



United Arab Emirates

Title

Name in English*

Name in Arabic*

etc.

The signatory of the Tax Group registration form must be authorized to do so.

Thus, if the application is being submitted by a registrant who is not a legal person, that person will automatically be authorized to sign on behalf of himself or herself.

However, if the application is being submitted in respect of a legal person (or entity), the signatory must be a person who is authorized by the legal entity to do so.

Evidence of authorization may include a Power of Attorney or similar in the case of legal persons.

Declaration

Using this checklist will help you to make sure that you have completed the form correctly and that you have included any other forms and documents we have asked you to send.

11.8 STATING TAX REGISTRATION NUMBER

The Taxable Person or any other Person authorised in writing by him shall state the Tax Registration Number on each Tax Return, notification, Tax Invoice, Tax Credit Note, and any other document related to Tax or correspondence as required under this Decree-Law or said Federal Law No. (7) of 2017 on Tax Procedures.

11.9 DE-REGISTRATION

De-registration means deactivation or cancellation of registration and VAT number of any registered entity. VAT de-registration is required when any taxable business no longer exist and doesn't require registration.

When a business stops making taxable supplies it may apply for cancellation or de-registration of its Tax Registration Number (TRN).

A registrant must apply to the Authority for tax deregistration if he no longer makes taxable supplies; or if the value of the taxable supplies made over a period of 12 consecutive months is less than the voluntary registration threshold. They may also apply for tax deregistration if the value of taxable supplies during the past 12 months was less than the mandatory registration threshold.

Articles 21 to 24 of the decree law deal with provisions relating to De-registration.

11.9.1 Mandatory Tax De-registration Cases

Article 21 of the Decree Law read with Article 14 (2) of the Executive Regulation provides that

A Registrant shall apply to the Authority for Tax Deregistration and the Authority shall accept a Registrant's application for deregistration where any of the following 2conditions are met:

- a. The Registrant stops making supplies referred to in Article (19) of the Decree-Law and does not expect to make any such supplies over the next 12-month period;
- b. The value of supplies referred to in Article (19) of the Decree-Law made, or taxable expenses incurred, by the Registrant over **the previous 12-months is less than the Voluntary Registration Threshold** and the Authority is satisfied that **his supplies or taxable expenses, expected over the next 30 days, are not expected to exceed the Voluntary Registration Threshold**.

In other words, a registrant **must apply to the Authority** for tax deregistration if he no longer makes taxable supplies; or if the value of the taxable supplies made over a period of 12 consecutive months is less than the voluntary registration threshold and he anticipates that the total value of supplies or expenses will not exceed the voluntary registration threshold during coming 30 days period.

As per Clause 1 of Article 14 of the Executive Regulation on VAT, the Registrant must apply to the Authority for de-registration within (20) business days of the occurrence of any of above cases.

Effective Date of Tax De-registration:

- If the deregistration application is approved, the Authority shall cancel the Tax Registration of the Registrant with effect from the last day of the Tax Period during which the Registrant has met the conditions for deregistration or from such other date as may be determined by the Authority.
- Where the Authority is satisfied that the conditions in Clause (2) above are met, and the Registrant has not applied for deregistration, the Authority shall deregister the Registrant with effect from the last day of the Tax Period in which the Authority became satisfied that the conditions have been met or from any other date determined by the Authority.

Period of Notification:

Where the Authority has deregistered a Registrant from Tax, it shall notify that Registrant of the date on which deregistration takes effect within (10) business days of making the decision. [Article 14(8) of ER]

11.9.2 Tax De-Registration at the option of Registrant

A Registrant **may apply** to the Authority for Tax Deregistration if the value of his Taxable Supplies during the past (12) months was less than the Mandatory Registration Threshold.

Effective Date of Tax De-registration:

Where a Registrant requests to be deregistered from Tax due to the reduction of his Taxable Supplies to less than the Mandatory Registration Threshold, the Authority will, if in agreement with the Registrant, cancel the Tax Registration with effect from:

- a. The date requested by the Registrant in the application; or
- b. The date on which the request is made if the Registrant did not indicate the preferred deregistration date.

Period of Notification:

Where the Authority has deregistered a Registrant from Tax, it shall notify that Registrant of the date on which deregistration takes effect within (10) business days of making the decision. [Article 14(8) of ER]

11.9.3 Voluntary Tax De-Registration

A Registrant under Article (17) may not apply for Tax Deregistration within (12) months of the date of Tax Registration. It means a person once registered voluntarily, he shall not apply for de-registration with 12 months from the date of tax registration. In other words, a person who has obtained **voluntary registration is not permitted to apply for deregistration within 12 months** of the date of registration.

11.9.4 Deregistration of a Tax Group Registration

Article 15 of Executive Regulation on VAT

1. The Authority must deregister a Tax Group if the following conditions are met:
 - a. If the Persons who are registered as a Tax Group no longer meet the requirements for registration as a Tax Group in accordance with the Decree-Law.
 - b. If there is no longer an association based on economic, financial and regulatory practices.
 - c. If there are serious grounds for believing that if the registration as a Tax Group is permitted to continue, it would enable Tax Evasion or would significantly decrease Tax paid to the Authority.
2. The Authority shall amend the composition of a Tax Group in any of the following circumstances:
 - a. A Person shall be removed from a Tax Group where the conditions in Clause (1) are met for that Person.
 - b. A Person shall be added to a Tax Group where the Authority establishes that a Person's activities should be regarded as part of the Business carried out by a Tax Group in accordance with Clause (7) of Article (10) of this Decision.
3. The representative member of a Tax Group shall notify the Authority if any member of the Tax Group is no longer eligible to be part of the Tax Group, within 20 business days of the ceasing to be eligible.
4. Where the Authority decided to either deregister a Tax Group or amend a Tax Group registration, it shall give Notification of that decision and its effective date to the representative member within 10 business days of making such decision.
5. Where a Taxable Person is no longer a member of a Tax Group, the Authority shall issue it with a new individual Tax Registration Number or re-activate a Tax Registration Number that was assigned to it prior to joining a Tax Group, and it shall be treated as a Registrant immediately following the time when it left the Tax Group.

11.9.5 Other Relevant Provision relating to Tax De-registration

- A Registrant shall not be deregistered unless he has paid all Tax and Administrative Penalties due and filed all Tax Returns as due under the Decree-Law and the Federal Law No. (7) of 2017 on Tax Procedures. **[Article 14(5) of ER]**
- For the purposes of Clause (5) of Article 14, any Goods and Services forming part of the assets of Business carried on by a Registrant shall be **deemed to be supplied by him at a time immediately before ceasing to be a Registrant** and any tax payable shall be included in the final tax return, unless the Business is carried on by an appointed trustee in bankruptcy pursuant to the Federal Law No (7) of 2017 on Tax Procedures. **[Article 14(6) of ER]**
- Deregistration does not exempt the Person from his obligations and liabilities that were applicable under the Decree-Law while he was still a Registrant. **[Article 18 of ER]**

MODULE 12

TAX INVOICE AND TAX CREDIT NOTE

ARTICLES OF FDECREE LAW ON VAT RELEVANT TO THIS MODULE	
Article (65)	Conditions and Requirements for Issuing tax Invoices
Article (66)	Document of Supplies to an Implementing State
Article (67)	Date of Issuance of Tax Invoice
Article (68)	Rounding off of Tax Invoice
Article (69)	Currency Used on Tax Invoice
Article (70)	Tax Credit Notes
ARTICLES OF EXECUTIVE REGULATION ON VAT RELEVANT TO THIS MODULE	
Article (59)	Tax Invoice
Article (60)	Tax Credit Note
Article (61)	Fractions of Fils

12.1 INTRODUCTION

This is one of the most important modules for the tax payers. As we know, VAT is a consumption tax levied on the supply of goods and services. Therefore, for the purpose of compliance and proper administration of VAT laws, it becomes necessary to document the evidence of supply of goods and services in the form of Tax Invoice. This module provides answers to below questions.

- **What is a Tax Invoice?**
- **Why is a Tax Invoice needed?**
- **What are the conditions and requirements of issuing a Tax Invoice?**
- **What is a Simplified Tax Invoice?**
- **What are the conditions under which a Simplified Tax Invoice issued?**
- **What is a Tax Credit Note?**
- **What are the conditions and requirements of issuing a Tax Credit Note?**
- **Can Tax Invoice or Tax Credit Note be issued electronically?**
- **Can a recipient issue Tax Invoice to himself? What are the conditions to be met in such a case?**

12.2 RELEVANCE OF TAX INVOICE

As per the normal trade practices an invoice is generally issued by the seller in respect of any sale transaction evidencing supply of goods and services. It is a commercial document that identifies both the trading parties, and which describes, and quantifies the

items sold, shows the date of shipment and mode of transport, prices and discounts, if any, and the delivery and payment terms. Thus, a tax invoice is similar to any commercial invoice or receipt, but it contains additional details or information as specified under the VAT laws.

The VAT law mandates the issuance of a tax invoice for every supply of goods or services. It not only evidences the supply of goods or services, but is also an essential document for the recipient to avail Input Tax Credit (ITC). A registered person cannot avail Input Tax Credit unless he is in possession of a tax invoice. Therefore, a Tax Invoice is the most important document under the VAT Regime.

It contains all the information such as details of supply of goods and services, details of registered supplier and recipient of goods and services, date of supply, VAT rate and the amount of VAT payable as stipulated under the VAT law.

A tax invoice provides essential evidence in regard to the date of supply and supports both the business and the government in proper administration and compliance of VAT laws.

- i) The tax invoice triggers the time of supply as the invoice date will determine when VAT is to be accounted for and paid to the government by a registered supplier on the supply of goods and services.

Example 1:

- i) A furniture manufacturer (VAT registered person on a monthly taxable period) supplies furniture to a retailer on 10th February 2018. The manufacturer issues an invoice on the same date and payment is, however received on 13th March 2018.

In this case, 10th February 2018, the date of the tax invoice is the time of supply and the registered person has to account for VAT to the tax authority during his Tax Period of February even though payment is received on 13th March 2018.

- ii) Tax Invoice issued by the supplier determines the time and the tax period when the recipient can claim his input tax.

Example 2:

The retailer in the above example, being registered for VAT can claim his Input VAT paid on the purchase of furniture for business purpose. Input tax can be claimed during the tax period of February itself by the retailer as long as he has a tax invoice from his supplier even though he has not paid for the supply.

The chart given below clearly specifies the importance of issuance of a Tax Invoice.

For suppliers - the issuance of a valid tax invoice is important as it may dictate the time of supply, and therefore determine in which tax period the output tax should be accounted for.

For customers - the receipt of a valid tax invoice is important for VAT registered recipients as a tax invoice is needed as evidence to support the recovery of VAT incurred on purchases as input tax. In all cases, the receipt of a tax invoice ensures transparency regarding VAT amounts charged.

Moreover, Article 65 of Federal Decree Law mandates a **Registrant making a Taxable Supply to issue an original Tax Invoice and deliver it to the Recipient of Goods or Recipient of Services.**

Clause 2 of the aforesaid article 65 also requires a Registrant making a Deemed Supply to issue an original Tax Invoice and deliver it to a Recipient of Goods or Recipient of Services if available or keep it in his records if there is no Recipient of Goods or Recipient of Services.

12.3 CONDITIONS AND REQUIREMENTS FOR ISSUING TAX INVOICES

In this section, we will find answers to the below questions.

- i) What is a Tax Invoice?
- ii) What are the details to be mentioned in a Tax Invoice? Has any format of the Tax Invoice prescribed under the VAT laws?
- iii) What are the consequences for non-issuance or non-compliance of laws related to Tax Invoice?

A tax invoice (also commonly known as a “VAT invoice”) is a written or electronic document which records the details of a standard-rated taxable supply. It is pertinent to note here that the VAT Law has not prescribed any standard format for a Tax Invoice. However, it has laid down the details that are mandatorily required to be mentioned in a Tax Invoice. **As per Article 59 of the Executive Regulation on VAT**, a legally valid tax invoice issued by a taxable person must include all of the following information:

- a. The words **“Tax Invoice” must be clearly displayed** on the invoice.
- b. **The name, address and Tax Registration Number of the supplier.**
- c. **The name, address and Tax Registration Number of the recipient (if registered).**
- d. **A sequential or unique number** which identifies the tax invoice.
- e. **The date of issue of the invoice (and the date of supply, if different to the invoice date).**
- f. **A description of the goods or services provided.**
- g. For each good or service: **the unit price, the quantity supplied, the applicable rate of tax and the amount payable expressed in AED.**
- h. **The amount of any discount (if any).**
- i. **The gross amount payable expressed in AED.**
- j. If an invoice is issued in non-AED currency – **the tax amount in AED and exchange rate** must be stated.
- k. If an invoice relates to a supply where the recipient must account for reverse charge VAT – **a statement that the recipient must self-account for the tax and a reference to the relevant legislation.**

The format of a legally valid tax invoice is shown in **Figure I & II** below.

