

This is not an official Translation:

Application of the Reverse Charge Mechanism on Metal Scrap Trading among Registrants in the State for the Purposes of Value Added Tax

Cabinet Decision No. 153 of 2025 – Issued 14 Nov 2025 – (Effective from 14 Jan 2026)

The Cabinet has decided:

- Having reviewed the Constitution,
- Federal Decree-Law No. 13 of 2016 on the Establishment of the Federal Tax Authority, and its amendments,
- 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 what was presented by the Minister of Finance and approved by the Cabinet.

Article 1 – Definitions

The definitions contained in Federal Decree-Law No. 8 of 2017 referred to shall apply to this Decision, as an exception to that, the following words and expressions shall have the meaning assigned against each, unless the context requires otherwise:

Metal Scrap : Ferrous or non-ferrous metal waste that have commercial value and is useable following its Processing.

Processing : The operation through which Metal Scrap is converted into materials that can be used in the manufacturing of new products, whether by repairing, recycling, or any other method.

Article 2 – Application of the Reverse Charge Mechanism on Metal Scrap

1. Where a supplier makes a supply of Metal Scrap to a Recipient registered with the Authority and the intention of the Recipient of Goods was to resell or use them in Processing, the following rules shall apply:

- a. The supplier shall not be responsible for accounting for Tax related to the supply of the Metal Scrap, and shall not report such Tax in his Tax Return.
 - b. The Recipient of Goods shall be responsible for accounting for the Due Tax on such supply, and shall be responsible for all Tax obligations resulting from such supply.
2. The provisions of Clause 1 of this Article shall not apply if the supply of the Metal Scrap is subject to Value Added Tax at the zero rate in accordance with Clause 1 of Article 45 of the Federal Decree-Law No. 8 of 2017 referred to.
3. For the purposes of the application of Clause 1 of this Article, the following shall be considered:
 - a. Prior to the date of supply, the Recipient of the Metal Scrap shall comply with the following:
 - 1) Provide the supplier of the Metal Scrap with a written declaration indicating that the intent of the supply of Metal Scrap to him is for the purposes stated in Clause 1 of this Article.
 - 2) Provide the supplier of the Metal Scrap with a written declaration confirming that he is registered with the Authority.
 - b. Prior to the date of supply, the supplier of the Metal Scrap shall comply with the following:
 - 1) Receive and retain the declarations stated in paragraph (a) of Clause 3 of this Article.
 - 2) Verify that the Recipient of the Metal Scrap is a Registrant, in accordance with the means approved by the Authority in that respect.
 - 3) The invoice must contain an explicit statement indicating the application of the reverse charge mechanism.
4. Where the Recipient of the Metal Scrap does not provide the declarations stated in paragraph (a) of Clause 3 of this Article, the provisions of Clause 1 of this Article shall not apply to him, and such Recipient of Goods may not consider the Metal Scrap as being used or intended to be used for the cases provided for in paragraphs (a) and (b) of Clause 1 of Article 54 of Federal Decree-Law No. 8 of 2017 referred to.

Article 3 – Implementing Decisions

The Minister of Finance shall issue the necessary decisions to implement the provisions of this Decision.

Article 4 – Repeals

Any provision that contradicts or conflicts with the provisions of this Decision shall be repealed.

Article 5 – Publication and Enforcement

This Decision shall be published in the Official Gazette and shall come into effect after (60) sixty days from its publication date.