

VAT Registration in the UAE: What Every Business Should Know

Mandatory vs voluntary thresholds, the 30-day rule and how to avoid the most common registration mistakes.

VAT is charged at 5% on most goods and services in the UAE. Knowing exactly when you must register — and acting quickly — is the easiest way to avoid a AED 10,000 penalty.

The thresholds

Type	Threshold (taxable supplies and imports)
Mandatory	More than AED 375,000 in the last 12 months, or expected in the next 30 days
Voluntary	More than AED 187,500 (supplies or expenses)

Common mistakes

- Counting only the current year instead of a rolling 12 months.
- Forgetting imports of services, which count towards the threshold.
- Waiting for the year-end accounts before applying — the 30-day clock starts when you exceed the threshold.
- Issuing invoices without a TRN after registration.

Should you register voluntarily?

Voluntary registration lets you recover input VAT on costs and can look more established to larger customers. But it also brings filing obligations every quarter. Weigh the benefit against the administrative effort.

Not sure whether you have crossed the threshold? Use our VAT calculator or ask Aequora to review your turnover.

Need help applying this to your business?

Aequora Auditing supports UAE companies with audit, accounting, VAT, corporate tax and e-invoicing. Visit our website to request a quote.