Figure I: Example of Tax Invoice (Wholly Taxable Supply)

TAX INVOICE								
SUPPLIER ABC FILMS LLC DUBAI, UNITED ARAB EMIRATES TRN NO. : XXXXXXXXXXXXXXXX			INVOICE NO. & DATE 9000000101 DATED 07.01.2018					
			Sales Contract No & Dated SALES ORDER NO: 7010026075 DATED 05.01.2018					
			Other Reference P.O. NO. 174310, 174314-15 DATED 03.01.2018					
BUYER XYZ TRADING LLC SHARJAH, UNITED ARAB EMIRATES TRN NO. : XXXXXXXXXXXXXXXX			CONSIGNEE/RECIPIENT					
Mode of Transport BY ROAD	Place of Taking in Charge / of Receipt ABC LLC DUBAI WAREHOUSE	Country of origin of goods UNITED ARAB EMIRATES	Place of Final Dest / Of Delivery SHARJAH					
Vehicle number	Port of Loading ABC LLC DUBAI WAREHOUSE	Terms of Delivery and Payment EXW, ABC FILMS LLC UAE WAREHOUSE 100% ADVANCE	EXCHANGE RATE : 1 VAT @ 5%					
Description Of Goods			Quantity(Kgs)	Unit Rate (AED / Kg)	Taxable Amount (AED)	Discount (AED)	Taxable Amount(AED)	VAT Amount(AED)
Thickness (Micron)			Width(mm)					
POLYESTER Film	12	1050	187.000	6.00	1,122.00	122.00	1,000.00	50.00
POLYESTER Film	10	1000	407.000	6.00	2,442.00	42.00	2,400.00	120.00
POLYESTER Film	15	900	408.000	6.00	2,448.00	48.00	2,400.00	120.00
POLYESTER Film	20	1060	1224.000	6.00	7,344.00	44.00	7,300.00	365.00
POLYESTER Film	12	1500	244.000	6.00	1,464.00	64.00	1,400.00	70.00
POLYESTER Film	12	1250	502.000	6.00	3,012.00	12.00	3,000.00	150.00
TOTAL			2,972.00		17,832.00	332.00	17,500.00	875.00
Total Amount (in words)			DC number with DATE					
AED Eighteen Thousand Three Hundred and Seventy Five only.								
Declaration:- We declare that this Invoice shows the actual price of goods described and that all particulars are true and correct				For ABC FILMS LLC (Authorised Signatory)				
Interest @ 0.05%/day will be chargeable in case of delay of more than 7 calendar days from the due date in receiving the payment against this invoice into our account.								

Figure II: Example of Tax Invoice (Wholly Taxable Supply)

TAX INVOICE											
Cust. Name: XYZ ASSOSIATES Address: XYZ STREET, XYZ, XYZ Phone No: XXXXXXXXXXXXXXXX Email: xxxx@xxxxxx.XXXX TRN: XXXXXXXXXXXXXXXX				Supplier: ABC Trading LLCDubai (UAE) Date: 12/1/2018 Inv. No: 11SED54MN/201 Date of Delivery 15/1/2018 Payment Term: 60 Days Place of Supply: Dubai TRN: XXXXXXXXXXXXXXXX							
Sr.N O	Item Code	Description	Unit	QTY	Unit Price	Amount Before Discount	Discount	Amount Before VAT	Value Added Tax Rate	Amount	Net Amount
1	1010	AAAAAA	Pcs	2	AED 150.00	AED 300.00		AED 300.00	5%	AED 15.00	AED 315.00
2	2020	BBBBBBBB	CTN	4	AED 600.00	AED 2,400.00		AED 2,400.00	0%	AED 0.00	AED 2,400.00
3	3030	CCCCCC	PKT	6	AED 15.00	AED 90.00	10	AED 80.00	0%	AED 0.00	AED 90.00
4	5554	DDDDDD	BOX	25	AED 500.00	AED 12,500.00		AED 12,500.00	0%	AED 0.00	AED 12,500.00
				37	AED 1,265.00	AED 15,290.00	AED 10.00	AED 15,280.00		AED 15.00	AED 15,305.00
Amount in words: Fifteen Thousand Three Hundred And Five Dirham											
										Total Before VAT:	AED 15,290.00
										Discount:	AED 10.00
										Sub Total / VATable Amount :	AED 15,280.00

12.4 SIMPLIFIED TAX INVOICE

A Simplified Tax Invoice is basically a simplified version of a Tax Invoice, in which fewer details are required to be mentioned, as compared to a Tax Invoice. This provision of law has been framed with the objective to provide convenience to both supplier and the recipient in respect of small value of supplies particularly where the recipient is an end consumer or recipient not registered under VAT.

As per Clause 5 of Article 59 of Executive Regulation on VAT, the Taxable Person may issue a Simplified Tax Invoice in either of the following situations:

- a. Where the Recipient of Goods or Recipient of Services is not a Registrant.
- b. Where the Recipient of Goods or Recipient of Services is a Registrant and the Consideration for the supply does not exceed AED 10,000

Clause 2 of Article 59 of Executive Regulation on VAT provides that a simplified Tax Invoice shall contain all of the following particulars:

- a. The words “**Tax Invoice**” clearly displayed on the invoice.
- b. **The name, address, and Tax Registration Number of the Registrant** making the supply.
- c. **The date of issuing the Tax Invoice**.
- d. **A description of the Goods or Services supplied**.
- e. **The total Consideration and the Tax amount charged**.

Practically, simplified tax invoices are issued by retailer or suppliers whose customer base is end consumers and who generate large volume of invoices such as hypermarkets, mini markets, restaurants, beauty salons, petrol kiosks, motor workshops and other point of sales outlets.

It is important to mention here that a Simplified tax invoice can be used to claim input tax on satisfaction of the above mentioned conditions. Thus, where a simplified tax invoice has been issued to a recipient who is registered under VAT, the registrant shall be able to take credit of the input tax against that invoice paid if the total consideration is AED 10,000 or less.

The formats of a Simplified Tax Invoice are shown in **Figure III & IV** below.

Figure III: Example of Simplified Tax Invoice (Wholly Taxable Supply)

Your Tax Invoice should include:

TAX INVOICE	
ABC LLC Street, Emirate, UAE TRN 101234567890003	
Item 1	2.50
Item 2	8.50
Item 3	12.00
Total before VAT	21.90
VAT incl.	1.10
Total	23.00
Date: 02/01/2018	

"Tax Invoice" displayed

Tax Registration Number (TRN)

Price includes VAT

Amount of tax charged



Can businesses charge VAT if they are not registered?

Businesses are not allowed to charge VAT unless they are registered for VAT and have a TRN.

For more information, please visit the FTA's official website www.tax.gov.ae

Source: Federal Tax Authority

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Figure IV: Example of Simplified Tax Invoice (Wholly Taxable Supply)

Tax Invoice									Name, address and TRN of the supplier
ABC Trading LLC Abu Dhabi TRN : 1230000000000000									
Dated: 1-Jan-2018									
Description	Quantity	Rate	Per	Amount (AED)	Discount	Taxable Value (AED)	VAT Rate	VAT Amount (AED)	
Phone covers	5 nos	200	nos	1,000		1,000	5%	50	
VAT				50					
Total	5 nos			1,050		1,000		50	
For ABC Trading LLC Authorised Signatory									

12.5 SUMMARY TAX INVOICE

As explained earlier in this module, tax invoice shall need to be issued within 14 days from the date of supply of taxable goods and services. However, the UAE VAT laws dispense with the requirement of issuance of tax invoice after every supply where the supplies are made more than once to the same recipient of goods and services in the same calendar month and details of all the supplies are included in the summary Tax Invoice issued by the supplier. Thus, if any registrant makes several supplies during the same calendar month to the same customer, he can opt to issue a Summary Tax Invoice. It should be noted that the Summary Tax Invoice shall contain all the information that must be included in any Tax Invoice.

Clause 6 Article 59 of Executive Regulation on VAT clearly states that **A Taxable Person shall not issue separate Tax Invoices in respect of supplies where he makes more than one supply of Goods or Services to the same Person and those supplies are included on a summary Tax Invoice issued to the Recipient of Goods or Recipient of Services in the same calendar month as the Date of Supply of those supplies.**

For example, a bank may issue a summary Tax Invoice to the customers for all Taxable Transactions at the end of the month.

Practically, a summary tax invoice can be issued in cases of continuous or recurrent supply of goods and services. Generally supply of goods through wire or cable (electricity), pipelines (liquids and gas) or other conduit (e.g. conveyor belt) is considered as a **continuous supply**.

A contract by a transporter with a petrol pump for supply of fuel for its trucks on regular basis or a contract by an office with a drinking water supplying firm for supply of water jars on all working days are examples of **recurrent supply**. A contract for providing security services on 24 X 7 basis is continuous supply of service whereas a contract for sale of under-construction property with construction-linked-payment obligations is a contract for recurrent supply of services.

12.6 PROFIT MARGIN SCHEME

VAT is normally charged on the full value of goods sold by way of issuance of Tax Invoice. However, the Profit Margin Scheme allows an **eligible person** who meets all the conditions imposed under the Margin Scheme to calculate and charge VAT on the

margin i.e. the difference between the price at which the goods are supplied (selling price) and the price at which the goods were acquired (purchase price). If there is no margin (because the purchase price exceeds or equals to the selling price), then no VAT is imposed for such supply. Since VAT is charged on the margin, no credit of Input Tax thus paid can be claimed or recovered.

As per Article 29 of the Executive Regulation on VAT, Profit Margin Scheme shall be applicable only if the conditions as stipulated there under are met.

The Scheme is optional. A Taxable Person may not elect to calculate Tax by reference to the profit margin in respect of specified Goods **if a Tax Invoice or other document is issued for that supply mentioning an amount of Tax chargeable on the supply.**

However where the registrant opts to get covered under the scheme, he has to comply with the conditions and requirement laid down under the aforesaid article. Accordingly, the registrant under the scheme has to issue invoice both at the time of Purchase and Sale of specified goods (second hand goods, antiques, collector's items).

1. Invoice to be issued by the registrant at the time of purchase of specified goods

Where the Goods are purchased from Persons who are not Registrants, the **Taxable Person must issue an invoice showing details of the Goods himself**, including at least the following information:

- 1) The name, address and Tax Registration Number of the Taxable Person.
- 2) The name and address of the Person selling the Good.
- 3) The date of the purchase.
- 4) Details of the Goods purchased.
- 5) The Consideration payable in respect of the Goods.
- 6) Signature of the Person selling the Good or authorized signatory.

2. Tax Invoice to be issued by the registrant at the time of sale of specified goods

Where a Taxable Person has charged Tax in respect of a supply with reference to the profit margin, the Taxable Person shall **issue a Tax Invoice that clearly states that the Tax was charged with reference to the profit margin**, in addition to all other information required to be stated in a Tax Invoice except the amount of Tax. In other words, the Tax invoice issued under this scheme shall contain all the information required to be mentioned in a Tax Invoice under Article 59 of Executive Regulation. Accordingly, it should contain all the information given below.

- a. The words "**Tax Invoice**" clearly displayed on the invoice.
- b. The **name, address, and Tax Registration Number of the Registrant** making the supply.
- c. The **name and address of the person selling the specified goods**.
- d. A **sequential Tax Invoice number** or a unique number which enables identification of the Tax Invoice and the order of the Tax Invoice in any sequence of invoices.
- e. The **date of issuing the Tax Invoice**.
- f. The **date of supply** if different from the date the Tax Invoice was issued.
- g. A **description of the Goods or Services** supplied.
- h. For each Goods or Service, **the unit price, the quantity or volume supplied and the amount payable** expressed in AED.
- i. The amount **of any discount** offered.

12.7 SELF BILLED TAX INVOICE

In a normal business transaction, the supplier will issue an invoice to the buyer. However, in the case of self-billed invoice the buyer or the recipient will issue an invoice.

Under the UAE VAT law, the recipient of the goods is allowed to issue an invoice to himself which is deemed to be a tax invoice in respect of a supply of goods or services to him by another registered person.

The issuance of this self-billed invoice by the recipient to himself under **Article 59(9) of Executive Regulation** on VAT shall be subject to the following conditions:

- a. The **Recipient of the Goods or Services is a Registrant**.
- b. The **supplier and the Recipient agree in writing** that the supplier shall not issue a Tax Invoice in respect of any supply to which this Clause applies.
- c. The Tax Invoice shall contain all the information **that is mandatorily required to be mentioned in a Tax Invoice**.
- d. The words "**Tax Invoice raised by buyer**" are clearly displayed on the Tax Invoice.

It can be concluded that in terms of content, both Tax Invoice and Self Billed Tax Invoice are same. However, there is one difference. In case of Tax Invoice, the word "Tax Invoice" is displayed whereas in the case of Self Billed Tax Invoice "**Tax Invoice raised by buyer**" is displayed on the invoice. Rest other details shall remain same. Format of Self Billed Tax Invoice is given below in **Figure V** for reference.

Similar to Tax Invoice raised by buyer, the recipient may issue a Tax Credit Note as well subject to conditions stated stipulated under Clause 4 of Article 60 of Executive regulation in case there is either change in the consideration of supply or cancellation of the supply. In this context, Article 60(4) makes a reference as under. It provides as under.

Where a Recipient of Goods or Recipient of Services agrees to raise a Tax Credit Note on behalf of a Registrant Supplier in respect of a supply of Goods or Services, that document shall be treated as if it had been issued by the supplier if the following conditions are met:

- a. The **Recipient of Goods or Recipient of Services is a Registrant**.
- b. The **Supplier and the Recipient of Goods or Recipient of Services agrees that the Supplier shall not issue a Tax Credit Note in respect of any supply to which this Clause applies**.
- c. The Tax Credit Note shall contain the particulars required under Clause (1) of this Article 60.
- d. The words "**Tax Credit Note created by buyer**" are clearly displayed on the Tax Credit Note.

