



BASIC TAX INFORMATION BULLETIN

Education Sector (Nurseries, Pre-schools, and Schools)



1. Who should read this flyer?

- Nurseries/Pre-schools
- Schools

2. Is VAT chargeable on all the supplies in the Education Sector?

No. Certain supplies in this sector are zero-rated and some others are exempt.

a. Zero-rated supplies

The supply of educational services is zero-rated where both the curriculum and the educational institution are recognized by the competent federal or local government.

Where educational services are zero-rated, the provision of the following supplies by the same institution is also zero-rated:

- Supply of goods or services where the supply is directly related to the zero-rated educational service; and
- Supply of printed or digital reading material which are related to the recognized curriculum.

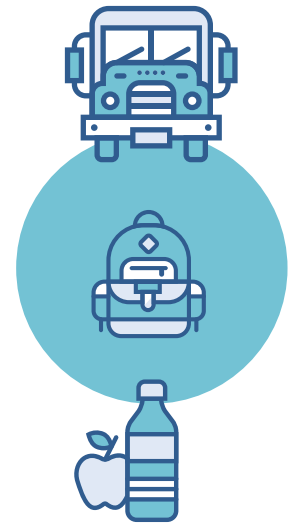
b. Exempt supplies

Services of transporting students from home to the location of the educational institution and vice versa are exempt.

c. Standard-rated supplies

VAT will be charged at the standard-rate on the following (among others):

- Supplies made to persons who are not enrolled in the educational institution;
- Uniforms, electronic devices, food and beverages;
- Field trips which are not directly related to the curriculum;
- Extracurricular activities provided for an additional charge;
- Supply of membership in a student organization; and
- Goods/services provided by a business that is not an educational institution.



3. Is there a need for institutions in the Education Sector to register for VAT?

Educational institutions making only zero-rated and/or standard-rated supplies are required to register for VAT provided the value of their taxable supplies and imports exceeded in the last 12 months, or is expected to exceed in the next 30 days the mandatory registration threshold of AED 375,000.

An educational institution may voluntarily register for VAT if the value of its taxable supplies and imports or taxable expenses incurred exceeded in the last 12 months, or is anticipated to exceed in the next 30 days the voluntary registration threshold of AED 187,500.

Where an educational institution only makes zero-rated supplies (i.e. does not make any supplies that are subject to VAT at the rate of 5%), an exception from VAT registration may be applied for via the registration application.

4. Are tax invoices required to be issued?

Yes, tax invoices are required for all standard-rated and zero-rated supplies.

Simplified tax invoices may be issued where the supply is made to an unregistered recipient or where the consideration for the supply made to a registered recipient is AED 10,000 or less.

However, as an exception, there is no need to issue a tax invoice where the supply qualifies to be wholly zero-rated and there are sufficient records to establish the particulars of the supply.





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5. Are institutions in the Education Sector permitted to recover input VAT?

Yes, educational institutions making only zero-rated or standard-rated supplies are eligible for a full recovery of input VAT, except for blocked items such as:

- Certain entertainment services; and
- Purchased, leased or rented motor vehicles that are available for personal use.

However, where the educational institutions also render exempt transportation services, only a portion of the input VAT is recoverable.

6. Specific issues in the Education Sector

a. An educational institute offers extra-curricular activities that are wholly related to the curriculum. Is this subject to VAT?

The supply of extra-curricular activities can be zero-rated only where these are offered without any additional fee. However, where a fee is charged, this fee will be subject to VAT.

b. Are supplies from vending machines subject to VAT?

Yes, the supplies from vending machines are subject to VAT. The date of supply is the date on which the funds are collected from the vending machines.

c. An educational institute offers a pick-up and drop-off facility for students. Are these services subject to VAT?

No, transportation of students from home to the educational institute and vice versa is exempt from VAT.

d. Are supplies of food and beverages in the canteen subject to VAT? What is the treatment for vouchers?

Yes, the supply of food and beverages in the school's canteen is subject to VAT. The supply of monetary vouchers for consideration up to the face value (or less) is disregarded for VAT purposes and the VAT liability crystallizes only upon redemption of the voucher.

e. Is the supply of school uniforms subject to VAT?

Yes, the supply of school uniforms is subject to VAT, irrespective of whether or not the uniforms are supplied as part of the supply of educational services.

