



UAE - TAX INVOICE

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FRAMEWORK



GCC AGREEMENT

- GCC AGREEMENT
- Sets broad principles of VAT with some mandatory elements
- Agreement implementation and enforcement is responsibility of each state



VAT ACT

- VAT ACT
- Primary legislation in KSA:
- Gives effect to GCC agreement, governing how VAT is administered
- Sets out VAT implementation and VAT compliance enforcement



VAT REGULATION

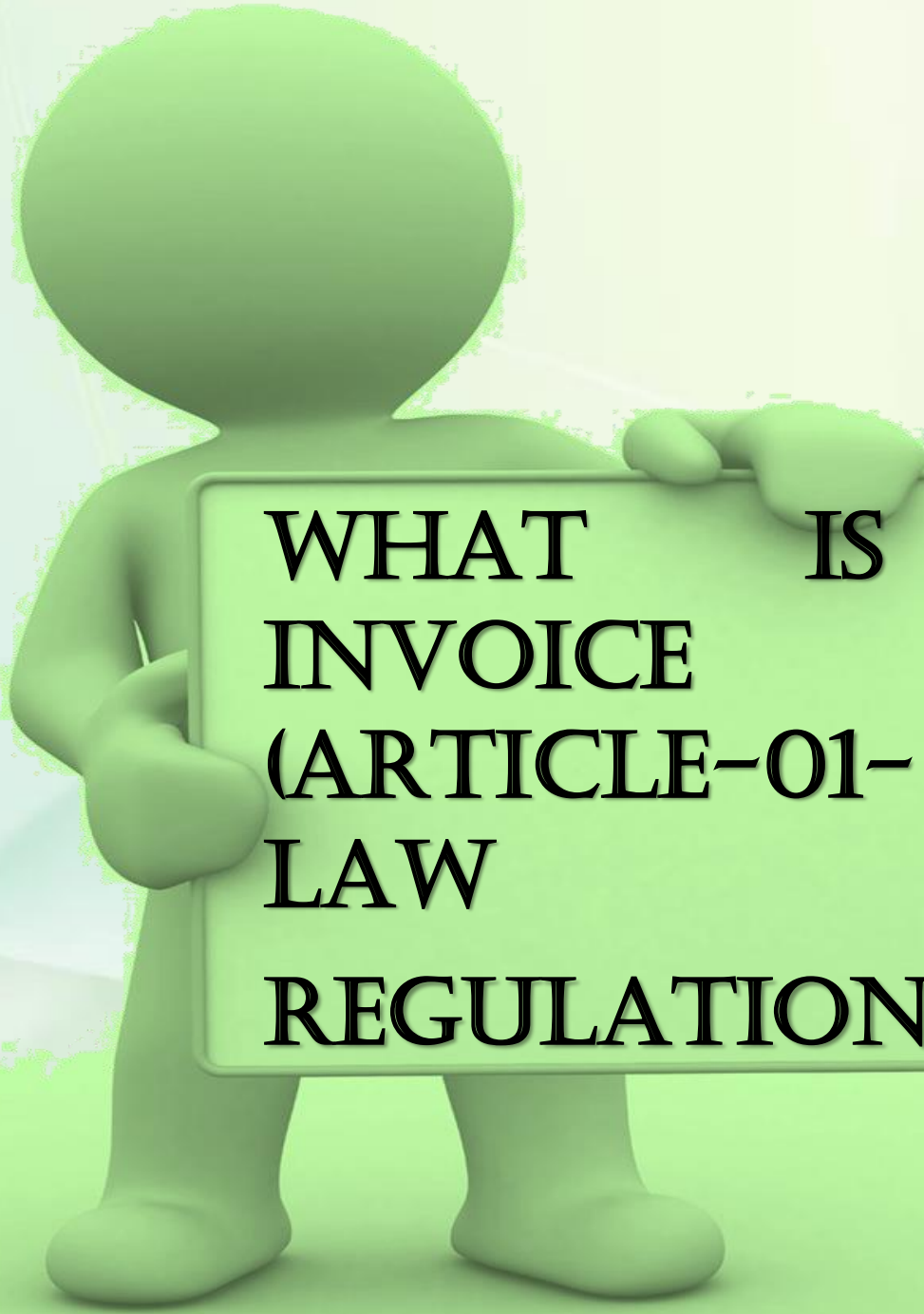
- VAT REGULATION
- VAT Regulations are the secondary domestic legislation to provide further details.
- Provide additional rules and interpretation of the GCC agreement and the VAT Law

