

Newsletter

Process || Technology || Outsourcing || VAT



From the desk of Managing Partner



This issue covers

- 1. An understanding on Abu Dhabi Accountability Authority (ADAA) Resolution 1*
- 2. An update on recent development under UAE VAT*

Why Us?

We have focussed approach and we don't do everything for you. Working in our focus areas everyday makes us great at what we do.



I am really excited to write this section, as our UAE office is now functional . We are now officially registered in two countries, India (Global Headquarters) and UAE office to support Middle East and Africa Practice. We also have our client base on United Kingdom and Africa. 2018 has been the year of change for Middle East and specially in UAE. With effect from 1st January 2018, VAT has been introduced in UAE and this has brought certain basic requirements to be maintained at all levels of businesses. Key requirements such as accounting, accounting system, compliance are now need of every business. In addition to this certain requirements such as having sound internal audit function, having ERP systems in place to manage and control different business functions.

Let's talk of most recent announcements in UAE, which have forced people to discuss. First in line is allowing 100% ownership for mainland companies and issuing of 10 year residence visa to certain categories of persons. This was accompanied by a commitment of 50 billion AED investment from Abu Dhabi government. Third announcement was related to Dubai government fine waiver, government fee reduction and freeze on school fees. All of these initiatives and announcements from Government, shall possibly bring in more investment into private sector and make the environment more congenial to growth.

Our this edition will focus on VAT updates, ADAA Resolution 1 basics, introduction to our UAE faces and our service offerings in Dubai.

Feel Free to write back to us on contact@outcomess.com if you would wish to express your feelings.

Gaurav Shukla

Abu Dhabi Accountability Authority (ADAA) Resolution 1

Written by **Gaurav Shukla**

Abu Dhabi Accountability Authority (ADAA) was established under Law No.(1) for the year 1985 as an independent body reporting to His Highness the Crown Prince of Abu Dhabi & mandated to perform financial oversight on funds disbursed by public entities & ensure the accuracy and legitimacy of the management of these funds, which were previously under the responsibility of the Department of Finance.

In February 2017, His Highness Sheikh Khalifa Bin Zayed Al Nahyan, in his capacity as Ruler of Abu Dhabi, issued an Emiri Decree appointing His Excellency Hamad Mohammad Al Hurr Al Suwaidi as Chairman of the ADAA.

GCC regulations are constantly evaluated and re-assessed to reflect latest trends and leading global practices. The introduction of Resolution number 1 by the Abu Dhabi Accountability Authority (ADAA) is one such endeavour which aims to strengthen the governance structure within the entities.

Areas covered by Resolution number 1 of ADAA and what it means to subject entities

Article 2:

Any statutory auditor who intends to provide audit services should comply with the International Standards on Auditing, the Code of Ethics for Professional Accountants and the International Standard on Quality Control.

Article 3:

The contract between the entity and the statutory auditor in respect of the financial statements audit services should include:

A. Testing the effectiveness of internal control over the financial reporting, which includes policies and procedures relating to significant processes

- B. Verifying the entity's compliance with law number (1) of 2017 concerning the financial system of the Government of Abu Dhabi and instructions provided by the Department of Finance pertaining to the preparation and implementation of the annual budget and supporting resolutions and circulars.
- C. Verifying the entity's compliance with the requirements of its law of establishment
- D. Verifying the entity's compliance with the requirements of laws, resolutions and circulars organizing its operations, to the extent having a financial impact.

Article 4:

The statutory auditor will issue a separate report including his or her opinion on the effectiveness of the internal control systems after obtaining reasonable assurance that:

- A. The entity maintains controls to prevent and also timely detect unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on its financial statements
- B. Transactions included in the accounting records have been made in accordance with the entity's approved policies and procedures
- C. Compliance with the entity's delegation of authority, and resolution of HH the Chairman of the Executive Council for financial and administrative authority limits
- D. Recording of transactions to permit preparation of financials is in accordance with applied accounting principles
- E. Maintenance of adequate records to accurately and fairly reflect transactions and disposition of assets

Article 5:

In addition to the statutory auditor's opinion on the financial statements, the audit report will reflect the auditor's opinion on the entity's compliance covering:

- A. Law number (1) of 2017 concerning the financial system of the Government of Abu Dhabi and the instructions provided by the Department of Finance pertaining to the preparation and implementation of the annual budget and supporting resolutions and circulars.
- B. The entity's law of establishment and related circulars and resolutions.
- C. The laws, circulars and resolutions organizing the entity's operations, if these have a financial impact on its financial statements.

Applicability and timelines:

1. Resolution applies to Subject Entities and their subsidiaries, wherever located, that are material, in providing the assurance opinion for the entity or group reporting in Abu Dhabi.
2. The Resolution is effective for audits of subject entities contracted after the date published in the Official Gazette (15 August 2017)

Note: If subject entities contracted their audit engagements for 2017 before 15 August 2017, then the Resolution will apply for the first time in 2018.



