
VAT compliance requirements

VAT compliance requirements – Record keeping

UAE

- VAT records expected to be retained for **minimum period** (expected 5 years)
- Retention of records may be in **hard copy or electronic form**
- Records must be able to be **reproduced** upon request during a VAT audit or verification
- Retention specifically important for **0% or exempt transactions**

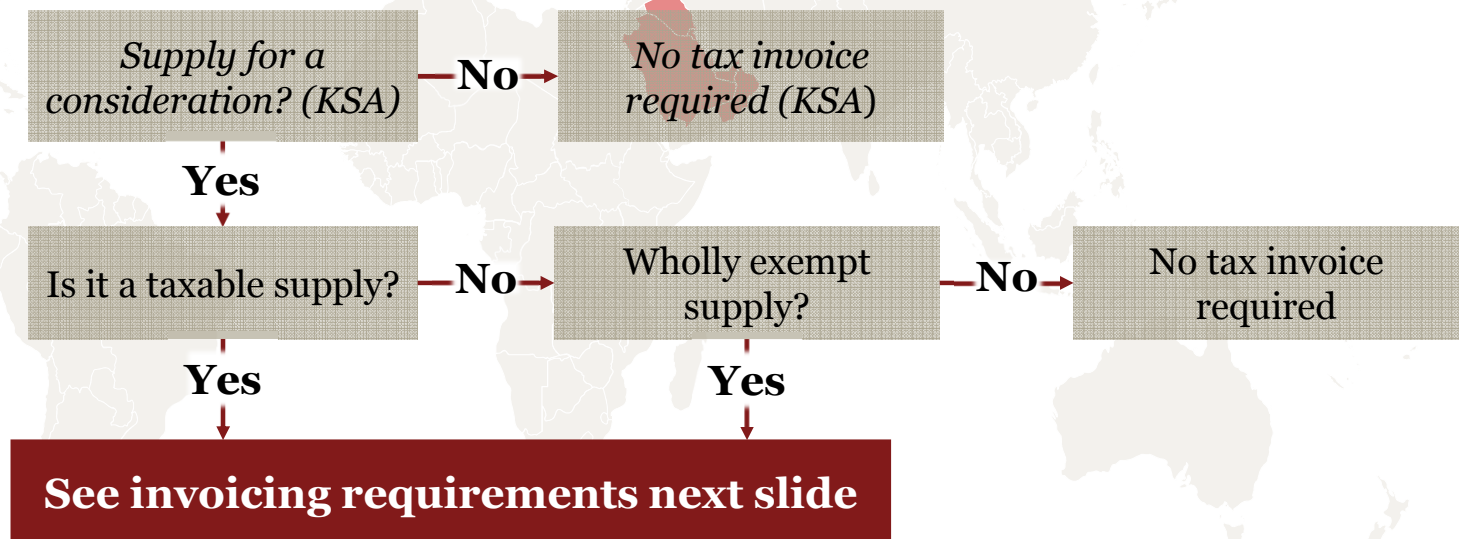
Records may include:

- Tax invoices issued and received
- Adjustment notes issued and received (e.g. debit / credit notes)
- Accounting records
- Import or export declaration documents
- Copies of VAT returns
- Documents relating to the transfer or disposal of land and buildings

Tax invoices - KSA

A taxable person who makes taxable supply of goods and services is required to issue a tax invoice. A tax invoice is the main document for supporting an input tax claim. Invoices issued and received must be stored and kept.

When to issue a Tax Invoice?



Tax Invoices

	UAE	KSA
Issuance of the Tax Invoice	<i>UAE Law: The Registrant shall issue a Tax Invoice within 14 days as of the date of supply as stated in Article (25) of this Decree-Law</i>	<i>KSA Law: A VAT invoice must be issued, at the latest, by the 15th of the month following the month in which the supply took place.</i>
Simplified Tax Invoice	<i>It is expected for a Taxable Person to be able to not provide a Tax Invoice for a supply that does not exceed AED 5,000, unless he has been requested to do so by the Recipient. If he is, he may issue a simplified invoice.</i>	<i>A simplified Tax Invoice may be issued for a Supply of Goods or services valued at less than one thousand (1,000) riyals. A simplified Tax Invoice may not be issued in respect of an Internal Supply or an Export of Goods.</i>
Self billed invoice	<i>Recipient of services/goods agreed to raise a valid Tax invoice on behalf of the supplier. This requires prior agreement and approval from the authorities.</i>	<i>Recipient of services/goods agreed to raise a valid Tax invoice on behalf of the supplier. This requires prior agreement and approval from the authorities.</i>

Tax Invoices – Expected Requirements

On and after 1 January 2018, companies will be required to issue a valid Tax invoice when making any taxable supply of goods or services in the course of its business.

The Tax invoice must contain the prescribed particulars in respect of the supply as required by the VAT law.

This will also apply to inter-company cross charges.

