

UAE (DUBAI) TAX:-

VAT Treatment on cryptocurrency mining in UAE: -

A new clarification about cryptocurrency mining and its implications for VAT has been published by the Federal Tax Authority .

1. FOR PERSONAL USE

The mining of cryptocurrencies for your own use does not qualify as a taxable source of income. The reward is not taken into consideration and is not subject to VAT, even if it is frequently in the form of digital tokens. This implies that individual miners are exempt from registering or accounting for VAT on their mining operations.

2. FOR BUSINESS USE:-

The situation is different if a person mines cryptocurrency for a fee on behalf of another person. Such services are classified as taxable services and, if rendered to a recipient located in the United Arab Emirates, would be charged at the standard VAT rate of 5%. However, these services may be zero-rated if they are rendered to a non-resident recipient, as long as they fulfil the requirements listed in Article 31 of the UAE VAT Executive Regulations.

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