d- Local transport sector.

2- It is at the discretion of each member state to subject the oil sector as well as the oil & gas derivatives sector to tax at zero rate in accordance with the conditions and modalities determined by them.

Article 30
Exemption from payment of tax under special cases

It is at the discretion of each member state to exempt the below stated categories from payment of tax upon receiving goods & services in such state. Further, It’s for the discretion of each member state to allow such persons to get refund of tax incurred upon receiving goods & services, and this shall be in accordance with the conditions and modalities determined by such states, and such categories shall include the following:
- Government organizations determined by each state
- Charitable organizations and public utility establishments as determined by each state.
- Exempted companies by virtue of agreements for hosting international events.
- Citizens of a member state upon building their homes for personal use.
- Farmers & fishermen not registered for tax.

Article 31
Supply of foodstuff, medicines and medical supplies

Firstly: Foodstuff:

All foodstuff shall be subject to the basic rate of tax, and the member state has the right to levy zero rate on such foodstuff items that are provided under a unified list of commodities to be ratified by the Financial and Economic Cooperation Committee.

Secondly: Medicine & Medical Supplies:

Medicines and Medical supplies shall be subject to tax at zero rate in accordance with the unified controls to be proposed by the committee of Health Ministers and endorsed by
The following supplies of transport shall be zero-rated:

1. The transport of goods and passengers from a member state to another member State, and the supply of ancillary services,

2. The international transport of goods and passengers to or from the territory of the GCC States, and the supply of ancillary services.

It is for the discretion of each member state to subject to tax at zero rate the following supplies:


2. Supply of goods & services related to the supply of means of transport stipulated under paragraph (1) of this article and assigned for the operation or repair or maintenance or transfer of such means of transport or, for the requirements of the subject means of transport or their cargo or their passengers.
3- Supply of planes & ships used for rescue and assistance at air & sea, as well as ships specialized for sea fishing.

**Article 34**

**Supply outside the GCC territory**

1- The following supplies shall be subject to zero rate:

a- Export of goods to outside the territory of the GCC states.

b- Supply of goods to be placed under any of the arrangements referred to in the Common Customs system (Law) where customs duties are suspended, and the supply of goods within such arrangements for suspending of the customs duties.

c- Re-export of transported goods that have been temporarily imported to the territory of the GCC states for repair or renovation or modification or processing, as well as the services added on such goods.

d- Supply of services by a taxable supplier resident in a member state in favor of a customer non-resident in the territory of the GCC states and benefiting from such service outside the territory of the GCC states in accordance with the modalities determined by each member state, except for the cases referred to in Articles (17 to 21) - of this agreement, where the place of supply shall be in any of the member states.
2- Supply of goods & services outside the territory of the GCC states shall be subject to tax at zero rate whenever such supply of goods & services is exempt from tax inside the member state.

**Article 35**
Supply of investment gold & silver & platinum

1- For the purposes of implementing this article, gold or silver or platinum shall be considered for investment purposes when its purity level is of no less than 99% and is tradable in the international bullion market.

2- The supply of investment gold & silver & platinum shall be subject to tax at zero rate.

3- The first supply after extraction of gold, silver & platinum shall be subject to tax at zero rate.

**Article 36**
Financial Services

1- Financial services carried out by Banks & financial institutions duly authorized as per the applicable legislations in each member state shall be exempted from tax. Banks & Financial Institutions shall have the right to a refund of input tax based on refund rates to be determined at the discretion of each state.

2- As an exception to what has been provided under para (1) of this article, each state shall have the right to apply any other tax treatment to the financial services sector.
Article 37
Imposition of tax on the supply of second-hand goods

It’s at the discretion of each member state to determine the necessary conditions and modalities to impose tax on the supply of second-hand goods by the taxable person, based on a profit margin.

Part Seven
Exceptions upon Import

Article 38
Exemptions upon Import

It shall be exempted from tax:

1. The transactions of import of goods, whenever the supply of such goods at the final destination country is exempted from tax or subject to tax at zero rate.

2. The following import transactions which are exempted from customs duties in accordance with the conditions and modalities stipulated under the common customs system (law):

   a. Diplomatic exemptions.

   b. Military exemptions.
c- Import of personal effects and household goods, brought by citizens residing abroad and expatriates arriving for the first time to reside in the country.

d- Import of supplies for non-profit charity organizations, in case such organizations were excluded from payment of tax in accordance with article 30.

e- Import of returned goods.