Update on UAE VAT

By Chirag Chawla

- [FTA issued Cabinet Decision no \(41\) of 2018 on tax refund for tourists](#)

Much awaited cabinet decision for refund of VAT to the tourists has been issued. This refund process will be applicable from Nov 1,2018.

FTA has appointed “Planet” as the executive tax refund operator for Tourist Refund Scheme.

Planet is an international company, setup as a special purpose vehicle and appointed as executive for tourist refund scheme of UAE. Merchants can now register with Planet for tourist refund.

For detailed refund process, refer the below link

<http://outcomess.com/compliance/refund-of-tax-for-international-travelers-to-uae/>

- [FTA issued public clarification VAT006- Tax Invoices](#)

Article 59 of Cabinet Decision No. (52) of 2017 on the Executive Regulation of the Federal Decree-Law No. (8) of 2017 on Value Added Tax (“VAT Executive Regulations”) on Tax Invoices states the contents of Tax Invoices and Simplified Tax Invoices.

This Public Clarification explains the application of Article 59 of the VAT Executive Regulations with regards to contents of the Tax Invoices

- [Key Highlights of the public clarification is presented below:](#)

- In all cases where a taxable supply is made, a tax invoice must be issued and delivered to the recipient. This includes supplies which meet the conditions for a simplified tax invoice to be issued;
- Where simplified tax invoices are issued, there is no requirement to show the net value (i.e. the amount excluding the tax) for line items;
- Where full tax invoices are issued, line items have to show the tax value and net value, it is not mandatory to show the gross value;
- Tax invoices issued in a foreign currency must show the tax amount converted to AED and the exchange rate used for the conversion;
- Rounding on tax invoices should be performed on a line item basis to the nearest FIs.

- [VAT refund for Building new Residences by UAE Nationals](#)

FTA has released a public clarification which explains the process to be followed for claiming refund of VAT paid at the time of construction of new residence by the UAE National

- [Key Highlights of the public clarification is presented below:](#)

Applicant has to submit refund application to FTA along with the supporting documents. FTA has provided the details of the expenses in guide for which VAT refund can be claimed and the expenses for which the refund can not be claimed.

FTA will do preliminary screening and provide the reference number to the applicant within 5 days, if approved in preliminary screening. FTA may request for additional documents and the application will be reviewed and verified within 20 days of submission of documents by the applicant.

Refund will be credited in the bank account of applicant within 5 days from the date of acceptance of refund from FTA.

- [VAT user guide on registration, amendments and deregistration](#)

FTA has released a public clarification which clarifies the process for VAT registration, amendments and deregistration.

- [Key Highlights of the public clarification is presented below:](#)

Amendments that do not require approval from FTA

Amendments that require approval from FTA
How to deregister from VAT

Changing of admin of a taxable person account.

Delinking a online user from a taxable person account by online user

Range of Services

PROCESS CONSULTING

- Process development & Transformation
 - Organisational Structure & SOP design
 - Process Assessment
 - ADAA 1 Framework Implementation
- Business Risk Services
 - Internal Audit
 - Enterprise Risk Management
 - Program Advisory Services
 - Internal Controls
- Technology & Security Risk Services
 - ERP Control Review

TECHNOLOGY & ERP SERVICES

- ERP Selection
- Program Management for ERP Implementation
- ERP Optimization services
- Implementation of cloud based accounting, CRM and payroll tools

UAE VAT COMPLIANCE SERVICES

- VAT Assessment Study
- Post Implementation health check
- VAT Compliance
- Tax opinion on business transactions
- ERP optimization for VAT requirements

OUTSOURCING

- Accounting Services
- Financial Reporting

Meet our UAE Team



Gaurav Shukla

FCA, B. Com

Experience: 18 Years

Managing Partner – UAE

Gaurav is founding partner of Outcome Solutions & Services. He has vast experience in process and technology. In addition to this, Gaurav has led indirect practice for implementation of global VAT / GST assignments in countries like Singapore, India` and UAE.

Gaurav is also equipped with technology experience such as certification in SAP and GRC. Historically he has worked for companies such as HCL Technologies, Ernst & Young, Barclays Bank PLC.



Gaurav Verma

FCA, B. Com

Experience: 10 Years

FinTech

Gaurav, a Chartered Accountant with 9 years of experience in the field of Indirect Taxes and Process automation. He have a keen interest in automation of Business processes and have helped various Indian clients in implementation of QuickBooks, Xero, ZohoBooks etc. He has assisted in implementation of SalesForce CRM tool for a major real estate developer in UAE.

Historically, he had worked for companies including Agilent Technologies Inc., Keysight Technologies Inc., and Vatika Limited. He has worked on development of VAT / GST Process in countries like India, UAE and Malaysia.



Chirag Chawla

Qualifications: FCA, B. Com (H)

Experience: 6 Years

Indirect Taxation

Chirag is Chartered Accountant with 6 years of experience in VAT / GST Impact Assignments and Process Consulting .He has vast experience of conducting UAE VAT Impact studies for businesses in UAE for various industries Logistics, Retail, Travel, Education, Real Estate etc.

Historically, he has conducted various Internal Audits for a various businesses including a few Navratna Companies in India.