UAE Business Solutions

UAE VAT DO'S AND DON'TS

DO'S

Do – Register for VAT if your turnover in the last 12 months or the next 12 months was/will be over 375,000 AED

Do – Register for VAT before the 4th December 2017 or as quickly as possible after the 4th December to avoid penalties and personal liability for VAT.

Do – Ensure your accounting system can generate UAE VAT compliant sales invoices

Do – Ensure you are ready to generate and capture output and input tax after 7am on the 1st January 2018. That is the go live time and date for UAE VAT.

Do – Ask all your existing customers for their TRN as you will need to include this on your sales invoices

Do – Ask your suppliers for their TRN as only those registered will be able to charge VAT from the 1st January and for you to be able to claim it back on your VAT return.

Do – Ensure that your customer records reflect the legal name of your customers. A request for their trade licence should be made and a check of your customer database performed.

Do – Ensure you understand if your business is standard rated, zero or exempt for UAE VAT

Do - Register for a VAT group status if you have 2 or more businesses that make related party transactions. This will avoid the need to prepare separate VAT returns for each business.

Do- Retain your VAT records for 5 years

Do – Prepare accounts – at least from the 1st January 2018 (it's the law)

Do – Understand "place of supply" as a concept. This will determine whether you charge VAT or not.

Do – Issue sales tax invoices within 14 days of the date of supply. After this date the customer can legally reject your invoice

Do – Express VAT in AED on all tax invoices

Do – Publish all your prices inclusive of VAT – Article 27 requirement

Do – Understand that free zone companies also have to register and account for VAT

Do – Ensure you know the reporting and filing period for your VAT return and payment

Do – Disclose any errors identified within 30 days of becoming aware of the error.

Do – Understand the reverse charge mechanism fully

Do – Download a copy of the VAT law and Executive Regulations on VAT. They are both available on the MOF Website.

Do – Think about your sales by Emirate and how you will capture this information. The FTA will be looking for this information on your return.

Do – Retain all documentation related to the supply of goods and services to other VAT implementing states. This includes: export notices, customs documents, invoices, etc.

Do – Understand that the standard tax period is 3 calendar months per Article 62. The authority can assign or a shorter or longer tax period depending on circumstances arising.

Do – Understand that a tax return must be received no later than the 28th day after the designated tax period.

DON'TS

Don't – Ignore VAT and think it's not happening – it is!

Don't – Add VAT to any invoices before the 1st January 2018. VAT does not exist until this point.

Don't – Add VAT to any sales quotes before the 1st January 2018.

Don't – Accept any invoices from suppliers with VAT included in them before the 1st January 2018

Don't – Believe rumours you hear about VAT. The FTA and MOF websites are the only true source of information.

Don't – Choose not to register for VAT if you know your turnover is or will be more than 375,000 AED. This is tax evasion and you will be found out and fined.

Don't – Destroy records related to input or output tax. The FTA can request original copies of documents as part of an audit.