3- Personal effects and gifts in the accompanied baggage of travelers, as specified by each member state.

4- Requisites of disabled persons, as specified by each member state.

Article 39
Suspension of Tax

Tax shall be suspended on import of goods which are placed under any of the arrangements for suspending customs duties in accordance with the conditions and modalities stipulated under the common customs system (law), with the right of each member state to link suspension of tax to guaranteeing the value of tax.
Part Eight  
The persons liable to pay tax

Article 40  
General principle

1- Each taxable person shall adhere to payment of the tax due on the supplies of taxable goods or services, to the concerned tax authority in the member state where supply takes place.

2- Each person mentioning a tax amount on an invoice issued by him, shall be liable to settle such tax amount to the concerned tax authority in the member state where supply takes place.

Article 41  
The customer liable to pay tax in accordance with the reverse (charge) calculation

1- In case the supply of goods or services takes place in a member state where the supplier is not a resident, then the taxable customer in such a state shall be liable for settlement of the tax due.

2- The tax due shall be settled based on the first paragraph of this article by virtue of the tax return or, independently of the tax return, as specified by each member state.

المادة 40
المبدأ العام

1- يلتزم الخاضع للضريبة بسداد الضريبة المستحقة على توريدات السلع أو الخدمات الخاضعة للضريبة إلى الجهة الضريبية المختصة في الدولة العضو التي يقع فيها مكان التوريد.

2- كل شخص يذكر مبلغ ضريبة على فاتورة يصدرها يصبح ملزمًا بسداد هذا المبلغ إلى الجهة الضريبية المختصة في الدولة العضو التي يقع فيها مكان التوريد.

المادة 41
العميل الملزمن بسداد الضرائب وفقًا للاحتساب (التكليف) العكسي

1- إذا كان مكان توريد السلع أو الخدمات في دولة عضو لا يكون المورد مقيما فيها، يصبح العميل الخاضع للضريبة في هذه الدولة ملزمًا بسداد الضريبة المستحقة.

2- سداد الضرائب المستحقة بموجب البند الأول من هذه المادة بموجب الإقرار الضريبي أو بصورة مستقلة عنه حسب ما تحدده كل دولة عضو.
**Article 42**
The person liable for tax payment on import

The person designated or acknowledged, as the importer in accordance with the provisions of the common customs system (law), shall be liable for settlement of the tax due on import.

**Article 43**
Joint liability

1- The person who has intentionally participated in breaching any of the obligations stipulated under this agreement and the local law, shall be jointly liable with the person liable for settlement of tax and any (other) payments due as a result of such breach.

2- For each member state to determine cases for joint liability other than the cases that have been already stipulated under this article.
Part Nine
Deduction of Tax

Article 44
Principle of tax deduction

1- The taxable person shall be entitled to deduct from the tax due amount which he is liable to settle in a member state, the value of the deductible tax that he has incurred in such a state in relation to carrying out taxable supplies.

2- The right for tax deduction shall arise when the deductible tax shall fall due in accordance with the provisions of this agreement.

3- The customer liable for settlement of tax in accordance with the reverse (charge) mechanism shall be entitled to deduct the deductible tax related to such tax, provided that he has declared the tax due in accordance with the second paragraph of article 41 of this Agreement.

4- Each member state shall determine the modalities & conditions for tax deduction.

Article 45
Restrictions on the process of input tax deduction

It shall not be permissible to deduct the incurred input tax in any of the following two cases:

المادة 44
مبادئ خصم الضريبة

المادة 45
القيود على عملية خصم ضريبة المدخلات
1- For purposes other than the economic activity, in accordance with what each member state shall determine.

2- On the prohibited goods in the member state, in accordance with the provisions of the applicable legislation.

**Article 46**
The proportional deduction

1-In case the input tax was attributable to goods & services used for carrying out both taxable and non-taxable supplies, it shall not be permissible to deduct the input tax except within the percentage attributable to the taxable supplies.

2- It’s at the discretion of each member state to determine the computation methods for the percentage of deduction and the conditions for considering the value of the non-deductible input tax to be equivalent to zero.