Figure V: Example of Self Billed Tax Invoice (Wholly Taxable Supply)

TAX INVOICE RAISED BY BUYER									
SUPPLIER ABC FILMS LLC DUBAI, UNITED ARAB EMIRATES TRN NO. : XXXXXXXXXXXXXXXX			INVOICE NO. & DATE 9000000101 DATED 07.01.2018						
			Sales Contract No & Dated SALES ORDER NO: 7010026075 DATED 05.01.2018						
			Other Reference P.O. NO. 174310, 174314-15 DATED 03.01.2018						
BUYER XYZ TRADING LLC SHARJAH, UNITED ARAB EMIRATES TRN NO. : XXXXXXXXXXXXXXXX			CONSIGNEE/RECIPIENT						
Mode of Transport BY ROAD	Place of Taking in Charge / of Receipt ABC LLC DUBAI WAREHOUSE	Country of origin of goods UNITED ARAB EMIRATES	Place of Final Dest / Of Delivery SHARJAH						
Vehicle number	Port of Loading ABC LLC DUBAI WAREHOUSE	Terms of Delivery and Payment EXW, ABC FILMS LLC UAE WAREHOUSE 100% ADVANCE	EXCHANGE RATE : 1 VAT @ 5%						
Description Of Goods			Quantity(Kgs)	Unit Rate (AED / Kg)	Taxable Amount (AED)	Discount (AED)	Taxable Amount(AED)	Total Amount (AED)	
Thickness (Micron)			Width(mm)						
POLYESTER Film	12	1050	187.000	6.00	1,122.00	122.00	1,000.00	50.00	1,050.00
POLYESTER Film	10	1000	407.000	6.00	2,442.00	42.00	2,400.00	120.00	2,520.00
POLYESTER Film	15	900	408.000	6.00	2,448.00	48.00	2,400.00	120.00	2,520.00
POLYESTER Film	20	1080	1224.000	6.00	7,344.00	44.00	7,300.00	365.00	7,665.00
POLYESTER Film	12	1500	244.000	6.00	1,464.00	64.00	1,400.00	70.00	1,470.00
POLYESTER Film	12	1250	502.000	6.00	3,012.00	12.00	3,000.00	150.00	3,150.00
TOTAL			2,972.00		17,832.00	332.00	17,500.00	875.00	18,375.00
Total Amount (in words) AED Eighteen Thousand Three Hundred and Seventy Five only.			Delivery Challan No. & Date						
Declaration:- We declare that this Invoice shows the actual price of goods described and that all particulars are true and correct			For ABC FILMS LLC (Authorised Signatory)						
Interest @ 0.05%/day will be chargeable in case of delay of more than 7 calendar days from the due date in receiving the payment against this invoice into our account.									

12.8 ISSUE OF TAX INVOICE/TAX CREDIT NOTE BY AGENTS

- An agent may buy or sell goods and services on behalf of a principal either in the name of the principal or in his own name.
- If an agent sells goods and services on behalf of the principal, the **principal is the seller and not the agent**. In such a case, an agent should not issue a tax invoice in his own name to the buyer. The agent is allowed to issue tax invoice on behalf of the principal provided that it is issued in the name of the principal.

Clause 11 of Article 59 of Executive Regulation on VAT may be noted in this regard which states that

Where an agent who is a Registrant makes a supply of Goods and Services for and on behalf of the principal of that agent, that agent may issue a Tax Invoice in relation to that supply as if that agent had made the supply, and provided that the principal shall not issue a Tax Invoice.

Similarly, where an agent who is a Registrant makes a supply of Goods and Services for and on behalf of the principal of that agent, that **agent may issue a Tax Credit Note** in relation to that supply as if that agent had made the supply, and provided **that the principal shall not issue a Tax Credit Note [Article 60(6) of Executive Regulation on VAT].**

Hence, in accordance with the VAT legislation either Principal or Agent on the behalf of principal can issue a Tax Invoice or Tax Credit Note to the recipient of goods and services.

- If an agent buys goods and services on behalf of the principal, the principal is the buyer and not the agent. In such a case, the tax invoice must show the principal's details, i.e. the tax invoice should be issued to the principal.
- In the case of an agent who buys or sells goods and services in his own name, he is the buyer or the seller. If the agent is a registered person, he must issue a tax invoice in his own name.
- If the agent is a registered person, he must issue a tax invoice to claim the commission from the principal for his services as a selling or buying agent.

12.9 DOCUMENT OF SUPPLIES/INVOICE FOR INTRA GCC TRANSACTIONS

Article 66 of Decree Law read with clause 12 of Executive Regulation on VAT provides that the registrant, who supplies Goods or Services considered as supplied in any of the Implementing States (i.e. where the place of supply is considered outside UAE), shall provide the Recipient of Goods and Recipient of Services **with a document that includes all the information that must be included in the Tax Invoice**. However, **this document should not be labelled as "Tax Invoice" and shall not include any Tax charged.**

Apart from information that must be included in the Tax Invoice, **registration number of the recipient of Goods or Services issued to him by the competent authority of the Implementing State** in which the supply is treated as taking place must be mentioned on such document.

It is important to note here that the document issued by the supplier must not be labelled as Tax Invoice. In other words, the word "Tax Invoice" shall not be displayed on such document. This is based on the logic that such supplies are outside scope of UAE VAT as the place of supply is the Implementing State and not VAT is chargeable on such supplies. Tax Invoice will only need to be issued in case of taxable supplies.

Thus, on combined reading of Article 66 of Decree Law and Article 59 (12) of Executive Regulation, we can derive inference that the document of supplies to an implementing state shall contain all of the information given below.

- a. **The name, address and Tax Registration Number of the supplier.**
- b. **The name and address of the Recipient.**
- c. **Tax Registration Number of the recipient issued by the competent authority of the Implementing State.**
- d. **A sequential or unique number** which identifies the tax invoice.
- e. **The date of issue of the invoice (and the date of supply, if different to the invoice date).**
- f. **A description of the goods or services** provided.
- g. For each good or service: **the unit price, the quantity supplied and the amount payable expressed in AED.**
- h. **The amount of any discount** (if any).
- i. **The gross amount payable expressed in AED.**
- j. If an invoice is issued in non-AED currency – **exchange rate** must be stated.

Article 66 of Federal Decree Law on VAT

Without prejudice to Article (65) of this Decree-Law, each Registrant who supplies Goods or Services considered as supplied in any of the Implementing States, shall provide the Recipient of Goods and Recipient of Services with a document that includes all the information that must be included in the Tax Invoice and any other information as specified in the Executive Regulation of this Decree-Law, provided that this document is not labelled "Tax Invoice" and does not include any Tax charged.

Article 59(12) of Executive Regulation on VAT

Where the Supply of Goods or Services is considered as supplied in an Implementing State, the Taxable Person must include the following additional particulars in the document issued:

- a. The tax registration number of the Recipient of Goods or Services issued to him by the competent authority of the Implementing State in which the supply is treated as taking place.
- b. A statement identifying the supply as between the State and an Implementing State.
- c. Any other information specified by the Authority.

12.10 WHOLLY ZERO-RATED SUPPLY

As per Article 65(1) of Federal Decree Law on VAT, a Registrant making a **Taxable Supply** is required to issue an original Tax Invoice and deliver it to the Recipient of Goods or Recipient of Services. As explained earlier, taxable supply includes both standard-rated supply and zero-rated supply. Therefore, on a plain reading of the said provision, it can be interpreted that a registrant making even a zero-rated supply of goods and services shall issue a Tax Invoice.

However, an exception has been provided under **Clause 3 of Article 59** of Executive Regulation which provides that **If there are or will be sufficient records available to establish the particulars of a supply, a Taxable Person is not required to issue a Tax Invoice for the supply where the supply is a wholly zero-rated supply.**

It is important to note here that the said provision is applicable only when there is a wholly zero-rated supply. In simple words, Tax Invoice is not required to be issued against the supply if the supply is a wholly zero-rated supply.

It means if a registrant makes a supply of both standard-rated and zero-rated goods and services, he shall be required to issue a tax invoice.

Article 59(3) of Executive Regulation on VAT:

If there are or will be sufficient records available to establish the particulars of a supply, a Taxable Person is not required to issue a Tax Invoice for the supply where the supply is a wholly zero-rated supply.

12.11 MIXED SUPPLY

There are some situations where a tax invoice is required to be issued while in some situations, a tax invoice is not required to be issued.

As explained earlier, **if a registrant makes a wholly standard rated supply, Tax Invoice shall required to be issued. However, if the person makes a wholly zero-rated or wholly exempt supply, he shall not be required to issue a Tax Invoice.**

The situation may become complicated to some extent if a registrant makes mixed supply of both taxable and non taxable goods and services. There can be various permutation and combination which are tabulated below.

S. No.	Mixed Supply	Tax Invoice Required to be Issued (Yes/No)
1	Standard-rated and Zero-rated	Yes
2	Standard-rated and Exempt	Yes

S. No.	Mixed Supply	Tax Invoice Required to be Issued (Yes/No)
3	Zero-rated and Exempt	No
4	Standard-rated, Zero-rated and Exempt	Yes

As seen from the above table, in the case of mixed supplies (standard rated supplies and Zero-rated supplies), a tax invoice is required to be issued. Similarly, in the case of mixed supplies which involve a Standard-rated supply and an exempt supply, a tax invoice is required to be issued.

However, in the case of mixed supplies which involve a zero rated supply and an exempt supply, a tax invoice is not required to be issued.

Thus, a tax invoice may contain details of more than one supply (taxable supply and exempt supply). For example, a invoice issued by an insurance company for the supply of both taxable as well as exempt services to the same buyer. When this occurs, the tax invoice must clearly distinguish between the various supplies and indicate separately the applicable values and the tax charged (if any) on each supply for VAT purpose.

12.12 DEEMED SUPPLY

As per the general rule, any registered person making a taxable supply of goods and services shall issue a Tax Invoice. The taxable supply includes **Deemed Supply of taxable goods and services** as well. Thus, in cases of deemed supply as well, tax invoice needs to be issued.

Article No. 11 of Federal Law on VAT which is the deeming fiction lays down four specific classes of transactions which are deemed as "Supply". For more details, please refer module "Supply of Goods & Services".

As per Article 11, the following 4 cases are considered as Deemed Supply.

1. A supply of Business Assets without Consideration.

Goods and services may be supplied for no consideration. Under this situation, such transactions may be deemed as a supply. Examples are disposal of business assets without consideration, gifts which cost more than five hundred Dirhams (AED 500.00) and private use of business assets. In all these case Tax Invoice needs to be issued in accordance with Article 59 of the Executive Regulation on VAT.

2. The transfer by a Taxable Person of Goods that constituted a part of his business assets from the State to another Implementing State, or from the Taxable Person's business in an Implementing State to his Business in the State.

Although, such transactions are deemed as supply, Tax Invoice is not required to be issued. There is a specific provision under the law covering Intra GCC transaction.

Article 66 of Decree Law read with clause 12 of Executive Regulation on VAT provides that the registrant, who supplies Goods or Services considered as supplied in any of the Implementing States (i.e. where the place of supply is considered outside UAE), shall provide the Recipient of Goods and Recipient of Services with a document that includes all the information that must be included in the Tax Invoice. However, **this document should not be labelled as "Tax Invoice" and shall not include any Tax charged.**

Apart from information that must be included in the Tax Invoice, **registration number of the recipient of Goods or Services issued to him by the competent authority of the Implementing State** in which the supply is treated as taking place must be mentioned on such document.

3. A supply of Goods or Services for which Input Tax may be recovered but the Goods or Services were used, in part or whole, for purposes other than Business, and such supply shall be considered as deemed only to the extent of the use for non-business purposes.

Cases where there is a non-business use of supplies includes abnormal destruction of inputs, theft, deterioration, personal consumption etc. In all such cases, the liability has been cast on the business to pay tax on such supplies. This can be done by issuance of tax invoice.

4. Goods and Services that a Taxable Person owns at the date of Tax Deregistration.

12.13 IMPORTS AND SUPPLIES UNDER REVERSE CHARGE MECHANISM

Importation of goods and services are subject to VAT. VAT for imported goods are declared and accounted for on Reverse Charge (RCM) basis at the time of importation based on the invoice from the overseas supplier using customs declaration forms. Under RCM, both Input VAT and Output VAT are accounted for on the value of imported goods. The **declaration form together with the bill of entry** will form basis for making entries in books of account under RCM. Thus, in respect of imported goods and services, **tax invoice is not required to be issued by the importer or buyer.**

12.14 ELECTRONIC TAX INVOICE OR TAX CREDIT NOTE

Issue of Electronic Tax Invoice is tenable under the VAT laws subject to the conditions stated therein. Clause 8 of Article 59 of Executive Regulation on VAT stipulates as under.

The Taxable Person may issue a **Tax Invoice by electronic means** provided that:

- The Taxable Person must be capable of **securely storing a copy of the electronic Tax Invoice** in compliance with the record keeping requirements.
- The authenticity of origin and integrity of content of the electronic Tax Invoice should be guaranteed.**

Similarly, as per Clause 3 of Article 60 of the Executive Regulation, The Taxable Person may also issue a Tax Credit Note by electronic means provided that:

- The Taxable Person must be capable of **securely storing a copy of the electronic Tax Credit Note** in compliance with the record keeping requirements.
- The authenticity of origin and integrity of content of the electronic Tax Credit Note should be guaranteed.**

12.15 PERIOD OF ISSUANCE OF TAX INVOICE

As per Article 67 of Federal Decree Law on VAT, the Registrant Supplier shall issue a Tax Invoice **within 14 days as of the date of supply** as stated in Article (25) of this Decree-Law. The date of supply for various types of supplies has been tabulated below for quick reference of the readers. For more details, please refer module "Time of Supply".

S. No.	Nature of Supply	Date of Supply	Date of Issuance of Tax Invoice
1	Goods	The date of supply shall be earliest of the following dates Date of removal of goods (in case of supply of goods with transportation) Date on which goods made available to customer (where no transportation) Date of assembly/installation Date of receipt of payment The date of a VAT Invoice	14 days from date of Supply
2	Supply of goods made on Returnable basis	The date of supply shall be earliest of the following dates Date of acceptance of supply by recipient (in case of supply Date no later than (12) months after the date of delivery to recipient Date of receipt of payment The date of a VAT Invoice	
3	Import of Goods	Date of Importation under Customs Legislation	
4	Services	The date of supply shall be earliest of the following dates Date on which performance of service is complete Date of receipt of payment The date of a VAT Invoice	

5	Continuous or recurrent supply of goods and services	The date of supply shall be earliest of the following dates The date of issuance of any Tax Invoice. The date payment is due as shown on the Tax Invoice. The date of receipt of payment.	14 days from date of Supply
6	Supply of goods through vending machines	The date on which funds are collected from the machine.	
7	Supply of a voucher	The date of issuance of voucher or supply thereafter	
8	Case of Deemed Supply	The date of their supply, disposal, change of usage or the date of Deregistration, as the case may be	

12.16 ROUNDING OFF TAX INVOICES / TAX CREDIT NOTES

As per Article 68 of Federal Decree Law read with Article 61 of Executive Regulation on VAT, where the Tax chargeable on a supply is calculated to a fraction of a Fils, the Taxable Person is permitted to round the amount to the nearest Fils on a mathematical rounding i.e. if the fraction is less than 0.5, it is rounded downward to the nearest fils and if the fraction is 0.5 or more, it is rounded upward to the nearest fils.

