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# The Application of the Reverse Charge Mechanism on Precious Metals and Precious Stones among Registrants in the State for the Purposes of Value Added Tax

Cabinet Decision No. 127 of 2024 – Issued 16 December 2024 – (Effective from 26 February 2025)

## The Cabinet has decided:

- Having reviewed the Constitution,
- Federal Decree-Law No. 8 of 2017 on Value Added Tax, and its amendments,
- Cabinet Decision No. 52 of 2017 on the Executive Regulation of Federal Decree-Law No 8 of 2017 on Value Added Tax, and its amendments,
- Cabinet Decision No. 25 of 2018 on the Mechanism of Applying Value Added Tax on Gold and Diamonds Between Registrants in the State, and
- Pursuant to what was presented by the Minister of Finance and approved by the Cabinet.

## Article 1 – Definitions

The definitions contained in Federal Decree-Law No. 8 of 2017 referred to above shall apply to this Decision, as an exception to that, the following words and expressions shall have the meaning assigned against each, unless the context requires otherwise:



- Goods : Precious Metals, Precious Stones and jewelry made of any Precious Metals or Precious Stones, or a combination thereof, provided that the value of the Precious Metals or Precious Stones exceeds the value of other components.
- Precious Metals : Gold, silver, palladium and platinum.
- Precious Stones : Natural and manufactured (synthetic) diamonds, pearls, rubies, sapphires and emeralds.

## Article 2 – Application of the Reverse Charge Mechanism on Goods

1. Where a supplier makes a supply of Goods to a registered Recipient and the intention of the Recipient of Goods was to resell or use them in producing or manufacturing Goods, the following rules shall apply:
  - a. The supplier shall not be responsible for accounting for Tax related to the supply of the Goods, and shall not report such Tax in his Tax Return.
  - b. The Recipient of Goods shall account for the Tax on the value of the Goods supplied to him, and shall be responsible for all Tax obligations resulting from such supply and for accounting for Due Tax thereon.
2. The provisions of Clause 1 of this Article shall not apply if the supply of the Goods is subject to Value Added Tax at the zero rate in accordance with Clause 1 of Article 45 of the Federal Decree-Law No. 8 of 2017 referred to.
3. For the purposes of the application of Clause 1 of this Article, the following shall be considered:
  - a. Prior to the date of supply, the Recipient of Goods shall:



- 1) Provide the supplier of the Goods with a written declaration indicating that the intent of the supply of Goods is for the purpose of the cases provided for in Clause 1 of this Article.
  - 2) Provide the supplier of the Goods with a written declaration confirming that he is registered with the Authority.
- b. Prior to the date of supply, the supplier of the Goods shall:
- 1) Receive and keep the declarations stated in paragraph (a) of Clause 3 of this Article.
  - 2) Verify that the Recipient of Goods is registered, in accordance with the means approved by the Authority in that respect.
4. Where the Recipient of Goods does not submit the declarations stated in paragraph (a) of Clause 3 of this Article, the provisions of Clause 1 of this Article shall not apply to him and the Recipient of Goods may not consider the Goods as being used or intended to be used for the cases provided for in paragraphs (a) and (b) of Clause 1 of Article 54 of Federal Decree-Law No. 8 of 2017 referred to.

## Article 3 – Implementing Decisions

The Minister of Finance shall issue the necessary decisions to implement the provisions of this Decision.

## Article 4 – Repeals

1. Cabinet Decision No. 25 of 2018 on the Mechanism of Applying Value Added Tax on Gold and Diamonds Between Registrants in the State shall be repealed.



2. Any provision that contradicts or conflicts with the provisions of this Decision shall be repealed.

## **Article 5 – Publication and coming into Force of the Decision**

This Decision shall be published in the Official Gazette and shall come into effect after (60) sixty days from its publication date.