

# VAT UAE - EDUCATION SERVICES



# INTRODUCTION

**UAE** has commenced **'Value Added Tax'** (VAT) in the region on **1 January 2018**. The VAT will tax most goods and services with a limited number of specifically exempt or zero rated supplies.

Under the GCC VAT framework agreement, which is a country level agreement between GCC states setting out the common principles on which VAT laws in individual countries will be based, **each GCC country has the discretion to either exempt the education sector from VAT or subject it to VAT at the zero rate.**

The UAE VAT law states that VAT applies at the zero rate to the “supply of educational services and related Goods and Services for nurseries, preschool, elementary education, and higher educational institutions owned or funded by Federal or local Government, as specified in the Executive Regulation of this Decree-Law.”

**Through these slides, we will cover all the aspects related to education services under UAE\_VAT.**



# ZERO-RATED GOODS & SERVICES- EDUCATION SERVICES

**(1)** The Supply of **Educational** Services **shall be zero-rated** if the following conditions are met:

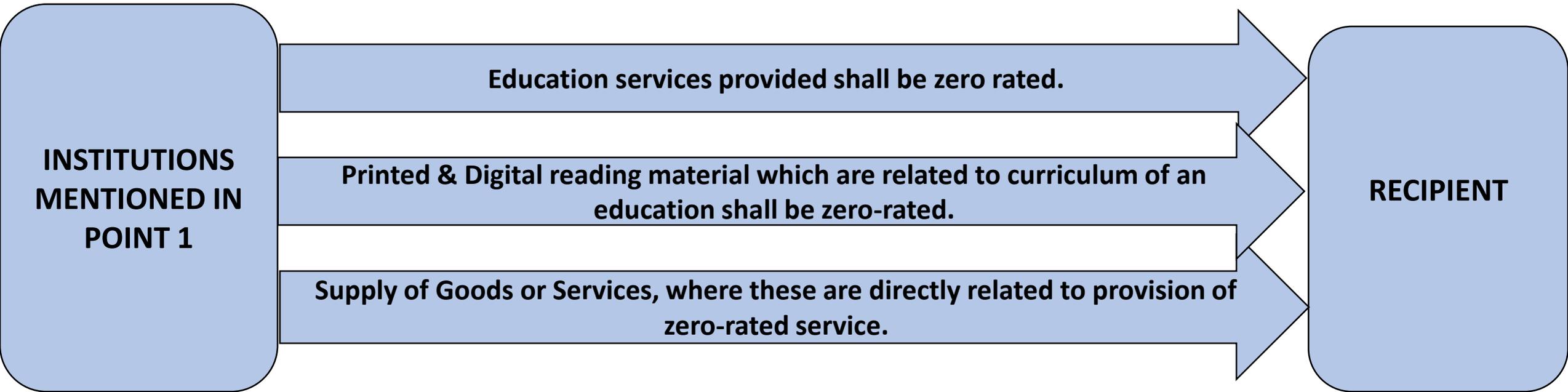
a) The educational services is provided as per curriculum.

b) The Supplier is an educational institution.

c) Where Supplier is a higher educational institution.