For example: If the VAT amount in a Tax Invoice is AED 40.35, the VAT amount can be rounded to AED 40 and if the VAT amount in a Tax Invoice is AED 40.60, the VAT amount can be rounded to AED 41.

12.17 CURRENCY USED ON TAX INVOICES

Generally in respect of all local/domestic sales, tax invoice is issued in UAE Dirham. However, UAE VAT laws don't restrict the supplier from issuing tax invoice in currency other than AED. Article 69 of Federal Decree Law on VAT states in this regard that If the supply is in a currency other than the UAE Dirham, then for the purposes of the Tax Invoice or Tax Credit Notes, the amount stated in the Tax Invoice or the Tax Credit Note shall be converted into the UAE Dirham according to the exchange rate approved by the Central Bank at the date of supply.

12.18 TAX CREDIT NOTE

A supplier of goods or services or both is mandatorily required to issue a tax invoice. However, during the course of trade or commerce, after the invoice has been issued there could be situations like:

- The supplier has erroneously declared a value which is more than the actual value of the goods or services provided.
- The supplier has erroneously declared a higher tax rate than what is applicable for the kind of the goods or services or both supplied.
- The quantity received by the recipient is less than what has been declared in the tax invoice.
- The quality of the goods or services or both supplied is not to the satisfaction of the recipient thereby necessitating a partial or total reimbursement on the invoice value.
- Any other similar reasons.

In order to regularize these kinds of situations the supplier is allowed to issue what is called as Tax Credit Note with the prescribed particulars to the recipient. Once the credit note has been issued, the tax liability of the supplier will reduce.

12.19 CONDITIONS AND REQUIREMENTS FOR ISSUING TAX CREDIT NOTE

A taxable person is required to issue a Tax Credit Note after a tax invoice has been issued and there is any change in the consideration of the supply or cancellation of the supply.

Any adjustment to the output tax can be done only by way of issuance of Tax Credit Notes by the supplier. Clause 2 of Article 62 of Federal Decree Law on VAT clearly provides that **if the Output Tax calculated by the Registrant exceeds the Output Tax which should have been charged on the supply, the Registrant shall issue a Tax Credit Note** to adjust the output tax.

Moreover, Article 70 of the Federal Decree Law also provides as follow in this regard.

The Registrant shall issue an original Tax Credit Note when a reduction of Output Tax occurs in relation to any Supply or Deemed Supply made by him and deliver the same to the Recipient of Goods or Recipient of Services.

From the above it is now clear that Tax Credit Note has to be issued by the supplier in case of cancellation of supply or reduction in the consideration of the supply. The definition of Tax Credit Note provide under Article 1 also confirms the same. As per the definition, **Tax Credit Note is a written or electronic document in which the occurrence of any amendment to a Taxable Supply that reduces or cancels the same is recorded and the details pertaining to it.**

Let's consider an example below that explains the calculation mechanism.

Example 1:

On 1st Feb 2015, ABC Toys LLC a wholesaler of toys issued a sales invoice for amount AED 2,100 (including VAT@5%) for the supply of 20 sets of baby walker to XYX Retail LLC at AED 100 per unit. On receipt of the baby walker on 2nd February, 5 sets of walker was found to be defective and accordingly these were returned to the supplier ABC Toys LLC. As a result, ABC Toys LLC issued a Tax credit note that shows the value of AED 500 (AED100 x 5) for the walkers and the VAT amount of AED 25 (AED 500 x 5%). The total amount to be reversed including VAT is AED 525.

Now, let's discuss the format of Tax Credit Note and the information required to be mentioned in a Tax Credit Note. Clause 1 of Article 60 of Executive Regulation on VAT, mentions the information and details that are required to be contained in Tax Credit Notes.

As per the aforesaid article, The Tax Credit Note must contain the following information:

- a. The words "**Tax Credit Note**" clearly displayed on the invoice.
- b. The **name, address, and Tax Registration Number of the Registrant making the supply**.
- c. The **name, address, and Tax Registration Number of the Recipient where he is a Registrant**.
- d. The **date of issuing the Tax Credit Note**.
- e. **The value of the supply shown on the Tax Invoice, the correct amount of the value of the supply, the difference between those two amounts, and the Tax charged that relates to that difference in AED**.
- f. **A brief explanation of the circumstances giving rise to the issuing of the Tax Credit Note**.
- g. **Information sufficient to identify the supply to which the Tax Credit Note relates**.

The format of Tax Credit Note is shown **Figure VI** below for reference.

Figure VI: Example of Tax Credit Note

TAX CREDIT NOTE						
Tax Credit Note No: XXX123						
Supplier ABC LLC Address: Jabel Ali Dubai	Buyer XYZ LLC Address Gold Souq Dubai					
TRN : 123000000000000			TRN : 124000000000000			
Date of Tax Credit Note : DD/MM/YYYY						
SI No	Description	*Reference Invoice No. & Date	Orginal Value of Tax Invoice	Revised Value	Tax Credit Note Amount	VAT on the Tax Credit Note Amount
1	AAAAAA	X1 dated 01.01.2018	1,000.00	800.00	200.00	10.00
2	BBBBBB	X2 dated 05.01.2018	5,000.00	4,000.00	1,000.00	50.00
Total (AED) to nearest fils						60.00
Discount						
Net Amount						
Exchange Rate						
Total (Foreign Currency)						
<i>Reason for Credit Note : "As to why Credit note is issued"</i>						
<i>*Information : "To identify the supply to which the Tax Credit Note relates"</i>						

12.20 NON ISSUANCE OF TAX INVOICE/TAX CREDIT NOTE

1. In accordance with Clause 7 of Article 59 of Executive Regulation, a **Tax Invoice may not required to be issued** Where the Authority considers that there are or will be sufficient records available to establish the particulars of any supply or class of supplies, and that it would be impractical to require that a Tax Invoice be issued by the Taxable Person, the Authority may determine that, subject to any conditions that the Authority may consider necessary:
 - a. Any of the particulars specified in Clauses (1) or (2) of Article 59 of Executive Regulation shall not be contained on a Tax Invoice.
 - b. A Tax Invoice is not required to be issued in certain cases.
2. Similarly, in accordance with Clause 2 of Article 60 of Executive Regulation, a **Tax Credit Note may not required to be issued** Where, on application by a Taxable Person, the Authority considers that there are or will be sufficient records available to establish the particulars of any supply or class of supplies, and that it would be impractical to require that a Tax Credit Note be issued by the Taxable Person, the Authority may determine any of the following, subject to any conditions that the Authority may consider necessary:

- a. Any one or more of the particulars specified in Clause (1) of Article 60 of Executive Regulation shall not be contained on a Tax Credit Note.
- b. A Tax Credit Note is not required to be issued.

12.21 LOST OR MISPLACED TAX INVOICE / TAX CREDIT NOTE

There is no specific provision under VAT laws relating to lost or misplaced tax invoice or tax credit note. However, as per the general practice, whenever a tax invoice of a particular supply is lost or misplaced, the recipient should request the supplier to provide a certified true copy of the tax invoice as it is an offence to issue more than one tax invoice per taxable supply. This certified copy of tax invoice can be used for claiming input tax.

MODULE 13

BOOKS OF ACCOUNT AND RECORD KEEPING

ARTICLES OF FEDERAL DECREE LAW ON VAT RELEVANT TO THIS MODULE	
Article (78)	Record Keeping
Article (79)	Stating Tax Registration Number
ARTICLES OF EXECUTIVE REGULATION ON VAT RELEVANT TO THIS MODULE	
Article (71)	Record-keeping Requirements
Article (72)	Record Keeping of the Supplies Made
ARTICLES OF FEDERAL LAW ON TAX PROCEDURES RELEVANT TO THIS MODULE	
Article (4)	Record Keeping
Article (5)	Language
ARTICLES OF EXECUTIVE REGULATION ON TAX PROCEDURES RELEVANT TO THIS MODULE	
Article (2)	Keeping Accounting Records and Commercial Books
Article (3)	Period of Record Keeping
Article (4)	How to Keep Accounting Records and Commercial Books
Article (5)	The use of a language other than the Arabic

13.1 INTRODUCTION

The UAE VAT laws provides for mandatory record keeping requirements for the businesses in UAE. The law itself doesn't define the term Records. Therefore, the same has to be understood in context of general trade practices. Business records can generally be understood as documents either stored as hard copy or digital form that records business transactions and activities.

Good record keeping practices are an important part of doing business. Having good record keeping practices benefits business in the following ways:

- a) Make better business decisions;
- b) Be aware of the financial status of their business (e.g. profit or loss position, whether there is internal fraud or theft (if any); and
- c) Reduce the cost and effort required to file VAT returns, and to reply to FTA's queries, if any.

13.2 TYPES OF BUSINESS RECORDS

Business records can be classified into following categories.

- I. **Business Entity Records:** It includes various legal documents and licences relating to incorporation, registration of business. These are the permanent records of the business.
- II. **Business Transaction Records:** These are mainly the source documents that substantiate all business transactions. It includes the following
 - (i) Sale and purchase records such as purchase order/order notes, delivery orders, tax invoices, invoices, receipts, vouchers, cash register roll, debit/credit notes and other related records.
 - (ii) Payment records such as cheques, bank drafts, letter of credit, fund transfers applications, debit advice and other related records.
 - (iii) Contract records (includes sub-contracts) such as agreements between buyers and sellers or parties involved in business transactions, joint venture/ leasing/ manufacturing agreements, royalty/ franchise/ license and other
 - (iv) Agency commission/brokers contract, distribution/ sale and purchase contract and other related records.
- III. **Accounting Records:** These are the accounting ledgers, schedules and journals documenting a business' assets and liabilities, income and expenses, profits and losses. It typically includes the following.
 - i. Financial Reports including Profit and Loss Account, Balancesheet.
 - ii. General Ledger and Subsidiary Ledgers
 - iii. Cash Book and Bank Book
 - iv. Sales Register and Purchase Register
 - v. Fixed Asset Register
 - vi. Records of salary and wages (i.e. salary sheet, salary slip etc.)
 - vii. Production records, stock sheet/list
 - viii. Debtors and creditors Ledger
 - ix. Audit adjustments
 - x. Journal, receipts, payment vouchers, payment slips, acknowledgement slip and other supporting records.
- IV. **Taxation Records:** To be very specific, these typically include all the accounting ledgers related to tax such as Output VAT, Recoverable Input VAT, VAT payable ledgers. As per Article 78 of Federal Decree Law on VAT, Tax Record includes the following information.
 - i) Due Tax on Taxable Supplies.
 - ii) Due Tax on Taxable Supplies accounted on Reverse Charge Mechanism
 - iii) Due Tax after the error correction or adjustment.
 - iv) Recoverable Tax for supplies or Imports.
 - v) Recoverable Tax after the error correction or adjustment.

13.3 RECORD KEEPING – REQUIREMENT UNDER VAT LAWS

Article 4 of Federal Decree Law No. 7 of 2017 on Tax Procedure read with Article 2 of Executive Regulation on Tax Procedures requires all the business to keep **Accounting Records and Commercial Books and Tax related information** in relation to the business.

Article 2 of Executive Regulation on Tax procedures provides an inclusive definition of **Accounting Records and Commercial Books** to include **all the business transactions records, accounting records, taxation records** as explained in the previous paragraph (Types of Business Records).

The said article 2 provides as under.

1. Accounting Records and Commercial Books shall include the following:

- a. Accounting books in relation to that Business, which include records of payments and receipts, purchases and sales, revenues and expenditures, and any business, and any matters as required under any Tax Law or any other applicable law, including:
 - 1) Balance sheet and profit and loss accounts.
 - 2) Records of wages and salaries.
 - 3) Records of fixed assets.
 - 4) Inventory records and statements (including quantities and values) at the end of any relevant Tax Period and all records of stock-counts related to Inventory statements.
- b. Additional records as may be required in the Tax Law and its Executive Regulation.
2. In addition to the Accounting Records and Commercial Books mentioned in Clause (1) of this Article, the Authority may require any other information in order to confirm, through an audit trail, the Person's Tax obligations, including any liability to register for Tax purposes.

Moreover, Article 78 of Federal Law No. 8 of 2017 on VAT **specifically laws down the obligation on the Taxable Person to keep following records.**

- a. Records of all supplies and Imports of Goods and Services.
- b. All Tax Invoices and alternative documents related to receiving Goods or Services.
- c. All Tax Credit Notes and alternative documents received.
- d. All Tax Invoices and alternative documents issued.
- e. All Tax Credit Notes and alternative documents issued.
- f. Records of Goods and Services that have been disposed of or used for matters not related to Business, showing Taxes paid for the same.
- g. Records of Goods and Services purchased and for which the Input Tax was not deducted.
- h. Records of exported Goods and Services.
- i. Records of adjustments or corrections made to accounts or Tax Invoices.
- j. Records of any Taxable Supplies made or received in accordance with Clause (3) of Article 48 of this Decree-Law, including any declarations provided or received in respect of those Taxable Supplies.
- k. A Tax Record that includes the following information:
 - i) Due Tax on Taxable Supplies.
 - ii) Due Tax on Taxable Supplies pursuant to the mechanism in Clause (1) of Article (48) of this Decree-Law.
 - iii) Due Tax after the error correction or adjustment.
 - iv) Recoverable Tax for supplies or Imports.
 - v) Recoverable Tax after the error correction or adjustment.

13.4 RECORD KEEPING – PROFIT MARGIN SCHEME

The Taxable Person must keep the following records in respect of supplies made under Profit Margin Scheme [Article 29 (5) of Executive Regulation on VAT]. For details please refer module "Value of Supply"

- a. A stock book or a similar record showing details of each Good purchased and sold under the profit margin scheme.
- b. Purchase invoices showing details of the Goods purchased under the profit margin scheme. Where the Goods are purchased from Persons who are not Registrants, the Taxable Person must issue an invoice showing details of the Goods himself, including at least the following information:
 - 1) The name, address and Tax Registration Number of the Taxable Person.
 - 2) The name and address of the Person selling the Good.
 - 3) The date of the purchase.
 - 4) Details of the Goods purchased.
 - 5) The Consideration payable in respect of the Goods.
 - 6) Signature of the Person selling the Good or authorized signatory.