**Article 47**
Adjustment of the deductible input tax

1- A taxable person shall adjust the value of input tax deducted upon receiving goods or services supplied to him, anytime the value of such input tax has become less or more than the value of the input tax claimed for deduction, following changes in the factors determining the deductible tax, including:
Article 48
Conditions for exercising the right to deduct

1- For the purposes of exercising the right to deduct, the taxable person shall be in possession of the following documents:

a. Tax invoice which he has received in implementation of the provisions of this agreement,

b. Customs documents identifying him as the importer of goods in accordance with the provisions of the common customs system (law).
2- It is to the discretion of each Member State to (decide) to allow the Taxable Person to exercise the right to deduct in case of non-availability of a Tax Invoice or if not being in compliance with the requirements of this Agreement, provided that the value of the Tax due can be ascertained by any other means.

Article 49
The right to deduct input tax paid before the registration date

1- The taxable person shall have the right to deduct input tax on goods & services supplied to him prior to the registration date for tax purposes, upon fulfillment of the following conditions:

a- Receiving goods & services for the purposes of carrying out taxable supplies,

b- Not consuming the capital assets in full prior to the registration date,

c- Not supplying goods prior to registration date,

d- Receiving services within a certain period of time prior to registration date in accordance with the conditions determined by each member state,

e- Goods and services not being subject to any of the restrictions related to the right to deduct stipulated under this Agreement.

2- For the purposes of implementing this article, input tax on capital assets shall be deducted in accordance with the net book value for such assets on the registration date, in

المادة 49
حق خصم ضريبة المدخلات المسددة قبل تاريخ التسجيل

1- يحق للخاضع للضريبة خصم ضريبة المدخلات على السلع والخدمات الموردة له قبل تاريخ تسجيله لغايات الضريبة عند استيفاء الشروط الآتية:

أ- تلقي السلع والخدمات لغايات القيام بتوريدات خاضعة للضريبة.

ب- عدم استهلاك الأصول الرأسمالية كليا قبل تاريخ التسجيل.

ج- عدم توريد السلع قبل تاريخ التسجيل.

د- تلقي الخدمات خلال فترة زمنية معينة قبل تاريخ التسجيل وفقا لما تحدده كل دولة عضو.

ه- عدم خصم ضريبة السلع والخدمات لأي قيد من الفوائد المرتبطة بحقل الخصم المنصوص عليها في هذه الاتفاقية.

2- لغايات تطبيق هذه المادة، تخصم ضريبة المدخلات على الأصول الرأسمالية وفقا لقيمة الدفترية الصافية للأصول بتاريخ التسجيل وفقاً ما تحدده كل دولة عضو.
accordance with the conditions specified by each member state.
Part Ten
Obligations

Chapter One
Registration

Article 50
Mandatory Registration

1- A taxable person shall be required to register for the purposes of implementing this agreement in case of:

a- Being a resident in any of the member states; and

b- His annual value of supplies in such member state shall exceed or it’s expected to exceed the mandatory registration threshold.

2- The mandatory registration threshold shall be Saudi Riyals 375,000 (or the equivalent from any of the GCC currencies) and it is for the discretion of the ministerial committee to amend the mandatory registration threshold after three years from application.

3- A non-resident person in a member state shall be required to register regardless of his value of supplies when he is liable for settlement of tax in such state in accordance with the provisions of this agreement. The registration of the non-resident person shall take pace either directly or through appointing a tax representative for him based on the approval of the concerned tax authority. Such tax representative shall act on behalf of the non-resident person with respect to all the
Article 51
Optional (Voluntary) Registration

1- A person not required to register and who is a resident in any member state shall have the right, in accordance with the provisions of the paragraph 1 of Article 50 of this agreement, to request registration in such state provided his annual value of supplies in the subject state shall not be less than the optional (voluntary) registration threshold.

2- The member state has the right to allow registration provided that the annual value of expenses for the person not required to register in such state shall exceed the optional (voluntary) registration threshold in accordance with the conditions and modalities specified by subject state.

3- The optional registration threshold shall be 50% of the mandatory registration threshold.

rights and obligations stipulated under this agreement, subject to the provisions of the second paragraph of article (43) of this agreement.