The tax invoice is likely to require the following details:

- The words “Tax invoice” (English is acceptable but must also be shown in Arabic)
- A sequential unique Tax invoice number
- The date of issue of the invoice
- The time of supply (tax point), where different from the date of issue of the invoice
- Supplier’s name, address, and VAT registration number
- Recipient’s name and address (there may be requirement to include the recipient VAT registration number)
- A description of goods/ services supplied
- For each description, the quantity of goods or the extent of the services, and the rate of VAT and the amount payable, excluding VAT, expressed in the local currency
- The gross total amount payable, excluding VAT, expressed in the local currency
- The rate of any cash discount offered
- The total amount of VAT chargeable, expressed in the local currency
- The unit price

Tax Invoices – Example UAE

There may be special rules to issue a simplified Tax invoice (i.e. to omit certain prescribed requirements of a full Tax invoice) for taxable supply of less than AED 10,000 (expected amount).

TAX INVOICE

فاتورة ضريبية

Sequential Tax invoice Number

Date

Name of Taxable Person
VAT Registration Number
Address and Contact Details

Name of Customer
VAT Registration Number
Address and Contact Details

Ref Number	Description	Quantity	Unit Price exclusive of VAT	Unit Price inclusive of VAT	Total exclusive of VAT	Total inclusive of VAT

Total

Applicable VAT rate

VAT amount

Subtotal

Tax invoices – Example KSA

VAT INVOICE

From: **Company Name**
Address Line 1
Address Line 2

To: **Receiving company name**
Address Line 1
Address Line 2
VAT Number

Issue Date 01 Jan 2018
Invoice Number 00001
Due Date 31 Jan 2018
VAT Number of supplying 0000000001003

Ser.	Code (SKU)	Item Description	Date of supply	Qty.	Total price excl. VAT	VAT %	VAT SAR	Total SAR
1	0001	First item	01/01/18	10	100.00	5	5.00	105.00
2								
3								

Total excl. VAT SAR 100.00
VAT 5.00
Total 105.00
Balance due 105.00

Any discounts or rebates if they are not included in the unit prices

The amount of VAT payable shown in Riyals + currency rate applied

VAT compliance requirements

Sample VAT return

- VAT returns to be submitted on a periodic basis (expected to be quarterly or monthly)
- To report all supplies (e.g. standard rate, zero rate and exempt) and purchases (input tax credit)
- Calculate net VAT position and make payment or claim a refund accordingly
- Reporting of Transactions at Emirates level

VAT Return		
For the period	31-March 18	
VAT on Sales	1	x
VAT due on acquisitions from other Members States	2	x
TOTAL VAT Due (sum of Boxes 1 and 2)	3	x
VAT reclaimed on purchases and other inputs (including acquisitions from the GCC)	4	x
NET VAT to be paid to Tax Authority	5	x
Total value of sales and all other outputs excluding any VAT	6	X
Total value of purchases and all other inputs excluding any VAT	7	x
Total value of supplies of goods and related costs, excluding any VAT, to other GCC Member States	8	x
Total value of acquisitions of goods and related costs, excluding any VAT, from other GCC Member States	9	x

VAT Penalties – KSA

Fine not less than the amount of Tax due and not more than three times the value of the goods or services which are the subject of the evasion.

Evasion of VAT

Fine not exceeding 50,000 SAR

Failure to Comply with GAZT Inquiries / any other violations

Fine not exceeding 50,000 SAR

Failure to Maintain Records

Fine not exceeding 100,000 SAR for issuing a Tax Invoice, without prejudice to any stricter set out by any other law..

Issue VAT Invoices by Unregistered Entities

Fine 10,000 SAR.

Failure to Register

50% of overstated reported tax.

Overstated Reported Tax for Refund

50% of understated reported tax.

Understated Reported Tax for payment

5% of unpaid tax.

Failure of Tax Payment

Fine 5% - 25% of the tax that would have to be declare.

Failure to File Tax Return Report

Fine may be doubled if same violation is repeated within three years.

Double penalty

**VAT
penalties**

VAT Penalties – UAE (Cabinet Decision 39 and 40)

Fine not less than the amount of Tax due and not more than three times the value of the goods or services which are the subject of the evasion.

Evasion of VAT

15,000 AED

Failure to display VAT inclusive prices

10,000 AED for the first time.
50,000 AED in case of repetition.

Failure to Maintain Records

Fine not exceeding 100,000 SAR for issuing a Tax Invoice, without prejudice to any stricter set out by any other law..

Issue VAT Invoices by Unregistered Entities

Fine 20,000 AED / 10,000 AED.

Failure to Register or Deregister

Two penalties are applied:

- 1. Fixed penalty of:
3,000 AED for the first time.
5,000 AED in case of repetition*
- 2. Percentage based penalty shall be applied on the amount unpaid to the Authority
50% - 30% - 10%*

Submission of incorrect tax return

15,000 AED per invoice or credit/debit note.

Failure to issue invoice/credit notes

1,000 AED for the first time.
2,000 AED in case of repetition within (24) months.

Failure to File Tax Return Report

**VAT
penalties**