13.5 HOW TO KEEP RECORDS – MANUAL OR ELECTRONIC

As per Article 4 of Executive Regulation on Tax Procedures, Original Documents which support the entries contained in the record must be retained by the business. It means all the source documents like tax invoices, tax credit notes received from suppliers/third parties must be retained in original.

Where the record is in an electronically readable form, the record shall be kept in such manner as to enable the record to be readily accessible and the same can be reproduced within a reasonable period, if requested by the Authority.

13.6 LANGUAGE OF RECORDS AND RETURNS SUBMITTED

Article 5 of the Tax Procedure Law read with Article (5) of Executive Regulation on Tax Procedures provides that:

- 4. Each Person must submit the Tax Return, data, information, records and documents related to Tax that he is required to submit to the Authority in Arabic as determined by the provisions of the Tax Law.
- 5. As an exception to Clause (1) above, the Authority may accept data, information, records and other Documents related to any Tax to be submitted to it in English. The Authority may, at its discretion, request the Person to translate some or all of these to Arabic.
- 6. Where the data, information, records and other Documents related to any Tax are issued in any foreign language other than English, the Person is required to submit these Documents to the Authority as translated into Arabic.
- 7. The Person submitting any translation of data, information, records and other Documents related to any Tax to the Authority shall be liable for the accuracy and correctness of the translation, and shall bear all associated costs. The Authority shall have the right to rely on the translation provided.

13.7 PERIOD OF RECORD KEEPING

Article 3 of the Executive Regulation on Tax Procedures provides as under

- 1. Every taxable person shall keep accounting records and commercial books for a period of 5 years from the end of the tax period to which they relate.
- 2. Every non-taxable person shall keep accounting records and commercial books for a period of 5 years from the end of the calendar year in which they were created.

For example: ABC LLC issues Tax Invoice in respect of a supply made on 25th January, 2018. Since, the calendar year in which invoice was issued ends on 31st December 2018, the invoice must be retained until 31st December 2023.

3. The Authority may, before the expiry of the period as specified above, inform the Person to retain the records for a further period not exceeding (4) years, in the following cases
 - a. If the Taxable Person's tax obligations are subject to a dispute between him and the Authority.
 - b. If the Person is being subject to a Tax Audit and that Tax Audit has not yet been completed.
 - c. If the Authority has given notice to the Person that it intends to conduct a Tax Audit before the expiry of the period
4. Where a Person enters into bankruptcy proceedings, his Legal Representative is required to keep the records of that Person for 12 months from the date on which those proceedings have come to an end.

Capital Assets:

However, note that Article 60 (2) of the Federal Decree Law on VAT requires maintenance of records pertaining to covered under Capital Asset Scheme for at least 10 years from the end of the tax period to which they relate.

Real Estate:

Further, as per Article 71 (2) of Executive Regulation on VAT states that any records related to a real estate required to be kept shall be held for a period of 15 years after the end of the Tax Period to which they relate.

13.8 EMIRATES WISE RECORD

Apart from maintaining records as specified above, Article 72 of Executive Regulation on VAT lays down additional requirement. As per Clause 2 of Article 72, the Taxable Person who makes a Taxable Supply of Goods or Services in the State must keep records of the transaction **to prove the Emirate in which the Fixed Establishment related to this supply is located.**

It means where goods are collected by recipient from a physical place or a location of the supplier, then it will be deemed that supply has taken place in the emirate where this physical location is situated.

Example 1: ABC LLC has warehouse in Sharjah from where all the deliveries are made to recipient of goods located in different emirates. In such a case, all the sales should be reported under Sharjah Emirates as the Fixed Establishment related to such supply is located in Sharjah.

Now, let's consider another example.

Example 2: XYZ Perfumes LLC is engaged in the business of manufacturing, distribution and sales of perfumery products via its retail outlets located in different emirates. As a practice, the company sales its product to retail customers only through retail outlets located in all the 7 emirates of UAE. Apart from retail sales, the company also makes sale to its wholesale distributors from its warehouse in UAE.

In this case, XYZ LLC should report sales emirates wise. The location of retail outlets and central warehouse shall be taken basis for emirates wise reporting.

Clause 3 of Article 72 provides an exception to the above rule. It states that, if the Taxable Person who makes a Taxable Supply of Goods or Services does not have a Fixed Establishment in the State, **the Taxable Person must keep records of the transaction to prove the Emirate in which the Supply is received.** In simple words, the place or location of fixed establishment of the recipient shall be taken as a basis for emirates wise reporting of sales by the supplier.

13.9 ACCOUNTING REQUIREMENT

As explained earlier, the VAT laws lay down the requirement of maintaining tax records as well as other accounting records and information. This information contained in the records are organised and summarized either with the help of accounting software or are done manually for the purpose of filing VAT returns. Thus, accounting of all the business transaction needs to be done in a correct manner for the purpose of VAT compliance. Principles or Rules used for the purpose of VAT accounting have been explained below.

1. When Goods are bought and you have to pay both purchase value and VAT input or paid both, at that time, following journal entry will be passed.

Purchase Account Dr.	(Value of Purchase)
VAT Input Account Dr.	(Input Tax incurred)
Cash or Bank or Name of Creditor Account Cr.	(Value of Purchase + VAT input)

Reason of this Journal Entry:

When we buy goods, it increases our current asset. Increase of asset will always debit. VAT input is also our current Asset because we paid this to our creditor or supplier (for paying govt.) but still our net liability has not been determined. The moment we sell goods or services and receive Output VAT, Input VAT will get adjusted against Output VAT. If VAT input will be more than VAT Output, we have to get money from Govt. So, VAT input account will be Debit. If we are final consumer, we need not show the VAT Input account, its cost will be included in purchase account.

2. When Goods are Sold and you have to receive both Sale Value and VAT Output or received both, at that time, following journal entry will be passed

Cash or Bank or Name of Customer Account Dr.	(Value of Purchase + VAT output)
Sale Account Cr.	(Value of Sales)
VAT Output Account Cr.	(Value of Sales)

Reason of this Journal Entry:

When we sell any goods we receive cash or bank. If we sell the goods on credit, we have to get money from our customer. So, it increases our current asset. However, in case of cash sale, we will debit cash or bank account. In case of credit sale, we will debit to debtor or customer account. We will credit to sale account because in sale, we transfer the ownership of goods to other party. So, it is decrease of our current asset. All the amount of VAT which we receive on sale is a liability for us as we are collecting tax on behalf of the Government. As a result, it increases our current liability. So, this account will get credited.

3. At the time of adjustment of Input Tax against Output Tax, following journal entry will be passed.

Output Tax Account Dr.	(With the amount of Output Tax)
Input Tax Account Cr.	(With the amount of Input Tax)
VAT Payable Account Cr/VAT Receivable Account Dr.	((Difference between Input VAT & Output VAT))

4. When we pay the Net VAT (Payable) to Government. At that time, following journal entry will be passed.

Net VAT Payable Account Dr.	(Excess of VAT Output over VAT Input)
Bank Account Cr.	

Reason of this Journal Entry:

When we will debit VAT Payable account, it means, we are decreasing our current tax liability. Every payment through bank account will decrease our current asset, so bank account will credit. We have to show only excess of VAT output over VAT Input because the VAT which we have to pay already through purchasing need to pay again. So, we will deduct VAT input from VAT output.

Let's understand the accounting aspect with the help of an example given below.

Example 3:

ABC Manufacturing LLC, a manufacturer of Furniture items got itself registered under UAE VAT during the month of March 2018. The manufacturer sells those items to different wholesalers across UAE. The manufacturer is required to file monthly tax return. The total value of sale during the tax period of March 2018 amounts to AED 1,000,000. The manufacturer acquired raw materials amounting to AED 735,000 locally (inclusive of VAT) during the period. In the VAT return for March 2018, the manufacturer has to account and pay VAT on the following:

Output Tax: AED 1,000,000 x 5% = AED 50,000

Input Tax: AED 735,000 x 5/105 = AED 35,000

Amount payable to FTA during the tax period of March 2018 = AED 50,000 – AED 35,000 = AED 15,000 (Output Tax – Input Tax)

The following accounting entries should be passed in respect of the above transaction for the month of March 2018.

v) At the time of purchase of Input Goods and Services

Purchase Account	Dr. (Value of Purchases)	AED 700,000
Input Tax/VAT Account	Cr. (Input VAT on Purchases)	AED 35,000
Cash or Bank or Customer Account	Cr. (Value of Purchase + Input VAT)	AED 735,000

Input VAT amount paid to the supplier is not a cost to the recipient as the same is recoverable. Hence, the same is treated as an asset in books of account. For details, refer module “Books of Account and Record Keeping”

vi) At the time of purchase of Input Goods and Services

Cash or Bank or Customer Account	Dr. (Value of Sales + VAT output)	AED 1,050,000
Sales Account	Cr. (Value of Sales)	AED 1,000,000
Output Tax/VAT Account	Cr. (VAT on Sales)	AED 50,000

Output VAT amount collected from the recipient cannot be treated as income rather it should be treated as liability as the same is payable to the government. For details, refer module “Books of Account and Record Keeping”

vii) At the time of offsetting Recoverable Input Tax against Output Tax.

If the Output Tax for the tax period exceeds the Input Tax during the tax period, the difference will be transferred to VAT/Tax payable account. However, if the Input Tax exceeds the Output Tax, the same is transferred to VAT receivable account (asset) at the end of tax period. For details, refer module “Books of Account and Record Keeping”

Output Tax	Dr. (VAT on Sales)	AED 50,000
Input Tax	Cr. (VAT on Purchases)	AED 35,000
Output Tax/VAT Payable Account	Cr. (Difference)	AED 15,000

viii) At the time of payment of Tax liability.

On or before the due date of filing return, the liability as appearing in the VAT payable account shall be discharged by making payment to the government. In case there is receivable, the taxable person has the option to apply for refund of Input Tax else the same is carried forward for subsequent tax period. For details, refer module “Books of Account and Record Keeping”

Output Tax/VAT Payable Account	Dr. (Output Tax minus Input Tax)	AED 15,000
Bank Account	Cr.	AED 15,000

MODULE 14

TAX RETURNS

ARTICLES OF DECREE LAW ON VAT RELEVANT TO THIS MODULE	
Article (71)	Duration of Tax period
Article (72)	Submission of Tax Returns
ARTICLES OF EXECUTIVE REGULATIONS ON VAT RELEVANT TO THIS MODULE	
Article (62)	Length of tax period
Article (63)	Tax Periods in the Case of Loss of Capacity
Article (64)	Tax Return and Payment
ARTICLES OF FEDERAL LAW ON TAX PROCEDURES RELEVANT TO THIS MODULE	
Article (8)	Tax Return Preparation and Submission
Article (10)	Voluntary Disclosure

14.1 INTRODUCTION

As explained earlier, VAT is calculated and paid by a taxable person to the government on self assessment basis. Thus, the amount of tax liability needs to be declared by the taxable person before the government through the tax return filed on a periodical basis. By filing a tax return the taxable person makes an assessment of tax for that tax period and the filed tax return qualifies as an assessment.

The responsibility of the Authority is to ensure that the amount of tax is correctly assessed and paid by the taxpayer. The authority may issue an assessment of the tax due for the relevant tax period in cases where the taxable person has failed to file a tax return or where it has reasons to believe that tax amount is not correctly assessed or has escaped assessment.

The tax return of a taxable person therefore, must be filed for **each tax period** with the Authority by a taxable person or a person authorized to act on behalf of the taxable person.

14.2 DURATION OF TAX PERIOD

As per VAT laws, every taxable person is assigned a tax period for which he is required to account for tax in his tax return to be furnished to the Federal Tax Authority. Thus, a Tax Period is a specific period of time for which the Payable Tax shall be calculated and paid.

Article 71 of Federal Decree Law on VAT provides that **the Executive Regulation of this Decree-Law shall specify the Tax Period for which the Taxable Person shall calculate and pay Tax as well as the exceptional circumstances in which the Authority may amend the Tax Period.**

Accordingly Article 62 of the Executive Regulations provides that **the standard tax period that shall be applicable to Taxable Persons shall be a period of three calendar months ending on the date that the Authority determines.** At the time of allotment of the Tax Registration Number the Authority specifies the tax period applicable for each taxable person. To know one's taxable period, the taxable person first of all should login to the FTA e-Services portal using his registered username and password. The following screen will appear showing details of his first and subsequent tax period.

