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**Welcome to the First
Issue!**

With each passing year, businesses change, economies rise and fall and with it comes the promise of great growth and change. As part of our own expansion and growth, we're excited to launch our First Quarterly Issue of Alliott Hadi Shahid Chartered Accountant's ENewsletter, which is specifically designed to keep everyone informed and updated of the Laws and latest news in the Business and Economy of UAE.

VAT in UAE...

"We are proud to be exceptionally different from our competition..."

Consumers in UAE are expected to pay VAT on their purchase for most of the goods and services.

The UAE Minister of State for Finance Affairs has stated that the UAE will implement VAT at the rate of 5% on 1st January 2018.

There are some exceptions which will not fall under taxation which may include Basic Food, Medicine/Healthcare, Education, Etc. Other countries from GCC may also implement VAT by 1st January of 2018 or 1st January of 2019.

The Reason for implementing VAT in UAE:

The government is providing public services to the citizens and residents such as hospitals, roads, public, schools, parks, waste control, police and defense services and much more. To meet the expenditure for its services, the government has to generate huge revenue. It can be achieved by levying taxes.

UAE is the member nation of GCC, It is very closely connected through "The Economic Agreement between the GCC states" and "The GCC Customs Union". All the member countries of GCC have worked together in designing and implementing new public policies.



Threshold for VAT registration:

1. If the annual turnover of the company is less than AED 187,500, the company need not be registered under the law.
2. If the annual turnover of the company is between AED 187,500 and AED 375,000, it is optional to register under the UAE VAT law.
3. It is mandatory for the company to register under the UAE VAT law if the annual turnover of the company is more than AED 375,000.

Special rules will apply to the Real Estate Businesses and special rules are expected to apply to the intra-GCC trade goods.

Necessary steps to be taken by the businesses in UAE:

- 1) Business should figure out whether their goods or service are taxable. If they fall under the VAT law, they should register under the VAT registration platform before the end of 2017.
- 2) Businesses should make necessary changes on financial management and bookkeeping.
- 3) Businesses should record their financial transactions, carefully documenting their business income, costs and associated VAT charges.
- 4) Make necessary changes in technology and human resource in order to prepare for VAT. Changes to be done to their accounting software.
- 5) Either can hire VAT professionals or can outsource the job.
- 6) Any taxable person must retain VAT invoices issued and received for a minimum of 5 years.

When the proper guideline and law is released by the government, businesses should clarify with the professionals whether their goods and services are taxable.

Updates from the Ministry of Finance:

VAT will be applicable on importation of goods. Business can reduce their output VAT liability in cases of bad debts. This will be subject to conditions covered under the VAT legislation. Generally, insurance (vehicle, medical, etc) will be taxable. Life insurance, however, will be treated as an exempt financial service.

The treatment of Islamic finance products will be aligned with the treatment of similar standard financial services. Penalties will be imposed for non-compliance, which includes failing to register, file return on time, maintain proper books of accounts, etc. There is no special treatment for government entities.

Ministry of Finance Issuing Value Added Tax (VAT) Certificates:

Requirements for VAT Certificate: (COMPANIES)

- 1) Request Letter From the company.
- 2) Trade License.
- 3) 500 Dirham fees paid via e-dirham Card.

Sector: Senior Management Sector

Responsible Department: Customer Services Center

Beneficiary of the Service: Private Sector/Companies/Individuals/ Bodies

Responsible Officer/Sector Coordinator: Ahmed Hanai

Source: www.mof.gov.ae, www.khaleejtimes.com and www.gulfnews.com



“When the proper guideline and law is released by the government, businesses should clarify with the professionals whether their goods and services are taxable.”

A few Important Articles of Federal Law no.7 of 2017:

Chapter Two (Part One) describes keeping of Accounting Records and Commercial Books, Article 4 explains Record Keeping .

Article 6 (Part Two) explains Tax Registration and Deregistration and Amendments of Data.

Article 17 (Part Three) explains the right of the Authority to perform a Tax Audit.

Article 25 (Part four) of Draft Federal Law No.(7) of 2017 explains the Assessment of Administrative Penalties.

Articles 26 (Part Five) explains Tax Evasion Penalties.

Source: www.mof.gov.ae, www.khaleejtimes.com and www.gulfnews.com

The President has issued new UAE Tax Procedures Law:

The president of UAE, His Highness Sheik Khalifa bin Zayed Al Nahyan, has issued the landmark Federal Law No. 7 of 2017 for Tax Procedures. This will regulate the administration and collection of taxes in UAE. It also clearly defines the role of the Federal Tax Authority (FTA).

The Law explains the common procedure and rules to be applied to all tax law in the UAE. The law covers tax procedures, audits, objections, refunds, collection, and obligations, which include tax registration, tax-return preparation, submissions, payment and voluntary disclosure rules – in addition to tax evasion and general provisions. Business in UAE will be required to keep accurate records for five years when the Tax Procedures Law comes into effect. Any Person conducting any business must keep Accounting Records and Commercial Books of his business and any tax related information as determined by Tax Law and maintain the same according to the controls laid down by the Executive Regulations to the Law.

