



14 December 2017

Introduction of Value Added Tax (VAT) in United Arab Emirates (UAE)

Dear Customer,

As you may be aware, UAE and the other Gulf Cooperation Council (GCC) are planning to introduce VAT by 1 January 2018, and it is for this reason that we are reaching out to you.

Introduction of VAT in the UAE

VAT is a consumption tax that is charged at every stage of the supply chain. The UAE has already announced that VAT will be imposed on most of the domestic supplies of goods and services at a standard rate of 5% with few exemptions and zero-ratings.

The Ministry of Finance (MOF) has released the final VAT law and VAT implementing regulations. The MOF have already released the GCC VAT framework (VAT framework) and have published a compilation of Frequently Asked Questions (FAQs) on its website to make people aware about the applicability of VAT and the compliance.

Supplies of Financial Services

As one of our valued customers, we understand that you will have an interest in the impact of the introduction of VAT on our pricing as it may cause the prices of many products or services to change.

Based on information available to date, we understand that supplies of margin-based financial services would generally be exempt, while fee/commission-based supplies would generally be standard rated at 5%. Shariah-compliant financial products would be accorded the same VAT treatment as conventional financial products.

We are in the process of reviewing our products and services to assess the applicability of VAT on our fees and charges to you. As our intention is to maintain and improve our business relationship, we are currently reviewing our pricing structures on supplies we made to you with the introduction of VAT.

We will publish our updated list of fees and charges with our new pricing for post 1 January 2018 supplies.

What we need you to do?

1. VAT registration information

The Federal Tax Authority is now in place in the UAE, and we understand that the VAT registration online portal has been opened for registration.

We would appreciate your cooperation in informing us of your intentions regarding registration for VAT. Where you are intending to register, or have already done so, we would appreciate it if you would provide us with the relevant confirmation of your registration, and your VAT registration number in the UAE, as well as in other GCC countries (if any), to enable us to issue a valid tax invoice.

Please send your details to VAT.updateddocuments@noorbank.com, from your e-mail address registered with Noor Bank.

2. Transitional Contracts

In the event that any of the supplies of goods or services made by us to you would otherwise benefit from the transitional provisions under the UAE VAT legislation such that neither party is disadvantaged by having contracted without having addressed the implementation of VAT we will invoke those transitional provisions.

We will, however, at the same time approach you with a view to amending the existing transitional agreements to ensure that our respective rights and obligations with regard to accounting for VAT will be addressed in those agreements.

Yours sincerely,
Noor Bank