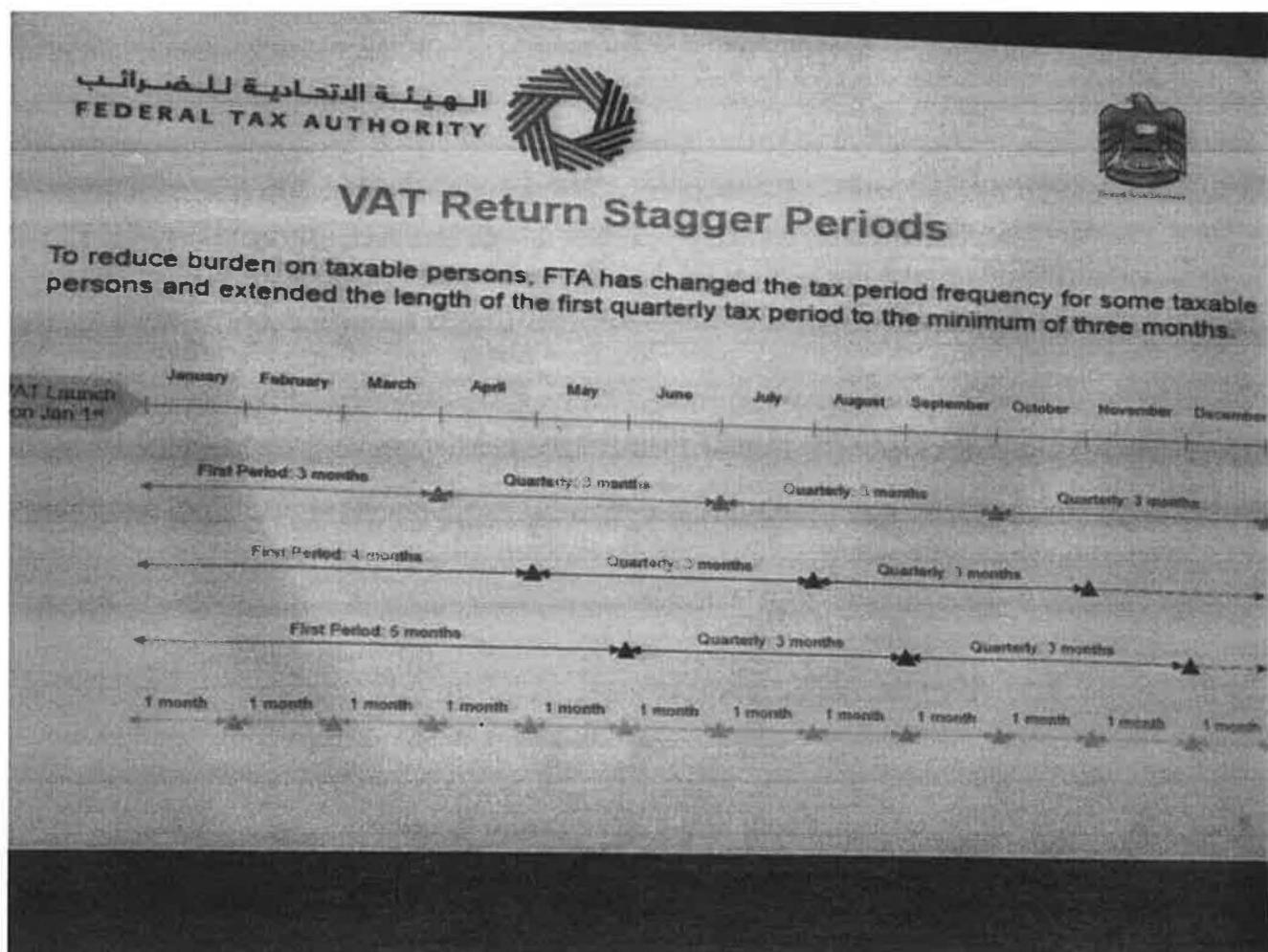
Status	Approved	View
TRN		Download Certificate
Tax Group Amendment Status	Drafted	Tax group amendment
Change Representative Status	N/A	
First VAT Group Return Period	1 Jan 2018 – 30 April 2018 and quarterly thereafter	
First VAT Group Return Due Date	28th day following the end of the VAT return period	
Start And End Date Of Tax Group Period	1 Feb to 30 Apr, 1 May to 31 July, 1 Aug to 31 Oct, 1 Nov to 31 Jan	

Further, Clause 2 of Article 62 of the Executive Regulations provides that **the Authority may assign a Person or class of Persons a shorter or longer Tax Period where it considers that a non-standard Tax Period length is necessary or beneficial to:**

- a. Reduce the risk of Tax Evasion.
- b. Enable the Authority to improve the monitoring of compliance or collection of Tax revenues.
- c. Reduce the administrative burden on the Authority or the compliance burden on a Person or class of Persons.

In accordance with the power conferred under Clause 2 of Article 62 of the Executive Regulations, FTA has provided for **four cycles / staggers of Tax Periods (unless otherwise indicated by the FTA)** which are as tabulated below:

Staggers	1st Tax Period in 2018	Tax Periods (following 1st Tax Period)	Due Date of 1st Tax Period
VAT Stagger 1 (Tax Year end: 31 January of every year)	1 Jan 2018 - 30 Apr 2018	Feb – Apr; May – Jul; Aug – Oct; Nov – Jan	28 May or first business day after in case of public holiday / weekend
VAT Stagger 2 (Tax Year end: last day of February of every year)	1 Jan 2018 – 31 May 2018	Mar – May; Jun - Aug; Sep – Nov; Dec – Feb	28 Jun or first business day after in case of public holiday / weekend
VAT Stagger 3 (Tax Year end: 31 March of every year)	1 Jan 2018 – 31 Mar 2018	Apr – Jun; Jul – Sep; Oct – Dec; Jan – Mar	28 Apr or first business day after in case of public holiday / weekend
VAT Stagger 4 (Tax Year end: last day of the calendar year)	1 Jan 2018 – 31 Jan 2018	Monthly	28 Feb or first business day after in case of public holiday / weekend



Where a Taxable Person is assigned the standard Tax Period, he may request that the Tax Period ends with the month as requested by him, and the Authority may accept such request at its discretion. (Clause 2 of Article 62 of the Executive Regulations)

Tax Periods in the Case of Loss of Capacity (Article 63 of Executive Regulation)

1. Where a Person becomes an incapacitated Person, his current Tax Period will end on the day before the Person became incapacitated Person. A new Tax Period will commence on the day the Person became incapacitated Person in the name of the Legal Representative.
2. For the purposes of Clause (1) of this Article “incapacitated Person” means a Registrant who dies, or goes into liquidation or receivership, or becomes bankrupt or incapacitated.
3. The Legal Representative will, for the purposes of the new Tax Period referred to in Clause (1) and subsequent Tax Periods, be treated as the Registrant himself for the purposes of the Decree-Law and this Decision for the period of incapacitation.

14.3 PREPARATION AND SUBMISSION OF TAX RETURNS

Article 71 of Federal Law No. 8 of 2017 on VAT stipulates as below

1. The Taxable Person shall submit the Tax Return to the Authority at the end of each Tax Period within the time limits and according to the procedures specified in the Executive Regulation of this Decree-Law declaring all supplies made and received during that Tax Period.
2. A Cabinet Decision shall be issued upon the recommendation of the Minister, determining the Government Entities that may submit simplified Tax Returns to the Authority.

Article 64 of the Executive Regulations on VAT accordingly contains below provisions with respect to submission of VAT returns. These are as follows.

1. **A Tax Return must be received by the Authority no later than the 28th day following the end of the Tax Period concerned or by such other date as directed by the Authority.**
2. A Person whose registration has been cancelled must provide a final Tax Return for the last Tax Period for which he was registered.
3. A Taxable Person shall settle Payable Tax in relation to a Tax Return using the means specified by the Authority so that it is received by the Authority no later than the date specified in Clause (1) of this Article.
4. Where Recoverable Tax for a Tax Period exceeds Due Tax for the Tax Period, the excess Recoverable Tax may be repaid to the Taxable Person in accordance with the relevant provisions in the Decree-Law and the Federal Law No. (7) of 2017.
5. A Tax Return must contain such details as the Authority may require and, at the minimum, allow for the following information to be included:
 - a. The name, address and the TRN of the Registrant;
 - b. The Tax Period to which the Tax Return relates.
 - c. The date of submission.
 - d. The value of Taxable Supplies made by the Person in the Tax Period and the Output Tax charged.
 - e. The value of Taxable Supplies subject to the Zero-rate made by the Person in the Tax Period.
 - f. The value of Exempt Supplies made by the Person in the Tax Period.
 - g. The value of any supplies subject to Clauses (1) and (3) of Article (48) of the Decree-Law.

- h. The value of expenses incurred in respect of which the Person seeks to recover Input Tax and the amount of Recoverable Tax.
- i. The total value of Due Tax and Recoverable Tax for the Tax Period.
- j. The Payable Tax for the Tax Period.

It is pertinent to note that above information is the minimum one prescribed under law. The Authority has been given power under the aforesaid clause 5 to prescribe and amend Tax Return format. The tax payers shall therefore, provide all the information sought under the VAT return. **For details on the information sought under VAT Returns, please refer paragraph 14.4 (VAT Returns User Guide).** The guide provides the format of the VAT return for filing purpose.

14.4 VOLUNTARY DISCLOSURE IN CASE OF INCORRECT RETURN

Article 10 of Federal Law on Tax Procedure contains below provisions in case taxable person becomes aware that incorrect return has been filed.

1. If a Taxable Person becomes aware that a Tax Return submitted by him to the Authority or a Tax Assessment sent to him by the Authority is incorrect, resulting in a calculation of Payable Tax according to the Tax Law being less than it should have been, the Taxable Person must in that event apply to correct such Tax Return by submitting a Voluntary Disclosure within the time limit specified in the Executive Regulations of this Law.
2. If a Taxable Person becomes aware that a Tax Return submitted by him to the Authority or a Tax Assessment sent to him by the Authority are incorrect, resulting in the calculation of Payable Tax according to the Tax Law being more than it should have been, he may in that event apply to rectify such a Tax Return by submitting a Voluntary Disclosure.

14.5 VAT RETURNS USER GUIDE ISSUED BY FTA

In order to assist taxpayer to **meet their compliance obligations** in respect of VAT Return filing and payments of tax, FTA has come up with the detailed user guide on filing of VAT returns. The guide contains detailed instructions with respect to filing of returns. The same is being reproduced here for quick reference of the readers.



VALUE ADDED TAX (VAT) RETURNS USER GUIDE

February 2018



1. Brief overview of this user guide

This guide will help you navigate the e-Services portal, and is designed to be read in conjunction with the Taxable Person Guide for VAT to file your Value-Added Tax ("VAT") Tax Return (Form VAT201). It is intended to help you:

- **meet your compliance obligations** in respect of VAT Return filing, payments of tax and obtaining VAT refunds.
- **understand the icons and symbols** included in the forms.

What is the VAT Return: The official document to be completed by the Taxable Person and submitted to the Federal Tax Authority ("FTA") at regular intervals detailing any output tax due and input tax recoverable and including any other information that is required to be provided. In this guide, we will refer to it as the "VAT return".

All VAT Returns should be submitted online using the FTA portal. The return can be submitted by the Taxable Person, or another person who has the right to do so on the Taxable Person's behalf (for example, a Tax Agent or a Legal Representative).

2. Important notes about the VAT Return

2.1. Tax Period

- A Tax Period is a specific period of time for which the Payable Tax shall be calculated and paid.
- The standard Tax Period applicable to a Taxable Person shall be a period of **three calendar months** ending on the date that the FTA determines. The FTA may, at its discretion, assign a different Tax Period, other than the standard one, to a certain group of Taxable Persons (e.g. in some cases businesses may be required to file VAT returns on a monthly basis).
- Where a Taxable Person is assigned the standard Tax Period, he may request that the Tax Period ends with the month as requested by him, and the FTA may accept such a request at its discretion.
- The VAT Return must be received by the FTA no later than the **28th day** following the end of the Tax Period concerned or by such other date as directed by the FTA. Where a payment is due to the FTA, it must be **received** by the FTA by the same deadline.

Where the due date for the submission of the VAT Return and the corresponding payment falls on a weekend or a national holiday, the deadline for filing the VAT Return or making a payment is extended to the first business day thereafter.



- You will be under one of the following four cycles / staggers of Tax Periods (unless otherwise indicated by the FTA), based on your Tax Year end as follows:

Staggers	Tax Periods (following 1 st Tax Period)	1 st Tax Period in 2018	Due Date of 1 st Tax Period
VAT Stagger 1 (Tax Year end: 31 January of every year)	Feb – Apr; May – Jul; Aug – Oct; Nov - Jan	1 Jan 2018 - 30 Apr 2018	28 May or first business day after in case of public holiday / weekend
VAT Stagger 2 (Tax Year end: last day of February of every year)	Mar – May; Jun - Aug; Sep – Nov; Dec – Feb	1 Jan 2018 – 31 May 2018	28 Jun or first business day after in case of public holiday / weekend
VAT Stagger 3 (Tax Year end: 31 March of every year)	Apr – Jun; Jul – Sep; Oct – Dec; Jan – Mar	1 Jan 2018 – 31 Mar 2018	28 Apr or first business day after in case of public holiday / weekend
VAT Stagger 4 (Tax Year end: last day of the calendar year)	Monthly	1 Jan 2018 – 31 Jan 2018	28 Feb or first business day after in case of public holiday / weekend

- If there is no business transaction for the Tax Period, you are required to submit a “nil” VAT Return by the respective due date.

2.2. Understanding tax liability

Below are some key terms with respect to the operation of VAT, and how these could impact a Taxable Person's tax liability.

Output Tax

“Output tax” is the VAT a Taxable Person calculates and charges on its supplies of goods and services once it is registered for VAT. Output tax must generally be calculated on supplies made to other persons; however, in certain situations VAT might be required to be charged on supplies which were deemed to occur for VAT purposes or on supplies which are subject to the reverse charge provisions.

The obligation to account for output tax arises at the tax point of the supply, i.e. at the date of supply. Once the date of the supply has taken place, the Taxable Person must account for the output tax in the VAT Return covering that Tax Period.



Input Tax

From the recipient's point of view, "input tax" is the VAT added to the price by the supplier when the recipient purchases goods or services which are subject to VAT. If the recipient is registered for VAT then they may be able to recover this input tax from the FTA, subject to the conditions below:

- the Taxable Person has received and retained a tax invoice or other documentation evidencing the amount of VAT on the supply or import; and
- the amount of VAT has been paid, or is intended to be paid, in whole or in part (in which case the amount of input tax recoverable shall be limited to the equivalent amount).

Once the ability to recover input tax has been confirmed, the person is able to include the amount in the relevant VAT Return as an input tax deduction.

2.3. Calculating tax liability

A registered person's tax liability is simply the difference between the output tax payable for a given Tax Period and the input tax which is recoverable for the same Tax Period. Where the output tax exceeds the input tax amount, a payment of the difference must be made to the FTA.

Where the amount of input tax exceeds the amount of output tax, a Taxable Person is entitled to a refund of VAT from the FTA.

2.4. Filing VAT Returns

For each Tax Period, a Taxable Person will be required to submit a VAT Return which contains details regarding the supplies made or received by the Taxable Person.