The Tax Procedures Law also establishes the register of tax agents who may interact with the FTA on behalf of taxpayers, specifies the basic requirements for appointing said tax agents, and sets the standards for maintaining confidentiality by the Authority as well as its officers. The Law allows the authority to perform a tax audit on any taxable person. It also sets penalties for Non-Compliance. Therefore any business in UAE should maintain proper books of accounts and must submit the Tax Returns, data, information, record and documents related to Tax. If any business or taxable person fails to follow the Tax Procedures Law, the authority has the rights to impose administrative Penalties.

Source: www.mof.gov.ae, www.khaleejtimes.com and www.gulfnews.com

CSR in UAE – an important development within the “YEAR OF GIVING”

Corporate Social Responsibility (CSR) refers to the private sector launching initiatives that benefit the society as a whole. It is about expanding the company’s ethical code, engraining it into its culture by launching programs and initiatives, and encouraging employees to participate. The categories of social responsibility include philanthropic, charitable, volunteer-based and environmental.

The Ministry of Economy, UAE clarified that corporate social responsibility is voluntary for the private companies in UAE. There is an ambitious goal of collecting around AED 500 million in cash contributions to enhance the commitment of companies to social responsibility in 2017.

The CSR program is one of the six main themes of the UAE’s national strategy to engage companies to pay a role in charitable and humanitarian works.

To implement the year of giving strategy, the Ministry of Economy has launched 11 initiatives.

The 11 initiatives within the CSR program:

1. Smart CSR website to be launched
2. CSR annual report to be published.

To be continued...page 4,



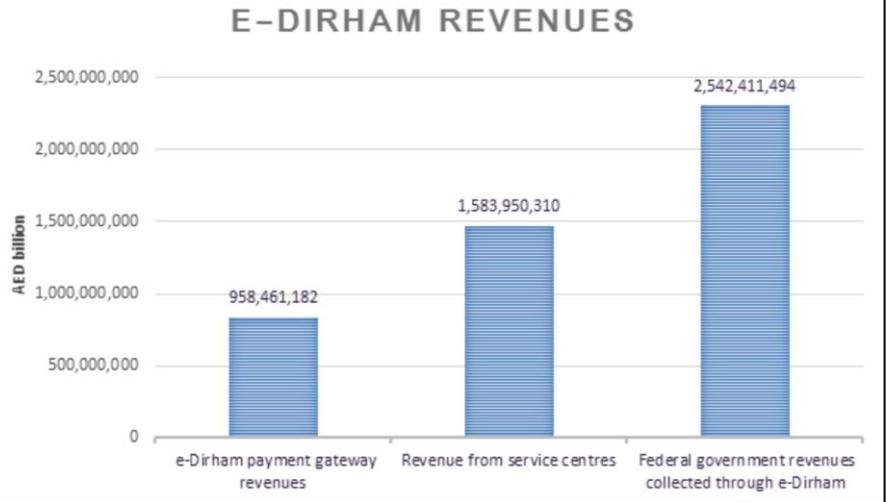
No cash payment for Federal Authority for Identity and Citizenship (FAIC) services from July-2017

1. The FAIC will no longer accept cash payments for its services. It has asked its customer to top-up their e-dirham card or carry a credit card before approaching any of its centers.
2. Stopping the collection of cash and turning to payment using the e-dirham or a credit card is part of a comprehensive transformation effort for government services across the country. It is in line with the quantum leap the UAE government has attained in developing its services and providing customers with easier and more flexible options.
3. This would enable customers to receive high-quality services as early as possible. They can process their transactions with ease and get the services they need as fast as possible. This will also help the EIDA achieve a 7-star rating for its services.

NOTE: The e-Dirham system, launched and managed by the Ministry of Finance (MoF) in partnership with the National Bank of Abu Dhabi. The system offers payment services for more than 5,000 government services. It has the feature of integration into international payment methods and networks.

Source: www.khaleejtimes.com

الهيئة الاتحادية
للشؤون
والجنسية
FEDERAL AUTHORITY
FOR IDENTITY
AND CITIZENSHIP



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3. National CSR Index – to rank companies based on their CSR spending
4. CSR label
5. CSR passport
6. Monetary incentives – for outstanding companies in the CSR field
7. Mandatory annual declaration of CSR project
8. Coordinating forum for CSR
9. Annual announcement for CSR
10. Responsible procurement
11. Work committees for CSR

The Ministry has informed that it will announce a minimum percentage which should be annually allocated to CSR by all private companies.

Companies will have to declare their audited CSR accounts to the Ministry and upon license renewal at the Department of Economic Development. Auditors will be required to ensure the financial statement for the company verifies their CSR initiatives and CSR spending.

Source: www.economy.gov.ae; www.khaleejtimes.com; www.gulfnews.com

UAE's non-oil sector growth gain steam

The recent reports from the Ministry of Economy show that non-oil trades in the UAE is playing a significant role in the country's GDP.

