



Trading in Gold, Diamond Exempted from VAT in UAE

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In line with the UAE government's efforts to ensure an efficient implementation of value-added tax (VAT) while employing best international standards and maintaining the competitiveness of the local precious metals sector, the UAE cabinet adopted a law to introduce the VAT Reversed Charge mechanism for investors in gold, diamond and precious metals.

This step aims to maintain UAE's high ranking in the ease of doing business indicators, and allows investors in gold, diamond and precious metals to conduct business with ease. The new VAT mechanism will contribute to stabilising the gold and diamond sector in the UAE as well as stimulating investment in this sector.

The law includes investments in precious metals such as gold, silver and platinum, used in trade in accordance with internationally accepted standards with a purity of 99 per cent or more.

This comes in the light of the many initiatives offered by the UAE to investors. It also provides the optimal environment, infrastructure and legislations necessary for growth and supports UAE's position as a global hub for trade.

The volume of gold trade in the UAE rose to Dh244.3 billion in 2016, with a growth rate of 13 per cent. The value of UAE's imports of gold amounted to Dh142.4 billion in the same year, while exports amounted to Dh75.9 billion, and re-export amounted to Dh26 billion.

The gold, diamond and precious metals sector is one of the vital national economic sectors and one of the most important for the economic diversification that is expected to witness significant growth in the coming period as part of the UAE's diversification objectives.