4- A taxable person carrying out only taxable supplies at zero rate shall have the right to request (from the concerned tax authority) to exempt him from the registration obligations for tax purposes, in accordance with the conditions and modalities specified by each member state.
Article 52
Calculation of value of supplies

1- For the purposes of implementing the provisions of this agreement, the annual value of supplies shall be calculated based on any of the following:

a- Total value of supplies – except for the exempted supplies - achieved by the taxable person at the end of any month in addition to the previous 11 months.

b- Total value of supplies – except for the exempted supplies - expected to be made by the Taxable Person at the end of any month in addition to the following 11 months or, in accordance with the criteria and period specified by each Member State.

2- The total value of supplies shall consist of the following:

a- The value of taxable supplies except for value of supplying capital assets,

b- Value of goods and services supplied to the taxable person liable for settlement of tax in accordance with the provisions of this agreement.

c- Value of Intra-GCC supplies that take place in a member state other than the state of residence of the taxable supplier, and such supplies would have been subject to tax in the state of residence of the supplier in case subject supplies had taken place in his state of residence.

3- For each member state to lay down the necessary modalities & conditions to compute
the value of supplies of the related persons carrying out similar or related activities, and to register each one of them compulsorily based on the overall value of supplies.

Article 53

Tax identification Number

When registering for tax purposes in any of the member states, each state shall assign to the taxable person a tax identification number given that the Ministerial Committee shall determine the modalities of issuing a tax identification number.

Article 54

Cancellation of Registration

1- The taxable person registered for tax purposes shall submit an application to cancel his registration in any of the following cases:

a- Ceasing to carry out an economic activity,

b- Ceasing to carry out taxable supplies,

c- Value of taxable supplies decreasing to below the voluntary registration threshold in accordance with the provisions of article (51) of this Agreement.

2- The taxable person shall have the right to submit an application to cancel his registration in the event that his overall annual value of supplies has decreased below the mandatory registration threshold but is exceeding the voluntary registration threshold.

المادة 53

رقم التعريف الضريبي

عند التسجيل لغايات الضريبة في أي من الدول الأعضاء، تخصيص كل دولة عضو رقم تعريف ضريبي للخاضع للضريبة على أن تحدد اللجنة الوزارية ضوابط إصدار رقم التعريف الضريبي.

المادة 54

إلغاء التسجيل

1- على الخاضع للضريبة المسجل لغايات الضريبة أن يتقدم بطلب إلغاء تسجيله في أي من الحالات الآتية:

أ- التوقف عن مزاولة النشاط الاقتصادي.

ب- التوقف عن القيام بتسليمات خاضعة للضريبة.

ج- انخفاض قيمة التوريدات الخاضعة للضريبة عن حد التسجيل الإلزامي وفقًا لأحكام المادة (51) من هذه الاتفاقية.

2- يحق للمخاطب للضريبة المتقدم بطلب إلغاء تسجيله في حالة انخفاض مجموع رقم أعماله السنوي عن حد التسجيل الإلزامي وتجاوزه حد التسجيل الاختياري.
3- For the purposes of implementing items (b) & (c) of paragraph 1 and paragraph 2 of this article, it’s for the discretion of each member state to determine a minimum period to keep the taxable person registered for tax purposes, as a condition for cancelation of his registration.

4- For each member state to determine the necessary conditions & modalities to decline the taxable person’s application to cancel his registration or, to cancel his registration in such cases not stipulated under both paragraphs 1 & 2 of this article.

5- The tax authority shall notify the taxable person of cancelation of his registration and the effective date of such cancellation.

Chapter Two
Tax Invoice

Article 55
Issuance of the Tax Invoice

1- The taxable person shall issue a tax invoice or a similar document in the following cases:

a- Supply of goods or services including the deemed supply referred to under article (8) of this Agreement,

b- Receipt of consideration in full or in part before the supply date.

2- It is for each member state to exempt the taxable person from issuance of invoices stipulated under this article with respect to the
tax-exempted supplies, provided that such invoices are not related to an intra-GCC transaction between the member states.

3- Subject to the provisions of article (56) of this agreement, It’s for the discretion of each member state to allow the taxable person to issue summarized tax invoices, and each invoice shall include all the supplies of goods and services that took place in favor of one customer and on which tax has fallen due on such supplies within the period of one month.

4- For the purposes of implementing this agreement, the member states shall accept invoices in terms of form, whether issued on paper or electronically, in accordance with the conditions and procedures specified by the member state.

