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UAE VAT on Crypto Currency Mining

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The UAE Federal Tax Authority (FTA) released the much-awaited Public Clarification on UAE VAT on Crypto Currency Mining.

1. What is the UAE VAT on Crypto Currency Mining?

- **Personal Mining:** No UAE VAT on Crypto Currency Mining for Personal Purpose. The reward received for such activities is outside the scope of VAT.
- **Mining Services For Others:** Crypto Currency Mining services performed on behalf of someone else for a fee is a Taxable Supply of Services. The Standard VAT Rate 5% is applicable if the mining service is supplied within the UAE.

2. Can VAT paid on mining expenses be recovered?

- **Personal Mining:** VAT incurred on personal mining expenses cannot be recovered.
- **Services for Others:** VAT paid is recoverable when mining services are supplied to others, provided the costs are directly related to taxable supplies and supported by proper documentation.

3. What types of Crypto Currencies are covered under UAE VAT?

- Crypto Currencies are a form of Virtual Assets. For VAT Purposes, Crypto Currencies include Bitcoin, Ethereum(Classic) and other proof-of-work-based currencies.

4. What expenses are eligible for Input Tax recovery in Taxable Mining?

Eligible expenses include:

- Purchase or rental of mining hardware.
- Rental of commercial real estate for mining activities.
- Utility bills (e.g., electricity for running mining rigs).
- Maintenance and repair costs for equipment.

5. What happens when a UAE Business receives Mining Services from a Non-Resident Person?

- Where a UAE Business receives mining services from a Non-Resident Person such supply would be subject to VAT.

- If the recipient of crypto mining services is registered for VAT in the UAE, they will pay VAT on Reverse Charge Mechanism. Otherwise, the Non-Resident Person must Register and pay VAT.

6. What are the implications for Businesses providing mining services?

Businesses providing mining services must ensure VAT compliance by:

- Registering for VAT if their Taxable Supplies exceed the threshold of AED 375,000.
- Issuing Tax Invoices and maintaining records for Input tax recovery.

7. How do Non-Resident Businesses providing mining services to the UAE comply?

Non-resident businesses must register for VAT in the UAE if the recipient is not VAT-registered. They are responsible for charging and remitting VAT on their services.

8. How does VAT apply to mining services provided to Non-Residents?

- The recipient has no place of residence in the UAE or an implementing state.
- The service is not directly connected to Real Estate or Movable Assets in the UAE.

9. Are cloud mining services Taxable?

Yes, providing or subscribing to cloud mining services is treated as a taxable supply if performed in or provided to a UAE-based customer.

10. How can Almalia Consulting FZCO Help?

- We Provide Expert Solutions for the Business Needs.
- Let us handle the complexities of UAE VAT & Corporate Tax and Other Regulatory Compliance, so you can focus on growing your Business. Contact us today for a personalized consultation!

OUR SERVICES

UAE CORPORATE TAX SERVICES

- ✓ CT Registration
- ✓ CT Return Filing
- ✓ CT Training
- ✓ CT Penalties

ACCOUNTING & BOOKKEEPING SERVICES

- ✓ Cloud Accounting Services
- ✓ Crypto Accounting
- ✓ Balance Sheet Preparation
- ✓ Accounts Reconciliation
- ✓ Monthly MIS Reporting

UAE VAT SERVICES

- ✓ VAT Registration
- ✓ VAT Returns Filing
- ✓ VAT Deregistration
- ✓ VAT Training
- ✓ VAT Penalties
- ✓ VAT Refund

BUSINESS SETUP IN UAE

- ✓ Business Setup in Mainland
- ✓ Business Setup in Free Zones
- ✓ Offshore Business Setup
- ✓ Company/LLP Incorporation
- ✓ Trade License
- ✓ Crypto Tax Services
- ✓ AML/ESR/UBO Compliance
- ✓ Other Business Compliance Services

Contact us

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