Cabinet Decision No. 149 of 2026
Amending Certain Provisions of Cabinet Decision No. 52 of 2017 on
The Executive Regulation of Federal Decree-Law No. 8 of 2017 on Value Added Tax

The Cabinet:

- Having reviewed the Constitution,
- Federal Decree-Law No. 8 of 2017 on Value Added Tax, and its amendments,
- Cabinet Decision No. 52 of 2017 on the Executive Regulation of Federal Decree-Law No. 8 of 2017 on Value Added Tax, and its amendments, and
- Pursuant to the presentation of the Minister of Finance, and the approval of the Cabinet.

Has decided:

Article 1

The texts of Clause 5 of Article 29, Clause 4 of Article 41, Clause 2 of Article 52, sub-clauses 1 and 2 of paragraph (c) of Clause 1 of Article 53, Clause 6 and Clause 7 of Article 55, Clause 1 of Article 57, and paragraph (a) of Clause 1 of Article 60 of Cabinet Decision No. 52 of 2017 referred to above, shall be replaced by the following texts:

Article 29 – Clause 5:

5. The “purchase price” stated in Clause 4 of this Article includes, in addition to the purchase price of the Good, any costs or fees incurred to purchase the Good, provided that the Input Tax on such costs or fees, where incurred, is not recoverable pursuant to the provisions of Article 54 of the Decree-Law.

Article 41 – Clause 4:

4. A supply of Goods or an Import of Concerned Goods is zero-rated if it is a supply or an Import of:

   a. Any medical product as specified in a decision issued by the Cabinet.
   b. Any other Goods not covered by paragraph (a) of this Clause which are supplied in the course of supplying a Person with zero-rated Healthcare Services that are necessary for the supply of such Healthcare Services.

Article 52 – Clause 2:

2. For the purposes of Clause 1 of this Article, a Person shall be considered "outside the State" if only present in the State for a period of less than 30 (thirty) days, and such presence is not effectively connected with the supply.

Article 53 – Clause 1 – Paragraph (c) – Sub-clauses 1 and 2:

1) Where the provision of those Goods or Services to the employees is mandatory under the applicable labour legislation in the State or any free zone, including financial and non-financial free zones, provided that this does not include the accommodation provided by the employer to its employees, unless the provision of such accommodation is mandatory pursuant to the decisions or directives issued by the Ministry of Human Resources and Emiratisation.

2) Where it is a contractual obligation or documented policy to provide those Goods or Services to the employees, in accordance with the cases and conditions specified by the Authority.

Article 55 – Clause 6 and Clause 7:

6. To determine the Input Tax that could be recoverable, the Taxable Person shall apportion Input Tax as follows:

   a. Input Tax that relates to supplies, as specified in Clause 1 of Article 54 and Article 57 of the Decree-Law, made by the Taxable Person may be recovered in full.
   b. Notwithstanding paragraph (a) of this Clause, Input Tax that is not recoverable in accordance with Article 53 of this Decision or that does not relate to supplies specified in Clause 1 of Article 54 and Article 57 of the Decree-Law, may not be recoverable unless the provisions of the Decree-Law and this Decision provide otherwise.
   c. Input Tax that partly relates to supplies as specified in Clause 1 of Article 54 of the Decree-Law and partly relates to other supplies, shall be calculated in accordance with the mechanism set out in Clause 7 of this Article, and only the part that relates to supplies specified in Clause 1 of Article 54 of the Decree-Law may be recovered.
   d. Notwithstanding paragraph (c) of this Clause, Input Tax that partly relates to the supplies specified in Clause 1 of Article 54 of the Decree-Law, and Article 57 of the Decree-Law, and partly relates to other supplies, in respect of Government Entities and Charities, shall be calculated in accordance with the mechanism set out in Clause 19 of this Article.

7. Input Tax that could be recoverable shall be calculated as follows:

    a. The Taxable Person shall calculate the percentage of total supplies as specified in Clause 1 of Article 54 of the Decree-Law, to the total value of all supplies.
    b. The supply of Capital Assets attributable to the Taxable Person, the receipt of the Concerned Goods and the receipt of the Concerned Services in accordance with Article 48 of the Decree-Law, shall be excluded from the calculation of the percentage referred to in paragraph (a) of this Clause.
    c. The percentage calculated under paragraph (a) of this Clause shall be rounded to the nearest whole number.
    d. The percentage calculated under paragraph (c) of this Clause shall be multiplied by the amount of Input Tax referred to in paragraph (c) of Clause 6 of this Article to establish the recoverable portion of that Input Tax.

Article 57 – Clause 1:

1. For the purposes of the Capital Asset Scheme referred to in Articles 12 and 60 of the Decree-Law, a Capital Asset is a business asset with a cost amounting to AED 5,000,000 or more, excluding Tax, on which Tax is payable and which has an estimated useful life equal or longer than:
    a. 10 (ten) years in case of a building or a part thereof.
    b. 5 (five) years for all Capital Assets other than buildings or parts thereof.

Article 60 – Clause 1 – Paragraph (a):

1. The Tax Credit Note shall contain all the following particulars:
    a. The words “Tax Credit Note” clearly displayed on the credit note.

Article 2

New Clause 6 of Article 4, Clause 3 of Article 54, and Clause 19 of Article 55 shall be added to Cabinet Decision No. 52 of 2017 referred to above, and their texts shall be as follows:

Article 4 – Clause 6:

6. A Taxable Person may not consider a supply consisting of more than one component as multiple supplies if the nature of the supply and its economic substance demonstrate that these components are interconnected and cannot be separated. In such case, the supply shall be deemed a single composite supply, and shall be subject to the tax treatment in accordance with its principal component.

Article 54 – Clause 3:

3 Input Tax may not be recovered on any supply which has a value exceeding the amount specified in a decision issued by the Minister where the consideration is paid or intended to be paid in cash, in accordance with the controls specified in that decision.

Article 55 – Clause 19:

19. For the purposes of paragraph (d) of Clause 6 of this Article, Government Entities and Charities shall calculate the recoverable Input Tax as follows:
    a. Government Entities and Charities shall calculate the percentage of the recoverable Input Tax pursuant to Clause 1 of Article 54, and Article 57 of the Decree-Law, to the total recoverable Input Tax and non-recoverable Input Tax for the Tax Period.
    b. The percentage calculated under paragraph (a) of this Clause shall be rounded to the nearest whole number.
    c. The percentage calculated under paragraph (b) of this Clause shall be multiplied by the amount of Input Tax referred to in paragraph (d) of Clause 6 of this Article to establish the recoverable portion of that Input Tax.

Article 3

1. This Decision shall be published in the Official Gazette and shall be effective from 1 October 2026.
2. Notwithstanding Clause 1 of this Article, the provisions of Clauses 6 and 7 of Article 55, and Clause 19 of Article 55 of this Decision, shall come into effect from the first Tax year commencing after 1 October 2027.

Mohammed bin Rashid Al Maktoum

Prime Minister

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