

UAE TAX ALERT



Amendments in

Value Added Tax Law vide Federal Decree Law No. 16 of 2025

#taxatmmjs



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Federal Decree Law No. 16 of 2025 has been issued on 1st October 2025 to amend the existing Federal Decree Law No. 8 of 2017 on Value Added Tax. These amendments will become effective from 1st January 2026.

Please find below the summary of the amendments made along with our comments:

Article No.	Amendment	MMJS Comments
Article 48(1) – Reverse Charge	If the Taxable Person imports Concerned Goods or Concerned Services for the purposes of his Business, then he shall be responsible for complying with all other tax obligations such as accounting for the Due Tax on that supply, with the exception of issuing a Tax Invoice to himself.	This amendment simplifies compliance by removing the requirement to issue self-invoice for the import of Concerned Goods and Concerned Services. This is particularly beneficial for import of goods, as previously relief was already given in case of import of services, subject to certain conditions in the Public Clarification VATP044.
Article 54 (bis)	<p>a.The Authority shall reject the deduction of the Recoverable Input Tax if it is established to the Authority that the supply subject to the deduction was part of a supply or a chain of supplies related to Tax Evasion, and the Taxable Person was aware of this relation upon deducting the Recoverable Input Tax.</p> <p>b.The Authority may reject the deduction of the Recoverable Input Tax if it is established to the Authority that the supply subject to the deduction was part of a supply or a chain of supplies related to Tax Evasion, and the Taxable Person should, based on circumstances of the supply, have been aware of this relation.</p> <p>c.The Taxable Person shall be considered to have been required to be aware that the supply was part of a supply or a chain of supplies related to Tax Evasion, if he did not verify the</p>	The newly introduced provision places greater responsibility on recipients when claiming input tax credit. Businesses must now verify the status of their suppliers to ensure that the credit does not arise from supplies or chains of supplies linked to tax evasion. Consequently, businesses should strengthen supplier onboarding, due diligence, and documentation processes to protect their input tax claims. The Authority may also issue specific measures, procedures, or conditions that businesses might need to adhere in this regard.

Article No.	Amendment	MMJS Comments
	validity and integrity of the supplies he receives before deduction of Input Tax, in accordance with the measures, procedures and conditions determined by the Authority in this regard.	
Article 74 - Excess Recoverable Tax	If no request is submitted to recover the excess tax within a period of (5) five years from the end of the Tax Period in which the excess arose, then the right to claim such excess shall lapse and may not be used to settle any Tax liabilities.	<p>This aligns with the amendment introduced vide Federal Decree-Law No. 17 of 2025 on Tax Procedures, which now prescribe specific timelines for claiming refunds.</p> <p>Therefore, businesses are advised to review and ensure that all excess recoverable input tax is claimed or used against VAT liabilities within the five-year period to prevent the same being lapsed.</p>
Article 79 (bis) - Statue of Limitation	This Article has been repealed	<p>This Article covered statutory timelines for various cases such as Tax audit, Voluntary Disclosure, etc. The same has been repealed.</p> <p>Now, the timelines as prescribed in Article 46 of the Tax Procedures Law to be followed.</p>

MMJS Comments

In light of the amendments introduced by Federal Decree-Law No. 16 of 2025 on Value Added Tax, businesses should carefully assess the impact of the revised timelines and procedural requirements, particularly in relation to the refund applications and recoverable input tax. Review of existing processes, strengthened documentation, and timely compliance will be essential to safeguard tax positions and mitigate potential risks.

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