With respect to sales and other outputs, the Taxable Person will need to report:

1. supplies of goods and services made which are subject to the standard rate of VAT per Emirate;
2. tax refunds you have provided to tourists under the Tax Refunds for Tourists Scheme, if you are a retailer and provide tax refunds to tourists in the UAE under the official tourists refund scheme;
3. supplies of goods and services received by the Taxable Person which are subject to the reverse charge provisions;
4. supplies of goods and services made which are subject to the zero rate of VAT;
5. supplies made which are exempt from VAT;
6. goods imported into the UAE and have been declared through UAE customs; and
7. where applicable, adjustments to goods imported into the UAE and which have been declared through UAE Customs.



With respect to purchases and other inputs, the Taxable Person should report:

1. purchases and expenses that were subject to the standard rate of VAT and for which you would like to recover VAT; and
2. any supplies which were subject to the reverse charge for which you would like to recover input tax.

The amounts of VAT charged and input tax recoverable by the Taxable Person would then need to be netted off in the Tax Return. The resulting amount is the net VAT payable to, or to be refunded by, the FTA (i.e. the net VAT position).

3. Completing and Submitting the VAT Return Form

As a Taxable Person registered for VAT purposes, you are required to declare and pay the payable due tax in the VAT Return which relates to the Tax Period in which you made and received supplies.

3.1. Initiate the form

To initiate and access the VAT Return, you should login to the FTA e-Services portal using your registered username and password. In order to begin completing your VAT Return, go to the “VAT” tab on the navigation bar and then go to ‘VAT201 – VAT Returns’ tab. From this screen, click on ‘VAT201 – New VAT Return’ to initiate the VAT Return form.

The screenshot shows the FTA e-Services portal interface. At the top, there is a navigation bar with several icons and links. Below the navigation bar, there is a main menu titled "VAT". Under the "VAT" menu, there are three options: "Instructions", "VAT201 - VAT Returns", and "VAT311 - VAT Refunds". The "VAT201 - VAT Returns" option is currently selected and expanded, showing a sub-menu with the option "VAT201 - New VAT Return" highlighted.

3.2. Complete the form

The below section is a walkthrough of the form including the information required to be completed in each section:



Taxable Person Details

Details of the Taxable Person will be pre-populated and your input is not required. If a Taxable Person has appointed a Tax Agency and a Tax Agent, their details will also appear accordingly. This includes information such as the "TRN" or "Tax Registration Number" for the Taxable Person, as well as their name and address. If you are a Tax Agent submitting the VAT return on behalf of a Taxable Person, you will also see your "TAAN" or "Tax Agent Approval Number" and your associated "TAN" or "Tax Agency Number", along with the Tax Agent and Tax Agency name populated at the top of the VAT Return. You will also be able to see your VAT Return submission due date here. Please check and ensure that all of this information is correct before going any further.

Taxable Person Details

TRN

100314157700003

Taxable Person Name (English)

ABC

Taxable Person Name (Arabic)

Taxable Person Address

ABC Street

Dubai, United Arab Emirates,
12, +971522116682

VAT Return Period

The form will automatically populate the 'VAT Return Period' for which you are currently filing for, the Tax Year end and VAT period reference number.

The Tax Year end is important for businesses which are not able to recover all of their VAT and need to perform an input tax apportionment annual adjustment. This adjustment is due in the first tax period following the Tax Year end. The VAT return period reference number tells you which tax period you are completing within that tax year. So, if the VAT return period reference is 1, those affected businesses should include their input tax apportionment annual adjustment in this VAT return.

Please note that this will only be required after the 1st year of VAT, i.e. from 1 January 2019 onwards.

You'll also be able to see your VAT return submission due date here. Please check and ensure that all of this information is correct before going any further.



VAT Return Period

VAT Return Period*

01/01/2018 - 31/01/2018

VAT Return Due Date

28/02/2018

Tax Year End*

31 December 2018

VAT Return Period Reference Number*

01 - 2018



Common requirements when completing the VAT Return

When completing each box of the VAT Return, you must:

- Insert all amounts in United Arab Emirates Dirhams (AED)
- Insert all amounts to the nearest fils (the form allows for two decimal places)
- Complete all mandatory fields
- Use "0" where necessary and where there are no amounts to be declared

VAT on Sales and all other Outputs

Insert the amount details on sales and all other outputs as follows:

- **Amount (AED):** Enter all amounts relating to sales and other outputs **net** of VAT and for each Emirate, where applicable, according to the provisions of the VAT legislation.

You should also include reductions in value due to credit notes issued and errors that you are allowed to correct for previous Tax Periods. For any corrections of errors, consider if you are required to make a voluntary disclosure instead, according to the provisions of the Federal Tax Procedures legislation.

If you become aware that a VAT Return that you have submitted previously contains errors that resulted in a calculation of payable tax being less than required by not more than AED 10,000, then you can correct this error in the current VAT Return in which you have discovered the error.

Under the "Amount" column, you should only declare the net amount of the correction excluding the amount of VAT.

If the error has resulted in a calculation of payable tax being less than required by more than AED 10,000, you should make a Voluntary Disclosure.



- **VAT Amount (AED):** Enter the VAT amounts relating to sales and other outputs and for each Emirate where applicable. You should also include reductions in the VAT amount due to credit notes issued and errors that you are allowed to correct from previous Tax Periods. For any corrections of errors, consider if you are required to make a voluntary disclosure instead, according to the provisions of the Federal Tax Procedures legislation.

If you become aware that a VAT Return that you have submitted previously contains errors that resulted in a calculation of payable tax being less than required by not more than AED 10,000, then you can correct this error in the current VAT Return in which you have discovered the error.

Under the “VAT Amount” column, you should only declare the VAT amount of the correction.

If the error has resulted in a calculation of payable tax being less than required by more than AED 10,000, you should make a Voluntary Disclosure.

- **Adjustment (AED):** Use this column for any adjustments required to Output Tax as a result of adjustments for Bad Debts. All amounts entered should be VAT amounts only and can only be negative amounts. These should be reported for each Emirate, where applicable, in accordance with the respective Output Tax amounts being adjusted.

In addition, the “adjustment” column in this section of the VAT return is used to record any adjustments made to the output tax due as a result of sales of commercial property in the UAE. If you are a seller of taxable commercial property in the UAE which has taken place in the tax period and the buyer has already paid for the output tax to the FTA, you must account for the output tax as normal and also include the output tax in the adjustments column. This will prevent accounting for the output tax twice, as the buyer has already made a payment of VAT to the FTA. All amounts entered should be VAT amounts only and can only be negative amounts. Again, these should be reported for each Emirate in relation to the Emirate in which the property is located.

If you are not claiming VAT Bad Debt Relief or making a real estate adjustment, you should not include anything in the “adjustment” column.



VAT on Sales and All Other Outputs

	Amount (AED)	VAT Amount (AED)	Adjustment (AED)
1a Standard rated supplies in Abu Dhabi*	20000	1000	0.00
1b Standard rated supplies in Dubai*			0.00
1c Standard rated supplies in Sharjah*			0.00
1d Standard rated supplies in Ajman*			0.00
1e Standard rated supplies in Umm Al Quwain*			0.00
1f Standard rated supplies in Ras Al Khaimah*			0.00
1g Standard rated supplies in Fujairah*			0.00
 2 Tax Refunds provided to Tourists under the Tax Refunds for Tourists Scheme*	- 0.00	- 0.00	
 3 Supplies subject to the reverse charge provisions*			
 4 Zero rated supplies*			
 5 Exempt supplies*			
 6 Goods imported into the UAE*	0.00	0.00	View Details
 7 Adjustments to goods imported into the UAE*			
 8 Totals	0.00	0.00	0.00

The below is a description of each box for the boxes 1 to 8:

Box 1: Standard rated supplies

Box 1 refers to the net value of standard rated supplies made, and the VAT due, on all standard rated supplies made by you. Standard rated supplies are those supplies which are subject to VAT at 5%. The net value means the value of the supplies excluding the VAT charged to the customer. For example, if you have sold goods for AED 100 with AED 5 of VAT, you should account for AED 100 under the "Amount (AED)" column and AED 5 under the "VAT Amount (AED)" column.



This information should be identified by the Emirate in which that supply was made. For businesses with fixed establishments in the UAE, the supply should be reported in the Emirate where the fixed establishment most closely connected to the supply is located. For non-established businesses, the supply should be reported in the Emirate where the supply was received.

Please refer to the table below for some examples of what to be included and not included into this Box:

Please include the following:

- The supply of goods and services subject to VAT at 5%
- Supplies of goods and services at a discounted rate (after deducting the discount value)
- Deposits received as part payment
- Sales through vending machines
- Supplies of commercial property
- Inter-company sales (where you don't have a Tax Group registration in place)
- Supplies made to staff, for example canteen takings, private use charges
- The sale of business assets
- Deemed supplies, such as gifts of business assets which are above the relevant limits provided in the VAT legislation or business assets put to private use. Goods and services that you own at the date of tax deregistration must also be reported here
- Reimbursements of expenses from customers where you have recovered the VAT on the expenses as a separate supply and made a recharge of the cost to your customer
- The full value of goods sold under the profit margin scheme (less any VAT calculated on the margin), even though the VAT due is only calculated on the profit achieved
- Sales from non-resident persons who are registered for VAT purposes in the UAE, where the importer is not responsible for the calculation and settlement of the tax
- Supplies of goods located within Designated Zones where the goods are consumed within the Designated Zone
- Reductions in value due to credit notes issued; or



- Errors that you are allowed to correct for previous Tax Periods. This will apply where you have discovered an error where the payable tax is more or less than required by AED 10,000 or less, and you discovered the error in this tax period. If the tax value of the error you have discovered is more than AED 10,000 you should submit a voluntary disclosure in the Tax Period in which the error was found.

Please exclude the following:

- sales of goods located within Designated Zones which are not consumed within the Designated Zone
- out of scope supplies
- zero-rated supplies, such as exports of goods or services outside the UAE, zero-rated educational services and zero-rated healthcare services; or
- disbursements.

You should use the Adjustments column only to:

- record any adjustments made to the output tax due as a result of any claims for VAT Bad Debt Relief, as noted above in this guide
- record any adjustments made to the output tax due as a result of sales of taxable commercial property in the UAE, as noted above in this guide.

Box 2: Tax Refunds provided to Tourists under the Tax Refunds for Tourists Scheme

Box 2 requires you to include the value of any tax refunds provided to tourists under the tax refunds for tourists scheme. You should only use this box if you are a retailer and provide tax refunds to tourists in the UAE under the official tourists refund scheme. The amounts reported in this box should always be negative, and will therefore reduce your total output tax liability.

Note: Only businesses registered and enrolled under the tax refunds for tourists scheme should use this box, otherwise nil values are already pre-populated and should be included within this box.

Please include the following:

The net and VAT amounts of any tax refunds that you have provided to tourists under the tax refunds for tourists scheme. You should report under the "VAT Amount (AED)" column the amount of VAT that you have refunded to tourists.



Box 3: Supplies subject to the reverse charge provisions

You should declare in Box 3 the value of supplies of goods and services received which are subject to VAT under the reverse charge mechanism. This includes imports of services where the customer is required to account for the VAT. Please disregard any imports of goods that have been declared to UAE customs during this Tax Period which are subject to the reverse charge and for which the import VAT is reported separately in Box 6. As a result, in most cases the values declared within this box will relate only to purchased services which are subject to the reverse charge mechanism. The **only** circumstance where a purchase of imported goods should be reported in this box would be where the movement was not declared via UAE Customs for some reason. The value to be included in these boxes include only the net value and VAT value of the output tax due on these supplies. If the taxable person is entitled to recover the VAT on the supply as input tax, that will be recovered in Box 10 of the VAT return.

Please refer to the table below for some examples of what to be included and not included into this Box:

Please include the following:
<ul style="list-style-type: none"> • Services received from foreign suppliers which are subject to the standard rate of VAT
<ul style="list-style-type: none"> • Services received from foreign suppliers which are subject to the zero rate of VAT
<ul style="list-style-type: none"> • Goods received which are subject to the reverse charge provisions and have not been declared to UAE customs (e.g. through an import declaration)
<ul style="list-style-type: none"> • Local supplies subject to the reverse charge provisions (e.g. specific supplies within the oil and gas industry)
Please exclude the following:
<ul style="list-style-type: none"> • Imports of goods into the UAE which are subject to the reverse charge provisions but which have been declared to UAE customs and therefore will be reported in Box 6 of the VAT Return.



Box 4: Zero-rated supplies

In Box 4, you should declare the value of supplies of goods and services which are subject to VAT at 0% ("zero-rated supplies"). Only the net value of the supply is required to be declared in this Box, since VAT on the supply is calculated as nil.

Please refer to the table below for some examples of what should be included in this Box:

Please include the following:

- Exports of goods and services outside the UAE.
- Local supplies of certain educational services and related goods and services
- Local supplies of certain healthcare services (e.g. preventive and basic healthcare services and related goods and services)
- Supplies or imports of investment precious metals
- Supplies of crude oil and natural gas

Box 5: Exempt supplies

All exempt supplies should be indicated in this Box. Only the net value of the supply is required to be declared in this Box, since there is no VAT on the supply.

Please refer to the table below for some examples of what should be included in this Box:

Please include the following:

- Local supplies of certain financial services
- Supplies of residential buildings through sale or lease, other than the ones subject to the zero rate of VAT
- Supplies of bare land
- Supplies of local passenger transport



Box 6: Goods imported into the UAE

Box 6 will include the net value and the output tax (i.e. VAT amount) due on goods which have been imported into the UAE. This will include all imports which have been declared through UAE Customs where payment of the VAT on import is to be made on the VAT return. The value of this box ("Amount (AED)") should be auto-populated based on imports you have declared under your customs registration number, which should be linked to your TRN. Please note that this amount will also include any customs duties and any Excise Tax that you have paid on the goods imported within this Tax Period. The respective output tax amount ("VAT Amount (AED)") will also be auto-populated by applying a 5% VAT to the net value amount. You should check that the values which have been included in this box match the values you expected to declare, based on the import declarations you have submitted during the tax period.

If you are an agent who imports goods into the UAE on behalf of non-registered persons, it is your responsibility to pay the tax in respect of the import of goods. Therefore, such imports should also appear in this box.