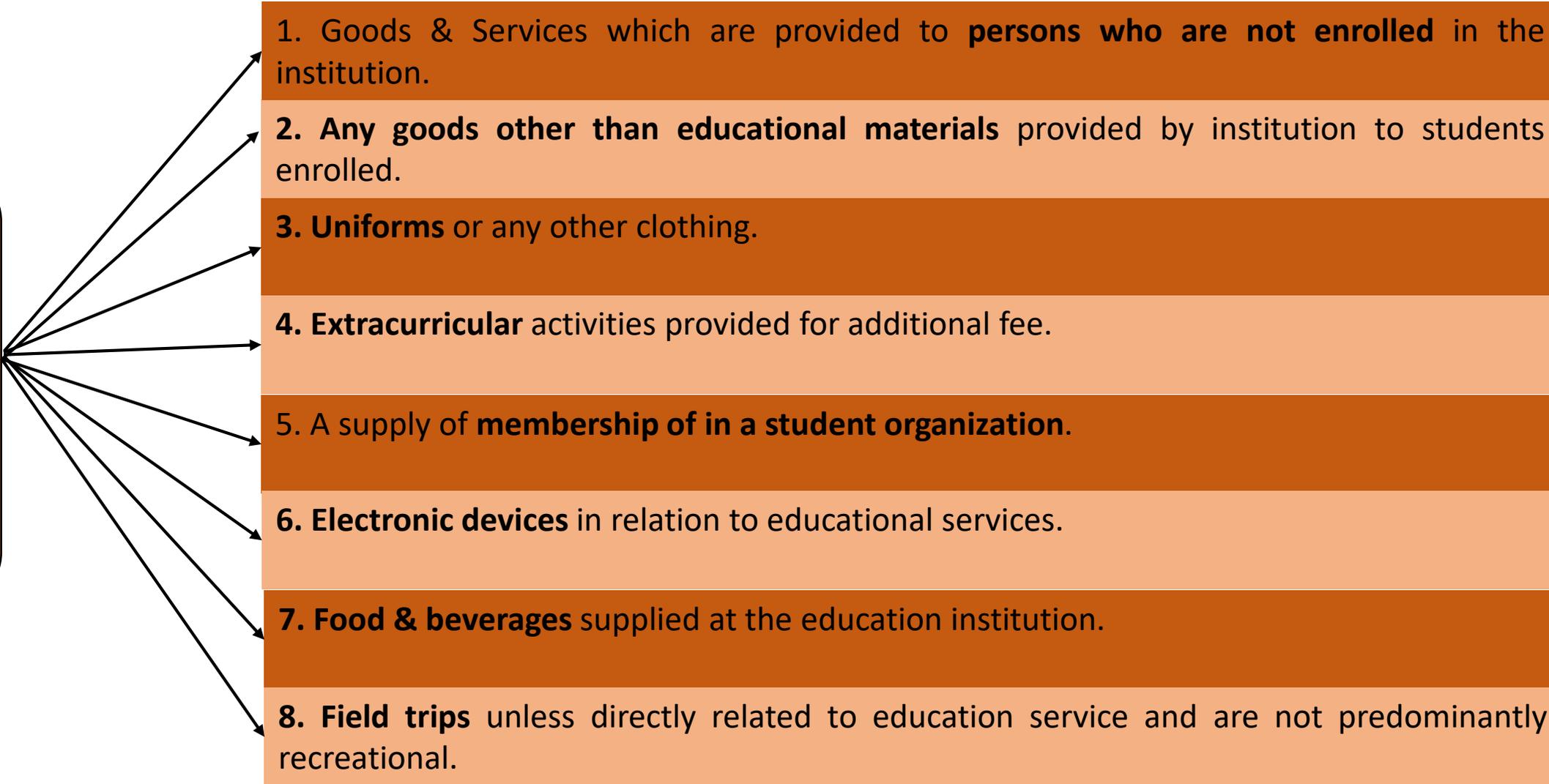
Recognized by **Federal & Local competent Govt. entity** where the course is delivered.

The institution is either **owned by** the federal or local government or receives **more than 50%** of its **annual funding** directly from the federal or local government.



# TAXABLE SUPPLIES – RELATED TO EDUCATION SERVICE

**These supplies shall be taxable at 5%**



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graph LR; A[These supplies shall be taxable at 5%] --> B[1. Goods & Services which are provided to persons who are not enrolled in the institution.]; A --> C[2. Any goods other than educational materials provided by institution to students enrolled.]; A --> D[3. Uniforms or any other clothing.]; A --> E[4. Extracurricular activities provided for additional fee.]; A --> F[5. A supply of membership of in a student organization.]; A --> G[6. Electronic devices in relation to educational services.]; A --> H[7. Food & beverages supplied at the education institution.]; A --> I[8. Field trips unless directly related to education service and are not predominantly recreational.];
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1. Goods & Services which are provided to **persons who are not enrolled** in the institution.

2. **Any goods other than educational materials** provided by institution to students enrolled.

3. **Uniforms** or any other clothing.

4. **Extracurricular** activities provided for additional fee.

