

# ARE YOU VAT READY?

## VAT • AUDIT



### Key Questions

**Q:** What is VAT?

**A:** VAT means Value Added Tax. An indirect tax charged on supply of goods and services at any point in the supply chain and is payable by anyone consuming the goods or services being supplied. The tax is payable to the Government.

**Q:** What needs to be done as a business owner?

**A:** Three things have to be done as follows:

1. Register for VAT;
2. Submit returns periodically to the Tax Authorities; and
3. Pay the tax amount due on or before due date.

**Q:** What will happen if not VAT compliant?

**A:** Some of the consequences will be:

1. Failure to register attracts a fine of up to **BD 10,000**.
2. Failure to submit required information to the Tax Authorities attracts a fine of up to **BD 5,000**.

**Q:** What is the possible impact on my business?

**A:** The impact of VAT varies from one company to another depending on the nature of business and the complexity of operations and the accounting system in place. Some of the common effects are:

1. Cash flow – claimable input tax may take time to receive from Government.
2. Tax accounting – additional administrative budget to account for the VAT.
3. Financial reporting – more transparency will be required in reporting.
4. Compliance process – preparation and filing of VAT returns.

## VAT Consultants

### How can we help you?

- Assessment of VAT registration documents
- Assistance in VAT registration
- Assistance in developing a robust system of compliance
- Assistance in recording of proper accounting records
- Assistance in step-by-step preparation and filing of returns
- Assistance in processing the tax payments or claim refunds

### ALRMEH Consultants (ARC)



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**ASSESSMENT - PLAN - IMPLEMENTATION - REPORTING**