## Value Added Tax (VAT) in GCC Countries by January 1, 2018

The Gulf Cooperation Council (GCC) countries have recognized that the revenue from indirect taxation is needed to offset the falling price of oil in the current scenario

GCC countries are planning to introduce Value Added Tax (VAT) effectively from January 1, 2018. Based on available information, VAT framework draft have been adopted which will form basis of introduction of taxing though indirect way.

The Government is contemplating the scope, applicability, and rules and regulations that will form part of VAT laws. Standard expected rate of VAT is likely to be adopted on most of the items at 5% except specified food items, healthcare and education.

Companies in GCC region need to determine the impact of VAT in terms and condition of their existing and future contracts. Introduction of VAT might impact businesses in the GCC Companies.

At present, there is no clarification on the VAT implementation and no information available on the overall applicability of the VAT law.

VAT will be applicable on the imports into GCC countries, whereas goods exported out of GCC countries is expected to remain out of the VAT regulations.

Further to that, there will not be any introduction of personal income tax in GCC countries. Individuals will not be taxed directly by way of income tax.

GCC countries includes UAE, Saudi Arabia, Oman, Bahrain and Kuwait.