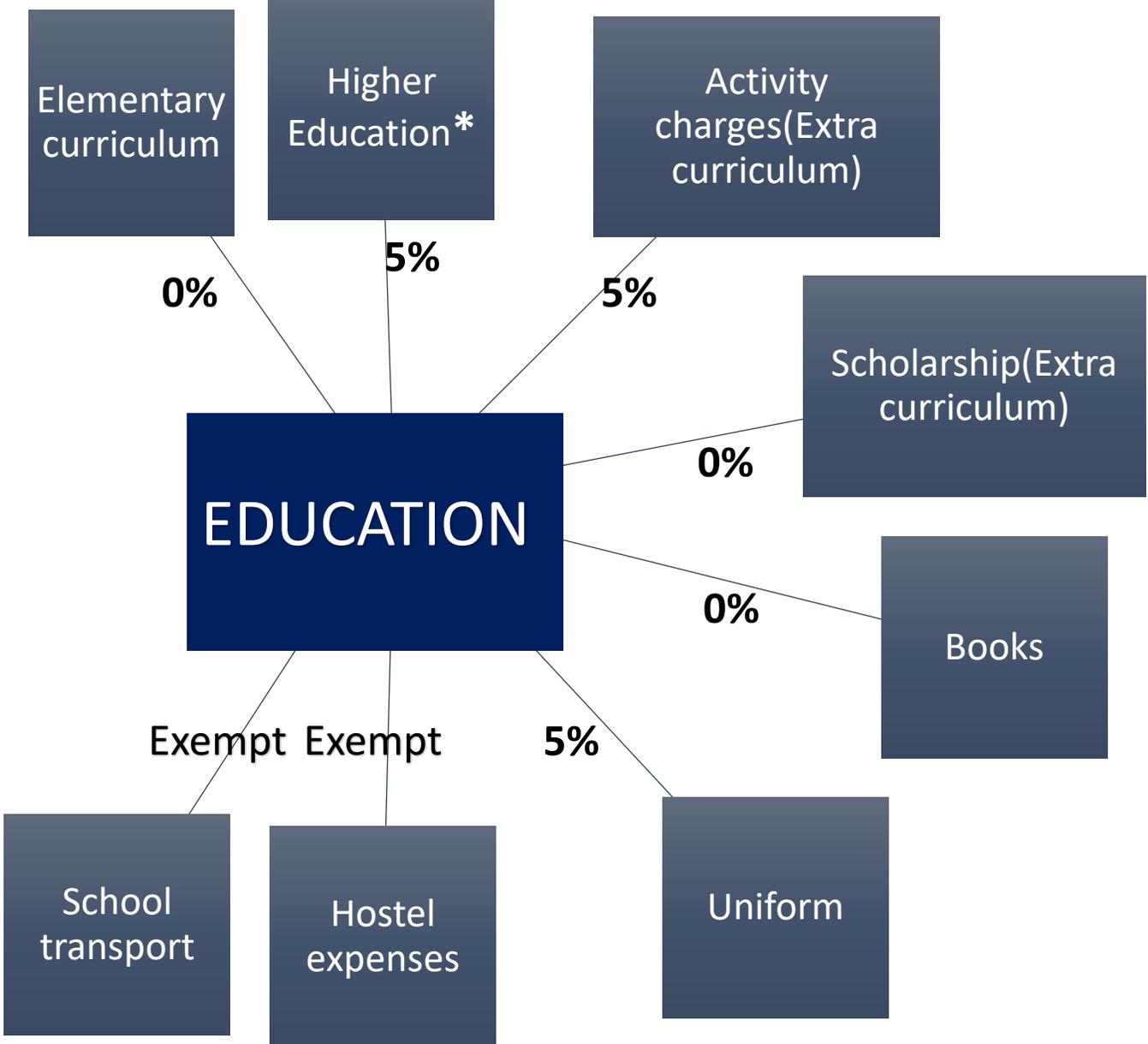
5. A supply of **membership of in a student organization**.

6. **Electronic devices** in relation to educational services.

7. **Food & beverages** supplied at the education institution.

8. **Field trips** unless directly related to education service and are not predominantly recreational.

# EXAMPLES FOR BETTER UNDERSTANDING



\* This is the case where, the institution is **neither owned by** the federal **nor** local government or **not** receives **more than 50%** of its **annual funding** directly from the federal or local government.

We appreciate you for going through this information and welcome you to connect with us.

THANK

*You*

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