

Healthcare Sector Compliance & Reporting Obligations

White Paper Publication

*One of UAE's
Strategic Sectors*

UAE Healthcare sector is one of the fastest-growing sectors in the world and is a key contributor to the UAE economy expecting to reach Dh71.5 billion in 2020 at an average annual growth rate of 12.7 per cent from 2015. The UAE is also world's fastest growing medical tourism hub, with total health expenditure allocation jumping from the current \$23 billion to \$28 billion by 2021.

Provisions in the Executive Regulations

With such a strategic economic impact to the UAE, Healthcare is one of the sectors that has been afforded specific exemptions under the Executive Regulation. Medical services, which under the Executive Regulations Article 41 are set at 0% for VAT.



As such this implies healthcare provider patients benefit from these provisions. In reality providers require greater diligence for compliance obligations under the Legislation. Providers are allowed to recover their VAT paid on taxable and compliant purchases and rate their services without VAT. This inevitably leads to a refund position which requires details on all sales and purchase transactions to be provided for processing refunds in a timely manner.

*Key Questions for
all Healthcare
Providers*

For healthcare providers, this requires you to operate your VAT processes and systems efficiently. Ideally, you should address the following items with some care:

Are you rating your services and treatments accurately for VAT?

There has been some confusion in the early part of the implementation process for some providers to understand what is medical and cosmetic services causing inaccurate submission of returns. It is advisable to review this and the associated impact to your filings to correct any errors. Extended delays to corrections can lead to greater financial consequences.

Are your purchases recorded accurately and recovered to the legislation?

There is some evidence this is a common error and over-recovery can cause issues in processing refund claims. There is a high probability these details are required for the refund process and errors can be an issue.

Are you operating a cost-effective compliance and reporting model?

To manage an efficient process, systems investments are a necessity to reduce the cost of compliance and reporting. Healthcare industry operates in a regulated environment with requirements for specialised systems for provision of services. These usually do not account for the requirements under the Executive Regulation. Without automation of these VAT and accounting processes, providers are likely operating under a greater cost and risk model.

Is the reporting and audit process for VAT returns simple to operate?

Since the reports require probably complete submission of sales and purchase transactions, manual or semi manual processes are costlier to operate with increased opportunity for human error. Ideally your reporting model should provide a simple report with auditable and traceable calculations with records of your actual purchase invoices.

Are your finance team regularly updated on changes to the legislation?

The Federal Tax Authority is providing clarifications and updates affecting many sectors. These updates require some assessment to your operating practices and VAT system to remain compliant. Recent examples are on recovery of business expenses and employee expenses. Continuous review and assessments are necessary to ensure you are managing accuracy for your returns.

These questions can place additional burden on your systems, people and processes. They can be addressed at a lower cost with external support especially if you lack the inhouse expertise or budgets. As a provider to many healthcare providers, we have a complete service to manage these requirements under a simple model to undertake your complete VAT obligations.



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About SimplySolved:

Simply**Solved** provides bookkeeping, accounting, consulting, tax and related services to spanning multiple industries.

We are more than a bookkeeping and accounting partner. We deliver total solutions with the Accounting expertise and technology to offer unique support to VAT compliance in the UAE. Our offering is specially designed to the UAE laws with a complete service including the VAT & Accounting expertise and state of the art technology.

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