

The UAE VAT Law

VAT impact - Properties in the UAE

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VAT impact on Property Market in the UAE

As the UAE is implementing VAT wef 01.01.2018 it will have a slight impact in increase in property pricing with 5% VAT mainly on commercial properties.

Residential Properties:

Rent of Residential properties is exempted from VAT in the UAE resulting no hike in rentals due to VAT.

VAT paid by the service providers will not be available as input credit.

Sale of Residential property:

First Sale (within 3 years from completion) will be zero rated. This will allow developer to use input credit of VAT paid on construction cost. Since there will not be any increase in construction cost on account of VAT hence price of residential property will not be increased due to VAT in the UAE.

Subsequent Sales of residential properties will be exempted. Hence there is no question of increase of property price thereafter as well due to VAT.

VAT impact on Property Market in the UAE

Commercial Properties:

Sale / Lease/ Rental of Commercial Properties will attract VAT @ 5%.

Credit of Input VAT paid on constructions/ services will be available on commercial properties.

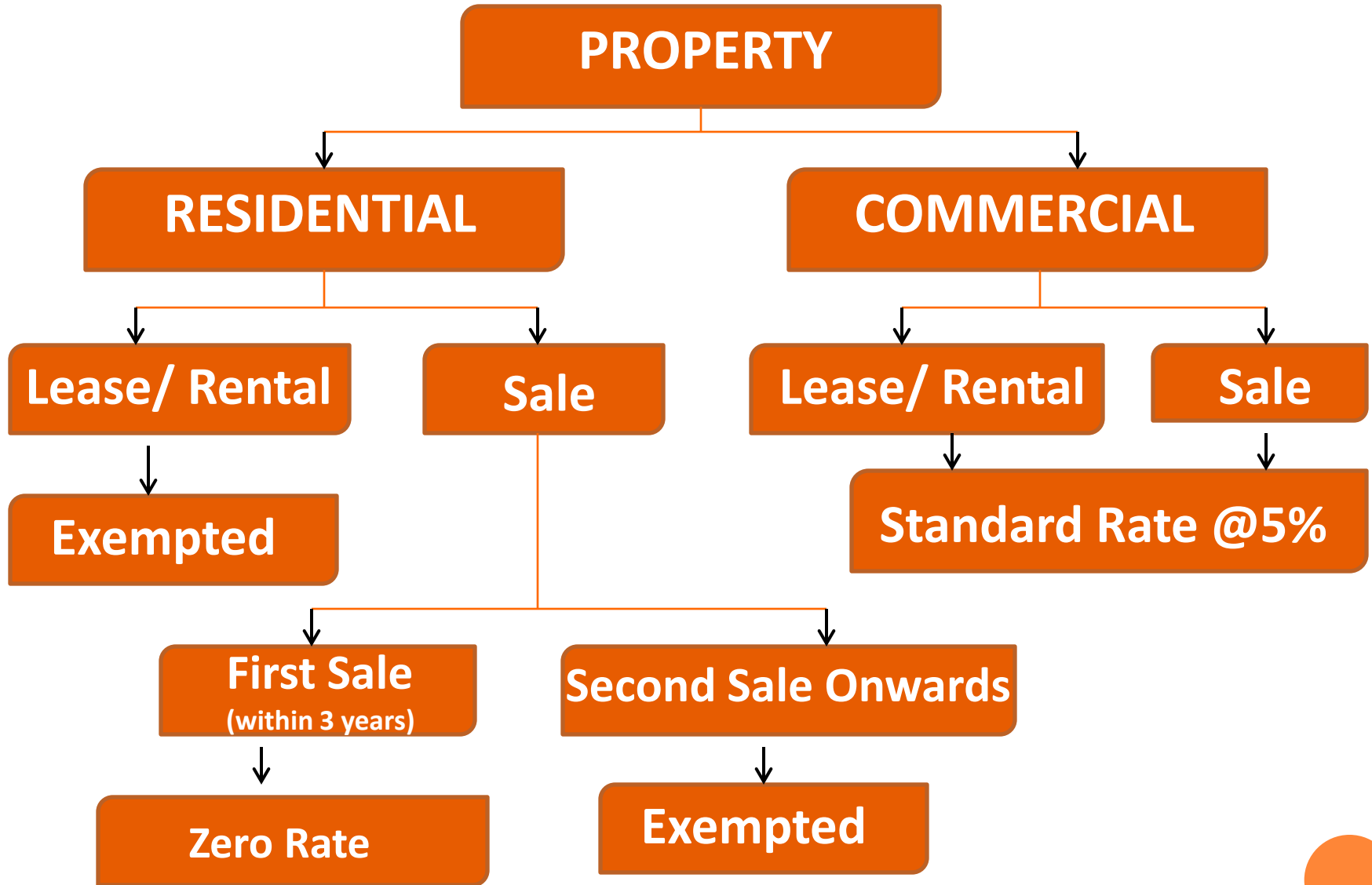
Bare Land:

Sales of bare land are exempted from VAT in the UAE.

Summary of VAT on Properties in next slide--



VAT on Properties in the UAE



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