Article 56
Contents of the Tax Invoice

1- For each member state to determine the contents of the tax invoice and the deadline for issuing it, provided that the tax Ministerial Committee shall at least determine the minimum details that have to be included in the tax invoice and for each member state to allow the issuance of simplified invoices in accordance with the conditions & modalities determined by such states.

2- Tax invoices can be issued in any currency provided that the tax value is expressed in the currency of the member state where the place of supply takes place, and this shall be on the
Article 57  
Adjustment of invoices (Credit Note)

The taxable person carrying out an adjustment to the supply consideration shall reflect such adjustment in a document (credit or debit note, tax invoice) thereby correcting the original tax invoice, and such document shall be treated in the same manner as the original tax invoice, in accordance with the procedures specified by each member state.

Article 58  
Special Provisions

1- A taxable customer receiving Goods or Services supplied to him from a Taxable Person shall be entitled to issue Tax Invoices subject to the supplier’s approval and to making a reference on the invoice that it’s a “self” invoice, based on the approval of the concerned Tax Authority. In this case, this invoice is treated as a bill issued by the Supplier.

2- The taxable person shall be entitled to resort to a third party to issue a taxable invoice on his behalf, on condition of obtaining the approval of the concerned tax authority and subject to satisfying all the specified requirements under this agreement and the local law.
Chapter Three
Keeping of the tax invoices & the accounting records & documents

Article 59
Specified Period for keeping of the tax invoices & the accounting records & documents

Without prejudice to any longer period prescribed by the laws of a member state, tax invoices as well as the accounting books, records, & documents shall be kept for no less than 5 years period from the end of the year to which such tax invoices, books, records, documents relate. Such period shall be extended to be 15 years with respect to keeping tax invoices, books, records &, documents related to real estate properties.

Chapter Four
Tax Period & Tax Returns

Article 60
Tax Period

Each member state shall specify its own tax period or periods provided that no tax period shall be less than one month.

Article 61
Submission of the tax return

Each member state shall specify the deadline & conditions & modalities for submission by the taxable person of the tax return for each tax period, provided that the Ministerial Committee
shall determine the minimum details that have to be included in the tax return.

Article 62
Amendment of the tax return

Each member state shall lay down the conditions & modalities entitling the taxable person the right to amend the tax return previously submitted.

Chapter Five
Settlement & Refund of Tax

Article 63
Settlement of Tax

Each member state shall specify the deadline & conditions & modalities for settlement of the net tax due for payment by the taxable person.

Article 64
Settlement of Tax on imports

1- The tax due on import of goods shall be paid at the first checkpoint destination and deposited in a bank account assigned for tax. Such tax shall be transferred to the state of final destination in accordance with the mechanism of automated direct transfer for customs duties applied in the framework of common Customs, and the Ministerial Committee shall be entitled to recommend any other mechanisms.

المادة 62
تعديل الإقرار الضريبي

تضع كل دولة عضو عضو وشروط وضوابط التي تمنح الخاضع للضريبة الحق بتعديل الإقرار الضريبي المقدم سابقاً.

الفصل الخامس
سداد الضريبة واسترداها

المادة 63
سداد الضريبة

تحدد كل دولة عضو مدة وشروط وضوابط سداد الضريبة الصافية المستحقة السداد من قبل الخاضع للضريبة.

المادة 64
سداد الضريبة عن الاستيراد

1- تسدض الضريبة المستحقة على السلع المستوردة، في منفذ الدخول الأول وتدفع في حساب خاص بالضريبة، ويتم تحويلها لدولة المقصود النهائي وفق آليات التحويل الآلي المباشر للرسوم الجمركية المطبقة في إطار الاتحاد الجمركي، ويجوز للجنة الوزارية اقتراح أي آليات أخرى.
2- For each member state to allow the taxable person to postpone settlement of the tax due on imported goods for the economic activity purposes and, to declare it under his tax return, based on the conditions & modalities specified by each state and the tax due which is postponed for settlement and declared (under the tax return), shall be subject to deduction based on the provisions of this Agreement.

Article 65
Refund of Tax

Each member state shall specify the conditions & modalities for allowing the taxable person to apply for refund of the net amount of deductible or refundable tax or, for carrying forward tax to the next tax periods.