Please refer to the table below for some examples of what should be included in this Box:

Please include the following:

- Imports of goods into the UAE through UAE customs that have already been reported in your customs declarations
- Imports of goods from agents on behalf of an unregistered persons

Box 7: Adjustments to goods imported into the UAE

You should use this box **only** if the information that is prepopulated in Box 6 regarding goods imported into the UAE is incomplete or incorrect. If this is the case, you can use this box to make adjustments accordingly. The amounts of adjustments included into this box could be positive or negative, and you should be able to justify them, if asked to by the FTA. Please adjust accordingly, the net amount field and/or the VAT amount field depending on the adjustment to be made.



As noted above, VAT at the point of import is imposed on the Value of the import which comprises of the customs value as defined in the Customs legislation, including the value of insurance, freight and any customs fees and any Excise Tax paid on the import of the goods into the UAE. Therefore, import VAT will be imposed on top of your customs duties and Excise Tax inclusive value.

If any imports appear to have been excluded from Box 6 or appear to be incorrect, when comparing them to the amounts reported in your customs and (if applicable Excise Tax) import declarations, you can use Box 7 to make adjustments accordingly. For example, if you have imported goods worth 1 million AED plus VAT, and this import does not appear to be included within Box 6, you can manually include this within Box 7 (i.e. 1 million) and the respective VAT amount (if any). Furthermore, if you have imported any goods which are not subject to the standard rate of VAT of 5% (for example goods subject to the 0% VAT rate), please use Box 7 to adjust the VAT amount accordingly, as by default all of your imports have been assumed to be subject to a 5% VAT rate. Please note that it is your responsibility to identify such adjustments that are required to be made and adjust them through your VAT Return using Box 7. In order to be able to identify such adjustments which may be required, you may use the "View Details" option available on your screen in order to see how both the net amount of your total imports under "Amount (AED)" and the respective output tax or import VAT under "VAT Amount (AED)" in Box 6 are comprised.

If you are an agent who imports goods into the UAE on behalf of non-registered persons, it is your responsibility to pay the tax in respect of the import of goods. Therefore, if any such imports have been excluded from Box 6 or appear to be incorrect, you can use Box 7 to make adjustments accordingly for such amounts and/or the respective output tax as well.

Box 8: Totals

Box 8 automatically calculates the totals of all of the above boxes, arriving at the total output tax due to the FTA and total adjustments applicable to that value, for the tax period.

VAT on Expenses and all other Inputs

Fill in the VAT amount details on expenses and all other inputs as follows:



- **Amount (AED):** Enter all amounts relating to all expenses and inputs net of VAT, for which you would like to recover input tax.

You should also include reductions in value due to credit notes issued by supplies and errors that you are allowed to correct for previous Tax Periods. For any corrections of errors, consider if you are required to make a voluntary disclosure instead, according to the provisions of the Federal Tax Procedures legislation.

If you become aware that a VAT Return that you have submitted previously contains errors that resulted in a calculation of payable tax being more or less than required and it is not more than AED 10,000, then you can correct this error in the current VAT Return in which you have discovered the error.

Under the “Amount” column, you should only declare the net amount of the correction excluding the amount of VAT.

If the error has resulted in a calculation of payable tax being less than required by more than AED 10,000, you should make a Voluntary Disclosure as provided by the FTA.

- **Recoverable VAT amount (AED):** Enter the amounts of recoverable VAT only (not total incurred VAT, in case your ability to recover input tax is restricted). You should also include changes in the VAT amount due to credit notes and errors that you are allowed to correct from previous Tax Periods. For any corrections of errors, please consider if you are required to make a voluntary disclosure instead, according to the provisions of the Federal Tax Procedures legislation.

If you become aware that a VAT Return that you have submitted previously contains errors that resulted in a calculation of payable tax being more or less than required and by not more than AED 10,000, then you can correct this error in the current VAT Return in which you have discovered the error.

Under the “VAT Amount” column, you should only declare the VAT amount of the correction.

If the error has resulted in a calculation of payable tax being less than required by more than AED 10,000, you should make a Voluntary Disclosure as provided by the FTA.



- **Adjustment (AED):** Use this column for any adjustments relating to Input Tax for previously reported amounts which arise as a result of adjustments for bad debts, end of year adjustments to the recoverable Tax and/or adjustments under the Capital Assets Scheme.

All amounts provided should be VAT amounts and can be positive or negative amounts.

The first type of adjustment would be any adjustment relating to input tax previously recovered on purchases where you haven't paid the supplier of those goods or services for more than 6 months after the due date for payment. In such cases, the supplier is likely to claim VAT bad debt relief for the output tax he should have already paid to the FTA on the supply to you. Given that you haven't paid the supplier, and the FTA will be required to repay the VAT to the supplier, you are no longer entitled to the VAT you recovered on the supply and should repay it to the FTA in the adjustment box. If you later pay the expense in a subsequent tax period, you will be able to reclaim the input tax on the VAT Return for that tax period.

The second type of adjustment which could be included within this box would be an input tax apportionment annual adjustment, in cases where you are a business which can't recover all of the input tax it incurs. The input tax apportionment annual adjustment is due to be made in the first tax period following the end of the tax year. So, you would be expected to include the annual adjustment on this return if the VAT Return period reference number at the top of the VAT return is Period 1 for any tax year after 2018, i.e. from the beginning of 2019 onwards. The adjustment should relate to the tax year which has just ended. The values included within the adjustments column may either be positive or negative values. For more information on completing your input tax apportionment annual adjustment, please see the FTA website for guidance.

The third type of adjustment which could be included within this box would be adjustments under the Capital Assets Scheme. If any of your capital assets are eligible for the Capital Assets Scheme then the input tax incurred in relation to that capital asset should be adjusted in each tax year, according to the provisions of the VAT legislation and over a period of either five or ten consecutive years depending on the type of capital asset it is.



United Arab Emirates

Depending on the result of your adjustment calculation every year, input tax amount should be adjusted accordingly upwards or downwards by using this box of the VAT return.

If you are not performing any of the above adjustments, you should not include anything in the “adjustment” column.

VAT on Expenses and All Other Inputs

	Amount (AED)	⋮	Recoverable VAT amount (AED)	⋮	Adjustment (AED)	⋮
9 Standard rated expenses ^a	⋮				0.00	
10 Supplies subject to the reverse charge provisions ^b	⋮					
11 Totals	0.00		0.00		0.00	

Box 9: Standard rated expenses

Enter all expenses subject to the standard rate of VAT for which you would like to recover Input Tax. The total net value of the standard rated purchases on which you’re seeking to recover VAT should be reported in the “Amount (AED)” column. The VAT amounts relating to the net value of expenses and inputs previously included within the “Amount (AED)” column, should be included within the “Recoverable VAT Amount (AED)” column. This should only include the VAT you are entitled to recover, **not** the total value of VAT you have incurred on all costs. For example, if you have incurred 1,000 AED of input tax which directly relates to the making of exempt supplies this input tax is not recoverable by you. The net value of this irrecoverable cost should be reported within the “Amount (AED)” column. However, the VAT value should not be included within the “Recoverable VAT Amount (AED)” column.

You should also include any required adjustments to the Recoverable Tax under the “Adjustment (AED)” column, as indicated above.

Please refer to the table below for some examples of what to be included and not included into this Box:





United Arab Emirates

Please include the following:

- goods or services purchased for business purposes from VAT registered suppliers that were subject to VAT at 5%
- goods or services which were purchased at a discount
- the total price that you have paid for the goods purchased, which you are selling under the profit margin scheme
- goods or services purchased before your tax registration and for which you wish and are able to claim the tax incurred. The claim must be made in your first VAT return
- reductions in value due to credit notes received from suppliers; and
- errors that you are allowed to correct for previous Tax Periods. This will apply where you have discovered an error where the payable tax is more or less than required by AED 10,000 or less, and you discovered the error in this tax period. If the tax value of the error you have discovered is more than AED 10,000 you should submit a voluntary disclosure in the Tax Period in which the error was found

Please exclude the following:

- wages and salaries
- money put into and taken out of the business by you
- purchases that were purely for private or personal use
- expenses where the input tax is specifically disallowed, such as entertainment costs, motor vehicles which are available for private use and any other costs which are put to private use
- expenses which were incurred to make exempt or non-business supplies
- exempt or zero-rated purchases – note that purchases which were subject to VAT under the reverse charge mechanism should be recovered in Box 10, not Box 9
- purchases of goods located within Designated Zones which were not consumed in the Designated Zone or subsequently imported into the UAE mainland
- gifts or donations of money freely given for nothing in return
- purchases from members of the same tax group
- fines and penalty charges received e.g. traffic fines

You should use the Adjustments column only to:

- record any adjustments made to the input tax due as a result of any claims for VAT Bad Debt Relief made by your supplier, as noted above in this guide
- record any input tax apportionment annual adjustments
- record any Capital Assets Scheme adjustments



United Arab Emirates

Box 10: Supplies subject to the reverse charge provisions

Box 10 allows you to recover any VAT you have paid as output tax under the reverse charge mechanism which was declared in Boxes 3, 6 and 7 of the VAT return. If you are entitled to recover some or all of the VAT declared under the reverse charge mechanism, you should include the net value of the expenses you are eligible to recover and the VAT applicable on those expenses. Any element of the VAT incurred on expenses which were subject to the reverse charge mechanism and which is not recoverable, should not be reported in any of these boxes.

For example, if you previously declared supplies of 1 million AED which were subject to VAT under the reverse charge mechanism in Box 3 of the VAT return, you should also have declared 50,000 AED of output tax due on that supply. If you are entitled to recover all of the VAT incurred under the reverse charge mechanism, you should declare the same value of supplies in Box 10 and recover the same value of VAT. If, however, you are only entitled to recover half of the VAT incurred under the reverse charge mechanism then in Box 10 you should declare 1 million AED in the "amount" column and 25,000 AED in the "recoverable VAT amount" column. Even where you can't recover all of the VAT incurred on the supply, it is important that the full value of the supply and the output tax due to the FTA has been included within Box 3 above.

Please refer to the table below for some examples of what to be included and not included into this Box:



Please include the following:

- Services received from foreign suppliers which are subject to the standard rate of VAT and for which you are eligible to recover any VAT (these should have also been reported in Box 3)
- Services received from foreign suppliers which are subject to the zero rate of VAT (these should have also been reported in Box 3)
- Goods received which are subject to the reverse charge provisions and have not been declared to UAE customs (e.g. through an import declaration) and for which you are eligible to recover any VAT (these should have also been reported in Box 3)
- Local supplies subject to the reverse charge provisions (e.g. specific supplies within the oil and gas industry) and for which you are eligible to recover any VAT (these should have also been reported in Box 3)
- Imports of goods into the UAE through UAE customs that have already been reported in your customs declarations and for which you are eligible to recover any VAT (these should have also been reported in Box 6 and/or Box 7)
- Imports of goods from agents on behalf of an unregistered persons (these should have also been reported in Box 6 and/or Box 7)

Box 11: Totals

Box 11 then automatically calculates the total of the values declared in Box 9 and Box 10. These totals represent the total value of VAT you are entitled to recover, as well as any adjustments made to those values.

Net VAT Due

The following fields will indicate your payable tax for the Tax Period.

Net VAT Due

12. Total value of due tax for the period	1,000.00
13. Total value of recoverable tax for the period	0.00
14. Payable tax for the period	1,000.00



Box 12: Total value of due tax for the period

The total value of Output Tax that is due for the Tax Period will be calculated based on the above information. This will be the sum of the VAT and Adjustments columns in the Outputs section.

Box 13: Total value of recoverable tax for the period

The total value of Input Tax that is recoverable for the Tax Period will be calculated based on the above information. This will be the sum of the VAT and Adjustments columns in the Inputs section.

Box 14: Payable tax for the period

This will be the total due tax for the period less the total recoverable tax for the period and will indicate your net payable or recoverable tax for the current Tax Period.

If the figure in Box 12 is more than the figure in Box 13, the difference is the amount of VAT that you must pay. If the figure in Box 12 is less than the figure in Box 13, then you will be eligible to request a refund for the net amount of recoverable tax.

If you do not wish to request for a refund of the excess recoverable tax, your excess recoverable tax will be carried forward to subsequent Tax Periods and can be used to offset against payable tax and/or penalties, or you can apply for a refund later at any point in time.

Box 15: Do you wish to request a refund for the above amount of excess recoverable tax.

If you are in a net recoverable position, an option will be available on the VAT Return to request a refund of the excess recoverable tax.

If 'Yes' is selected, you will be required to complete the VAT refund application (Form VAT311) after the VAT Return Form is submitted.

If you select 'No', your excess recoverable tax will be carried forward to subsequent Tax Periods and can be used to offset against payable tax and/or penalties.



Additional Reporting Requirements

Please note that the additional reporting requirements section requires the provision of additional reporting only for specific taxable persons to whom this specific section applies. If the below section does not apply to you for the specific Tax Period you are filing for, please indicate 'No' as your answer.

The additional reporting requirements section does not have any financial implications on your VAT payable or recoverable amounts as it does not impact the VAT Return totals.

Profit Margin Scheme

You will be required to indicate whether you have used and applied the provisions of the Profit Margin Scheme during this period. Please select 'Yes' only if you have used the Profit Margin Scheme during the current Tax Period for which you are filing the current VAT Return.

Additional Reporting Requirements

Profit Margin Scheme

Did you apply the profit margin scheme in respect of any supplies made during the tax period?

Yes No



Declaration and Authorised Signatory

Once you have finished filling in the VAT Return form, tick the box next to the declaration section.

Please note that all of the relevant Authorised Signatory details and information will be prepopulated based on the information that has already been provided upon the completion of your Taxable Person records.

Declaration and Authorised Signatory

Name in English

Abbas

Name in Arabic

أبو

Phone/mobile country code

United Arab Emirates (+971)

Phone/mobile number

564914215

Date of submission (dd/mm/yyyy)

22/01/2018

E-mail address



I declare that all information provided is true, accurate and complete to the best of my knowledge and belief.

Cancel

Save as draft

Submit