



## Getting Started Guide - Tax Groups



## 1. Overview

You are about to apply to form a Tax group for VAT purposes in the UAE.

You should read the following information before proceeding with the completion of your Tax group application. It will help you understand whether or not you are eligible to form a Tax group and, if so, what information you will need to hand in order to complete your application. It also provides you with helpful information about how to use the online Tax group application system.

## 2. Important basics about Tax groups

### a. Implications of forming a Tax group

The effect of a Tax group registration is that the members of the Tax group are treated as a **single taxable person** for VAT purposes.

It is important to note that members of a Tax group are **jointly and severally liable** for any and all VAT debts and other such obligations of the group for the period during which they were members. That means that even when a business has left a Tax group, it remains liable for the period of membership.

An application to form a Tax group must be made by the prospective member that will become the **Representative Member** of the group.

### b. Who is eligible to form a Tax group

Certain eligibility criteria must be fulfilled by each member of the Tax group:

- **Business criteria** - each member must be operating a business.
- **Legal person criteria** - each member of a Tax group must be a legal person (i.e. they must be a company or similar). A natural person (i.e. an individual) cannot create or join a Tax group.
- **Establishment criteria** - each member must be resident in the UAE, either by way of having its primary business establishment or as a consequence of having a fixed establishment in the country.
- **Related parties (and control) criteria** – each member must be related to the other (i.e. share economic, financial and organizational ties).

Control Criteria:

1. One person must be able to control the members; or



2.

Two Legal Persons...	...where one person, or two or more persons acting in a formal partnership arrangement <sup>1</sup> ...	...has any of the following: i) a voting interest in those companies of at least 50% when added together; or ii) a market value interest in each of those companies of at least 50% when added together; or iii) control by any other means
	... or where each of them...	...is a related party with a third Legal Person

### c. Registration criteria

The VAT registration requirements for the purposes of forming a Tax group can be satisfied where either:

- one prospective member alone satisfies the relevant registration requirements; or
- if taken together, the total value of supplies made by or expenses (which are subject to VAT), incurred by the prospective members satisfies the relevant registration requirements.

### d. Making changes to a Tax group

Following the registration of a Tax group, various changes can be made to the composition of a Tax group (e.g. to add or remove members to or from a Tax group, change the Representative Member of a Tax group, or disband a Tax group) by completing a Tax group Amendment form.

## 3. Do I have to complete a Tax group application form if I already have a Tax Registration Number (“TRN”) for VAT?

**Yes.** You will be allocated a different TRN which must be used by the Tax group if your application is successful. If you have registered for VAT or Excise tax purposes before you may find the process faster as some of the answers are prepopulated.

<sup>1</sup> Unless a formal arrangement has been entered into between partners, evidence of the informal nature of the arrangement and the ability for the parties concerned to exercise control will be required.



#### 4. Can Tax group members also be separately registered for VAT

**No.** A person can only hold one TRN for VAT purposes at any one time. That means that Tax group members cannot be registered separately or as part of another Tax group.

It is your responsibility to ensure that duplicate applications are not submitted.

#### 5. Important information about using the online Tax group form

##### a. What information will you need to hand when completing the online Tax group registration application

During the application process you will be asked for various documents relating to your activities. It is advisable that you have these to hand prior to starting your application.

The required documentation will vary depending on the profile of the applicant. Below is a guide showing the types of documents that may be requested, depending on the legal status of the applicant.

For each of the proposed members of the Tax group that have not previously been registered for VAT purposes	For the Tax group	For the group controller
Trade License(s)	Group structure (or other documents indicating group control)	Trade License (if applicable)
Certificate of Incorporation (if applicable)	Supporting documentation that the Tax group control conditions have been met and the group members are related parties (e.g. group structure, group financial statements, or other)	Passport and Emirates ID
Articles of Association/ Partnership Agreements	Financial Statements or other documentation to support financial	Authorized Signatory documents



For each of the proposed members of the Tax group that have not previously been registered for VAT purposes	For the Tax group	For the group controller
	transaction values provided	
Authorized Signatory documents (including for the Representative Member)	Authorizing documents from the group members or group controller to the Representative Member to submit the Tax group forms and act on their behalf (e.g. Power of Attorney, board minutes or other)	
Financial Statements or other documentation to support financial transaction values provided		

**Note:** In some cases, you may be required to upload copies of documents. Accepted file types are PDF, JPG, PNG and JPEG. The individual file size limit is 2 MB.

**b. How much time will the application process take?**

The online application form should take approximately 20-30 minutes to complete if you have all the documents on hand.

**c. Save as you go**

It is recommended that you save your form as you work through it by clicking the 'save as draft' button at the bottom of the form. **Your entries will not be saved automatically.**

For data security purposes, the online registration will automatically **log you out after a period of 10 minutes of inactivity.**



#### d. Taking care

Please provide as much accurate information as you can; failure to do so can lead to delays processing your application and could lead to your application being rejected. All sections marked with an asterisk (\*) are mandatory and must be completed otherwise you will not be able to submit the form.

Please be aware that **you may be subject to penalties if you provide incorrect information in your application.**

#### 6. What happens next?

When your **Tax group application has been approved you will be provided with a TRN** and enabled to submit your Tax returns and pay any amounts due online. Other services specific to a Tax group will also be available to you.

In some limited cases **we may have to contact you** where we have questions regarding your application or if we require additional information. Your application will not progress until you have provided the necessary information and it will be shown as “Pending” on your eServices portal.

**In all cases if we do not believe that you have met the criteria necessary for registration as a Tax group your application will be rejected.**

If you have a question about your application, you can submit a Service Request on the eServices portal.