

## Update on VAT Refund Scheme for Expo 2020 Participants

### What is the update?

The Federal Tax Authority (“FTA”) has issued Cabinet Decision no. 1 of 2020 (“Cabinet Decision”) on the Refund of VAT on Goods and Services for countries and organizations participating in Expo 2020 Dubai. The Cabinet Decision cancels Cabinet Decision no. 1 of 2019, which was issued earlier by the FTA on the refund of VAT for participants for Expo 2020.

In the Cabinet Decision, the FTA clarifies in more detail which participants are entitled for a VAT refund and which expenses are subject to the VAT refund. These changes may have an impact for the participating countries or intergovernmental organizations of the Expo 2020 (“Participants”) which will take place as of October this year.

### VAT refund eligibility and process

The UAE government has introduced a separate VAT refund application process for the Participants.

The Participants may apply for a VAT refund on the input tax incurred on import of goods or services and for expenses directly related to the Expo 2020. The Participants can apply for a VAT refund for expenses in direct connection with Expo 2020, for example:

- VAT incurred on the construction, installation, alteration, dismantlement of the exhibition space for the Expo 2020.
- VAT incurred on goods and services for the operation, presentation and events within the Expo 2020 Dubai site.

Some of the significant changes in the Cabinet Decision are:

- It is added that the office of the official participant may apply for a VAT refund for expenses in connection with all operations, services and activities provided for the purpose of participation in Expo 2020 Dubai, whether located within or outside the boundaries of the Expo 2020 Dubai site.
- The Bureau Expo 2020 Dubai provides the list to the FTA of the Participants eligible for the VAT refund.

Based on the changes in the Cabinet Decision, the FTA extends the scope for VAT refund for Participants and clarifies the VAT refund application process with the Bureau Expo 2020 Dubai.

### For whom is it relevant?

The update is relevant for the countries that have established a representative office in the UAE for the organization of their Expo 2020 site.

Many of the Participants have already started the preparations of the Expo 2020, for example with the construction of their Expo 2020 site. In the preparation process, expenses may have been incurred on which local VAT is paid by the Participant.

### Next Steps

The Participants should:

- Consider the VAT refund possibilities in order to avoid that VAT paid on goods and services does not become a cost increasing factor. In addition, detailed refund eligibility analysis needs to be conducted with utmost care. Error or misinterpretation during the refund request may lead to financial and reputational risks for the participants.
- Assess the method of applying for the VAT refund, as it depends on whether

you are eligible for VAT registration in the UAE:

- If you are not eligible for VAT registration, then you can apply with the Bureau Expo 2020 Dubai for a Certificate of Entitlement and VAT refund.
- If you are eligible for VAT registration, then you must register for VAT and apply for the refund through your periodical VAT return.

### How Crowe can support the Expo 2020 Participants?

With our end-to-end VAT advisory and compliance services, Crowe can assist you with:

- The review of which VAT refund process is required to obtain the VAT refund for Expo 2020 Participants.
- Support in the VAT registration or refund submission and the follow-up process with the FTA.



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