المادة 65
استرداد الضرائب

تحدد كل دولة عضو شروط وضوابط السماح للخاضع للضريبة بطلب استرداد الضرائب الصادفة القابلة للخصم أو الاسترداد أو ترحيلها للفترات الضريبية القادمة.
Part Eleven
Special treatments for tax refund

Article 66
Tax refund to resident persons in the GCC territory

A taxable person in any member state shall be allowed to apply for refund of tax settled in another member state, based on the conditions & modalities specified by the financial & economic co-operation committee.

Article 67
Tax Refund to non-resident persons in the territory of the GCC states

Each member state can allow at its own discretion the non-resident persons in the territory of the GCC states, to claim refund of the settled tax in such states upon fulfillment of all of the following conditions:

1- The non-resident person shall not carry out supply of goods or services, for which he is liable to settle tax in any member state,

2- The non-resident person shall be registered for tax purposes in the state of his residence, in case such state was implementing the VAT system or a similar tax system,

3- The tax incurred by the non-resident person in any member state shall be for his economic activity purposes.

المادة 66
استرداد الضريبة للأشخاص المقيمين في إقليم مجلس التعاون

يجوز للخاضع للضريبة في أي دولة عضو طلب استرداد الضريبة المسددة في دولة عضو أخرى، وفق الشروط والضوابط التي تحددها لجنة التعاون المالي والاقتصادي.

المادة 67
استرداد الضريبة للأشخاص غير المقيمين في إقليم دول مجلس التعاون

لكل دولة عضو السماح للاشخاص غير المقيمين في إقليم دول مجلس التعاون بطلب استرداد الضريبة المسددة لديها عند تحقيق جميع الشروط الآتية:

1- لا يقوم الشخص غير المقيم بتوريد سلع أو خدمات يكون ملزمًا بسداد الضريبة عنها في أي دولة عضو.

2- أن يكون الشخص غير المقيم مسجلًا لغايات الضريبة في بلد إقامته في حال كان هذا البلد يطبق نظام ضريبة القيمة المضافة أو نظام ضريبي مماثل.

3- أن تكون الضريبة متكندة من قبل الشخص غير المقيم في أي دولة عضو لغايات نشاطه الاقتصادي.
Article 68  
Tax refund to tourists

1- It is for the discretion of each member state to decide to implement the tax refund system for tourists in accordance with the conditions & modalities stipulated under its local law.

2- For the purposes of implementing this article, a tourist is every natural person fulfilling all of the following conditions:
   a- Non-resident in the territory of the GCC states.
   b- Not a crew member of the voyage or plane departing one of the member states.

Article 69  
Tax refund to foreign governments & international organizations & diplomatic missions & corps

1- Each member state shall determine the conditions & modalities for granting foreign governments & international organizations & diplomatic & consular & military missions & corps the right to claim refund of tax incurred on goods & services in a member state, in implementation of international treaties entered into or, subject to reciprocity.

2- Each member state may at its own discretion implement tax at zero rate on the supply of goods & services in favor of the foreign governments & international organizations &
diplomatic & consular & military missions & corps, based on the conditions & modalities specified by such states.
Part Twelve
Exchange of Info between the member states

Article 70
Exchange of information

1- The tax authorities at the member states shall exchange information with respect to the implementation of the provisions of this agreement, or the management or the execution of the local laws relating to value added tax.

2- Subject to the provisions of international agreements where a member state is a party to such agreements, the information received by a tax authority shall be treated as classified (confidential) information in the same manner as information received by virtue of the local laws for such tax authority are treated. And it shall not be permissible to divulge such information except to the persons or the authorities (including courts and administrative apparatus (bodies)) concerned with assessment or collection of value added tax, or implementing it or, filing a law suit with respect to such tax or, determining the appeal relating to it, or to oversee all of the previously mentioned matters and it shall not be permissible for such persons or authorities to use such information except for the purposes referred to above only and they have the right to divulge such information under judicial procedures in public courts or in judicial judgments and despite the above mentioned, it shall be permissible to use the information received by the tax authority for other purposes when the laws of both states allow the use of such information for other purposes and the tax
authority in the state supplying such information allows such use.

3- It shall not be possible under any circumstances to interpret the provisions of both paragraphs (1) & (2) whereby it obliges any member state with the following:

a- Executing administrative procedures contrary to the administrative systems and practices in such state or any other member state.

b- Providing information which cannot be obtained by virtue of the usual administrative systems and practices in such state or any other member state.

c- Providing information which may lead to divulging any secret relating to trade or business or industry or trade or professional secrets or commercial operations or, such information which if divulged, can be in breach of the general policy.

