# PRE REGISTRATION INPUT VAT RECOVARABILITY

Pre-registration VAT is the VAT (Value Added Tax) a business has paid on its purchases of goods and services *before* it officially registered for VAT. Once the business is registered, it can recover this pre-registration VAT.

The key idea is that you get to claim this money back in your **very first VAT return** after you've registered. It's a one-time opportunity. If you miss it and file your first return without claiming the pre-registration VAT, you can't go back and claim it later.

However, there are some specific situations where you **cannot** claim this pre-registration VAT.

## WHAT CAN BE CLAIMED?

- **VAT on Taxable Supplies:** This is the VAT you paid on goods and services that were supplied to your business before you were registered for VAT.
- **VAT on Imports:** This is the VAT you paid on goods you imported into the country before your VAT registration date.

## WHEN TO CLAIM?

- **First Return Only:** This is the most critical point. You *must* claim this pre-registration VAT in the very first VAT return you submit after your company becomes registered. The note explicitly states that "recovery or claim of Input Tax is not possible" after this first return is filed. This highlights the importance of being meticulous when preparing this initial submission.

## WHAT CANNOT BE CLAIMED? (EXCEPTIONS)

The notes provide four specific situations where you are *not* allowed to claim pre-registration VAT credit.

- **a. Non-Taxable Supplies:**
    - You cannot claim the VAT credit on goods and services that were used to make "non-taxable" supplies.
    - The notes clarify that "non-taxable" refers to **exempt supplies** and **out of scope supplies**.

    - It is crucial to understand that **zero-rated supplies are considered taxable supplies**, so you *can* claim input VAT credit for purchases related to them.
    - **Example:** If a bank (whose services are often exempt) paid VAT on a new computer before registering, it generally cannot claim that VAT back if the computer is used for its exempt banking services.
- **b. Depreciated Capital Assets:**
    - You cannot claim the VAT on a part of a capital asset (like machinery or a building) that has already been "depreciated" before your VAT registration date.
    - "Depreciation" is the accounting process of spreading the cost of an asset over its useful life.
    - **The rule is proportionate:** If an asset's value has depreciated by 20% before you registered, you can only claim the VAT on the remaining 80% of its value.
    - If the asset is **fully depreciated** (meaning its entire value has been written off in your books) before you register, you cannot claim any VAT credit on it at all.
- **c. Services Received Over 5 Years Ago:**
    - There is a time limit for services. You cannot claim VAT credit for any services you received more than five years before your date of VAT registration.
- **d. Goods Moved to Another GCC Country:**
    - You cannot claim VAT credit on goods that were moved to another GCC (Gulf Cooperation Council) Implementing Country before your company's date of VAT registration. This is to prevent a double claim of VAT or to align with the specific VAT regulations across different GCC states.