

VATP020- Public Clarification on Calculation of Financial Guarantees

الهيئة الاتحادية للضرائب
FEDERAL TAX AUTHORITY



The Public Clarification provides guidance on how financial guarantees in respect of Excise Tax Designated Zones are calculated.

The FTA wants to acknowledge Warehouse Keepers with good governance of their tax affairs by reducing the amount of the required financial guarantee based on the Warehouse Keeper's and the Taxable Person's compliance history.

The Calculation of Financial Guarantee for each Excise Tax Designated Zone

Step 1:

Calculate the Guarantee Base based on the Excise Tax due on the average month-end stock over a period of twelve months

Step 2:

The FTA will determine the applicable and appropriate financial guarantee percentage based on multiple factors, such as:

- a. Residence Status
- b. Compliance history
- c. Financial status
- d. Number of years of operation

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Step 3:

The rate determined in Step 2 will be applied to the Guarantee Base calculated in Step 1 to calculate the preliminary financial guarantee amount

Step 4:

The FTA will further determine the required financial guarantee amount in respect of the specific Designated Zone by adjusting the preliminary financial guarantee amount if either the minimum or the maximum threshold applies.

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