4- If a member state has requested information by virtue of this article, the other member state shall use its procedures relating to compiling the requested information, even if such other state was not in need of such information for its own tax purposes and such obligation referred to under the previous sentence shall be subject to the limitations referred to under paragraph (3). However, it shall not be possible under any circumstances to interpret such limitations as giving the right to any member state to abstain from providing information simply for the lack of any local interest in such information.

5- It shall not be possible under any circumstances to interpret the provisions of paragraph (3) as giving the right to any contracting state to abstain from providing information simply because such information is held by any bank or another financial institution supplied in the state supplying such information allows such use.

3- لا يجوز بأي حال من الأحوال تفسير أحكام البندين (1) و(2) بما يؤدي إلى إلزم أي دولة عضو بما يأتي:

أ- تنفيذ إجراءات إدارية مخالفة للأنظمة والممارسات الإدارية في تلك الدولة أو في دولة عضو أخرى.

ب- تقديم معلومات لا يمكن الحصول عليها بموجب الأنظمة أو التعليمات الإدارية المعتمدة في تلك الدولة أو في دولة عضو أخرى.

ج- تقديم معلومات من شأنها كشف أي سر يتعلق بالتجارة أو الأعمال أو الصناعة أو الأسرار التجارية أو المهنية أو المعلقات التجارية أو المعلومات قد يكون الكشف عنها مخالفًا للسياسة العامة (النظام العام).

4- إذا طلبت دولة عضو معلومات بموجب هذه المادة، فعلى الدولة العضو الأخرى أن تستخدم إجراءاتها الخاصة بجمع المعلومات المطلوبة حتى وإن لم تكن تلك الدولة الأخرى في حاجة إليها وإبلاغها بالضرائب المتعلقة بها، ويخضع الالتزام الوارد في الجملة السابقة للقيود الواردة في البندين (3) غير أن لا يجوز بأي حال من الأحوال تفسير هذه القيود على أنه يسمح دولة عضو بالإمتناع عن تقديم المعلومات لمجرد انتهاء مصلحتها المحلية فيها.

5- لا يجوز بأي حال من الأحوال تفسير أحكام البندين (3) على أنها تسمح دولة متعاقدة بالامتناع عن تقديم المعلومات لمجرد أن المعلومات حفظها مصرف أو مؤسسة مالية أخرى أو شخص مفوض أو شخص يعمل
or an authorized person or a person acting in charge or in a fiduciary capacity or, because such information is related to interests pertaining to ownership in a certain person.

Article 71
Electronic Service System

1- Each member state shall set up an electronic service system for the purposes of compliance with the requirements related to the tax, and the secretariat general of the GCC states shall adopt the necessary measures to establish a tax data base and operating a central portal or electronic system for follow up on information related to intra-GCC supplies and sharing such information between the concerned tax authorities at the member states, provided that such central portal or electronic system shall at least include the following information:

a- Tax identification number for each of the supplier & customer,

b- Tax Invoice number & date,

c- Description of the transaction.

d- Consideration of the transaction.

2- In case the information registered by the customer & supplier is matching, each of them shall be provided with a unique confirmation number. Such number must be retained for audit purposes by the concerned tax authority, and to verify the consistency of such information with the information provided under the tax returns and any other related information, which have been declared in compliance with the provisions of this Agreement.
3- Such system shall be reliable and secure and shall not allow the supplier or customer to access any information other than such information allowed for.

4- The concerned tax authority in each member state shall have the right to access the information related to the intra-GCC supplies that took place between taxable persons registered for tax purposes.

5- Such system shall give access to information evidencing the transport of goods to the state of final destination.

Article 72
Co-operation between member states

1- The member states shall have the right, based on a recommendation submitted by the secretariat general of the GCC states to the ministerial committee, to adopt the necessary measures in relation to the administrative co-operation between such states and mainly in the following fields:

a- Exchange of necessary information for the purposes of determining the correctness of tax, based on the request of each member state.

b- Agreeing to conduct parallel audit operations & participation in audit operations carried out by any member state based on the approval of the respective state.

