



# UAE VAT New Homes New Relief

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What UAE Nationals  
Can Now Claim



## The Federal Tax Authority

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Has expanded the list of eligible expenses under the VAT Refund Scheme for UAE Nationals constructing new residences, effective 1 January 2026.

For homeowners currently building or planning to build, this update is worth understanding, the eligible costs are broader than many assume, and the financial benefit can be material.



## What is the scheme?

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UAE Nationals who build or commission the construction of a private residence on land they own in the UAE may recover VAT incurred on qualifying construction-related expenses. The refund must be claimed through the EmaraTax portal or the Maskan application within 12 months of the residence's completion date, defined as the earliest of the date of occupation, the date of the Building Completion Certificate, or any other date stipulated by the FTA.

The scheme applies to individuals only. Construction undertaken as part of a business activity does not qualify.



## What has always been eligible?

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The core eligible expenses have remained consistent since the scheme's introduction:

- ▶ Building materials ordinarily incorporated into the fabric of the building or its site
- ▶ Contractor and construction services essential to completion of the residence
- ▶ Professional fees — architects, engineers, and similar consultants directly involved in construction
- ▶ Fixed and integrated items including central air conditioning, embedded electrical wiring, fixed flooring, kitchen sinks and fitted cabinetry, sanitary units, window frames, and fire alarm systems

Furniture, freestanding appliances, and loose carpets remain ineligible.



# Newly eligible expenses from 1 January 2026

The FTA has significantly expanded the scope of qualifying expenses. The following items are now explicitly eligible for VAT recovery:

New Eligible Item	Notes
Security guard, driver, or domestic maid rooms	Must be a dedicated extension to the residence
Gym or playroom	Now explicitly confirmed as eligible
Landscaped agricultural areas within plot boundaries	Previously excluded
Reconstruction works	Includes demolition and rebuilding of the residence
Swimming pools, fountains, and decorative water features	Now explicitly confirmed as eligible
Smart and security systems with accessories	Must be fixed and integrated as part of a complete system
Doors, garages, and carports attached to the residence	Includes electronic and smart doors and gates

These additions are not minor clarifications — they represent a meaningful broadening of the scheme that could significantly increase the refundable VAT amount for homeowners with larger or more complex builds.



# Key conditions and documentation requirements

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The scheme is straightforward in principle but demanding in execution. A few practical points worth noting:

- ▶ All invoices must be issued in the applicant's name by VAT registered suppliers and must qualify as full tax invoices. Simplified invoices are not eligible under the scheme.
- ▶ Only one refund request is permitted per residence, with a limited exception for retention payments.
- ▶ Items added after the residence is completed, such as a garage or landscaping installed post-completion, generally do not qualify unless they meet the specific conditions outlined above.
- ▶ Records relating to the construction must be maintained carefully throughout the build, as the FTA or an appointed Verification Body may request supporting documentation including contracts, variation orders, invoices, and proof of payment.



## Why this update matters

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For UAE Nationals currently in the construction phase or planning to build — the January 2026 expansion is an opportunity to revisit the scope of what can be claimed. Items that may have been dismissed as non-qualifying in earlier assessments, such as swimming pools, smart security systems, or staff accommodation, are now explicitly within scope.

Our tax team at Andersen in the United Arab Emirates assists UAE Nationals and their advisors in assessing eligible costs, preparing refund applications, and managing the verification process with the FTA. If you are building a new residence and would like to understand what you can recover, we would welcome the conversation.





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