According to Dubai Customs report, Dubai's non-oil foreign trade grew 2.7% in the first quarter of 2017. It has reached AED 327,000,000,000. During the last quarter of 2016, the non-oil business accounted 69.5% of Abu Dhabi's GDP where else oil business represented 30.5%.

The Emirate of Abu Dhabi's GDP was 17.7% during the first quarter of 2017 at current market price, against the corresponding period of 2016, which attributed the positive development to the significant growth posted by non-oil economic platform. The non-oil sector has contributed more than two third of the country's GDP, while oil business accounted for 31.2 % of the GDP at current price.

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UAE's non-oil private sector's PMI (Purchasing Manager Index) has also rose to 55.8 in June of 2017 from 54.3 in May. The UAE PMI data points to solid growth in second quarter.

IMF, in the recent forecast explains that the UAE's economic growth would accelerate to 4.4% in 2018 as global growth is expected to pick up steam from 2017, driven by rebound in investment, manufacturing and trade.

The trend clearly shows that oil is no longer the only economic engine of UAE.

Source: www.khaleejtimes.com

What are the Significances of AI in Healthcare?

Applications:

AI can be applied in the area of Image recognition & interpretation, Diagnostic assistance, Generating Reminder & Alerts, Therapy planning, Etc.

Fast and Accuracy:

There are diseases which require immediate actions. The neural network of the brain is look alike, AI has the ability to learn from previous cases. Researchers say that it is proven that these networks can diagnose fast and accurate some other diseases includes eye problems, malignant melanoma etc.

To be continued... Page 6

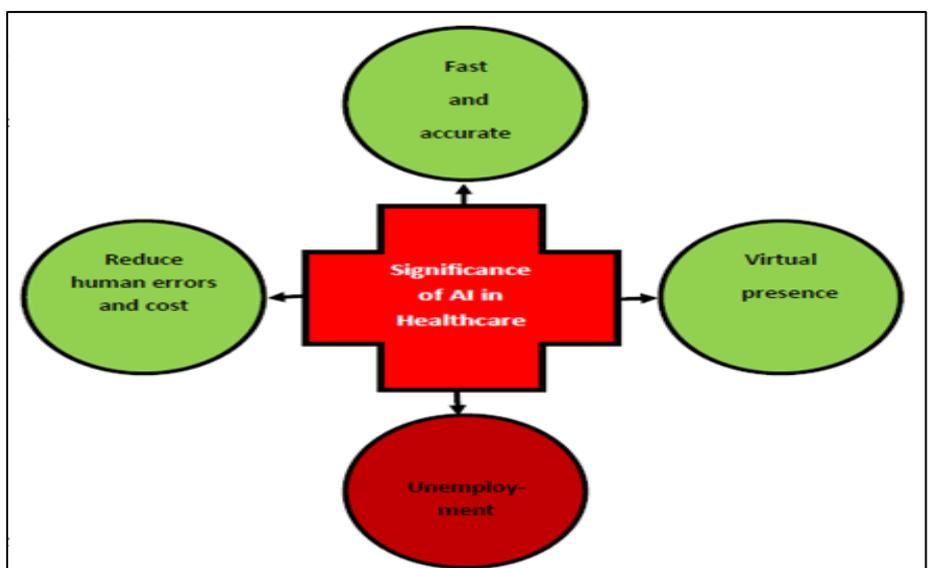
Artificial Intelligence (AI) and Robotics are the future of Healthcare



Artificial Intelligence in Healthcare uses algorithm and software to an approximate human cognition of complex medical data. The primary aim health related AI applications is to analyze the relationship between prevention or treatment techniques and patients outcomes.

People all over the world are very much interested and willing to embrace new technologies for the need of their healthcare. A survey of 11,000 people from across various countries showed that people were increasingly willing to engage with Robots and AI.

More than 60% of the Middle East are interested in replacing human doctors with Robots & AI. Only less than 28% in UAE were against technology replacing human doctors. Across EMEA a majority of the population is willing to use advanced computer technologies like AI which can provide a solution for their health related queries.



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Reduce Human errors and Cost:

Doctors have to take care of each and every patient very carefully and accurately. In a day a doctor will come across many patients with different problems, it requires more attention and knowledge of the patient. Due to lack of concentration and activeness, human error may occur and it might be a threat to the patient's safety. To rectify these kinds of issues, AI will assist doctors by eliminating human errors and relieve them from time-consuming tasks.

With the help of the emerging technologies, patients can get doctors assistance without visiting Hospital/Clinics/Medical Institutes which results in cost cutting. AI assistants provide online care & assist patients to add their data more frequently via online medical records etc.

Virtual Presence/Telemedicine:

It allows the specialist to assist the patients who live in remote areas. Using a remote presence Robot, Doctors can engage with their staff and patients in hospitals/clinics and assist or clear queries

Artificial Intelligence/Robotics should be carefully weight before employing it for human convenience.

Unemployment:

Replacing humans by AI/robots will always create unemployment.

Source: www.thenational.ae, www.khaleejtimes.com

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