3- يجب أن يكون النظام موثوق وآمن ولا يسمح للمورد أو العميل الوصول إلى أي بيانات غير تلك المتاحة له الإطلاع عليها.

4- يحق للجهة الضريبية المختصة في كل دولة عضو الوصول إلى المعلومات المتعلقة بالتوريدات البينية التي تمت بين خاضعي الضريبة مسجلين لغايات الضريبة.

5- يتيح النظام متابعة إثبات انقلال السلع إلى بلد المقصد النهائي.

المادة 72
التعاون بين الدول الأعضاء

1- للدول الأعضاء، باقتراح ترفعه الأمانة العامة لدول مجلس التعاون إلى اللجنة الوزارية، اتخاذ التدابير اللازمة المتعلقة بالتعاون الإداري بينها، وخصوصا في المجالات الآتية:

أ - تبادل المعلومات اللازمة لغايات تحديد صحة الضريبة بناء على طلب كل دولة عضو.

ب - الاتفاق على إجراء عمليات تدقيق متزامنة والمشاركة في عمليات تدقيق تقوم بها أي دولة عضو بناء على موافقة الدولة المعنية.
c- Assisting in tax collection & adopting the necessary measures related to tax collection.

2- Subject to the provisions of international agreements to which a member state is a party to, each member state shall oblige its employees not to divulge or use information obtained in the context of their work from another member state, other than for the purposes related to the execution of their official duties. And each member state shall determine the applicable penalties in case of violations.
Part Thirteen
Transitional Provisions

Article 73

Each member state shall prescribe in the local law transitional provisions that shall take into consideration at least the following aspects:

1- Tax shall be due on the supply of goods & services and the importation of goods effective from the implementation date of the local law in a member state.

2- Each member state shall determine the deadlines for registration of the taxable persons required to register by the date of the implementation of the local law.

3- Notwithstanding any other text in this agreement, and in the event that an invoice has been issued or, consideration of supply has been settled prior to the implementation date of the local law or, prior to registration date, and supply has been carried out following such date(s), then it’s at the discretion of each member state to disregard the date of invoice or settlement and, to consider the tax due date taking place on the supply date.

4- The provisions of the paragraph 3 of this article shall apply on the intra-GCC supplies taking place between a taxable person resident in a member state and a customer in another member state.
5- With respect to the continuous supplies carried out partly prior to the implementation date of the local law, or prior to the registration date, and partly after such date, tax shall not be due on the part carried out prior to the implementation or registration date.
Part 14
Objections & Appeals

Article 74
Objections & Appeals

Each member state shall determine the conditions & modalities of objection against the concerned tax authorities’ decisions, and this shall include the right to resort to the competent local courts in each member state.
Part Fifteen
Concluding Provisions

Article 75
Interpretations of the agreement

The Financial & Economic Cooperation Committee shall be assigned with the task of studying matters related to the implementation & interpretation of this agreement and, its decisions shall be binding on the member states.

Article 76
Settlement of Disputes

The member states shall undertake to settle any dispute arising between them with respect to this agreement amicably, and the member states shall have the right, based upon their mutual Agreement, in case of failure to settle such dispute in the manner mentioned above, to submit such dispute for arbitration on the basis of the arbitration rules that shall be agreed upon.

Article 77
Amendments

It shall be permissible after the approval of all the member states, and based upon a proposal by any of the members states to amend this agreement, and the coming into force of such amendment shall be subject to the same procedures stipulated under article (79) of this agreement.
Article 78
Effective Date

This agreement shall be ratified by the Supreme Council and, endorsed by the member states in accordance with its respective constitutional procedures.

1- This agreement shall come into force from the date of depositing the document evidencing the endorsement of the second state to the Secretariat General of the GCC.

2- Each member state shall undertake the internal procedures for issuance of the local law with the view of bringing into effect the provisions of this agreement including setting forth the necessary procedures and policies for the implementation of the tax in a manner that does not contradict with the provisions of this Agreement.

3- Each member state that has not implemented its local law shall be considered outside the scope of implementation of this Agreement until the date of its local law coming into practice.

This agreement has been drafted in Arabic Language in the City of Riyadh on the date .... Corresponding to ....................., in one original copy deposited at the Secretariat General of the GCC and a true copy to be delivered to each member state party to this agreement.
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State of Kuwait
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