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17.	Penalties for Non-Generation or Wrong Generation of Invoice	UAE Cabinet Approves Decisions No. (39) and (40) for 2017 on Federal Tax Authority's Service Fees, Administrative Fines Federal Law No. (7) of 2017 on Tax Procedures.	

A 3D green cartoon character is holding a large rectangular sign. The sign contains text about tax and VAT regulations. The background is a soft-focus image of green leaves.

**WHAT IS TAX
INVOICE
(ARTICLE-01-
LAW
REGULATIONS)**

**VAT
&**



A written or electronic document in which the occurrence of a **Taxable Supply** is recorded with **details** pertaining to it.

A 3D green cartoon character is holding a large rectangular sign. The sign contains text about input tax deduction and invoice-tax law.

**INPUT
DEDUCTION
TAX
(ARTICLE 55 -
LAW)**

**TAX
AND
INVOICE-
VAT
LAW)**

Taking into consideration the provisions of Article (56) of this Decree-Law, **the Recoverable Input Tax may be deducted through the Tax Return relating to the first Tax Period in which the following conditions have been satisfied:**

(a.) The Taxable Person receives and keeps the Tax Invoice as per the provisions of this Decree-Law, provided that the Tax Invoice includes the details of the supply related to such Input Tax, or keeps any other document pursuant to Clause (3) of Article (65) of this Decree-Law in relation to the Supply or Import on which Input Tax was paid.

CONDITIONS AND REQUIREMENT S FOR ISSUING TAX INVOICES (ARTICLE NO. 65- VAT LAW)



A Registrant making a Taxable Supply shall issue an original Tax Invoice and deliver it to the Recipient of Goods/Services.

A Registrant making a Deemed Supply shall 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.

Any Person who receives an amount as Tax pursuant to any document issued by him shall pay this amount to the Authority even if it is not due.

Article 65 (3) of VAT LAW	Reference Article of Regulation
The Executive Regulation of this Decree-Law shall specify the following:	
Data to be included in the Tax Invoice.	Article 59 (1), 59(2),59(5) and Article 59(6)
The conditions and procedures required to issue an electronic Tax Invoice.	Article 59(8)
Instances where the Registrant is not required to issue and deliver a Tax Invoice to the Recipient of Goods or the Recipient of Services.	Article 59(3) and Article 59(7)(b)
Instances where other documents may be issued in place of the Tax Invoice as well as the conditions thereof and the data to be included therein.	Article 50(7) and Article 50(8)
Instances where another Person may issue a Tax Invoice on behalf of the registered supplier.	Article 59 (9)

A 3D green stick figure is holding a rectangular sign. The figure is positioned behind the sign, with its hands visible at the top and sides. The sign is light green with a thin dark border. The background is a soft-focus image of green leaves and branches.

TAX INVOICE (ARTICLE-59-VAT REGULATION)

59(4):Where a Taxable Person is required to issue a Tax Invoice, the Tax Invoice must meet the requirements of Clause (1) of this Article.

59 (1): A TAX INVOICE SHALL CONTAIN ALL OF THE FOLLOWING PARTICULARS:

S. No. PARTICULARS:

1. The words “Tax Invoice” clearly displayed on the invoice.
2. The name, address, and Tax Registration Number of the Registrant making the supply.
3. The name, address, and Tax Registration Number of the Recipient where he is a Registrant.
4. 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.
5. The date of issuing the Tax Invoice.
6. The date of supply if different from the date the Tax Invoice was issued.
7. A description of the Goods or Services supplied.

Contd.....

<u>S. No.</u>	<u>PARTICULARS:</u>
----------------------	----------------------------

- | | |
|-----|---|
| 8. | For each Good or Service, the unit price, the quantity or volume supplied, the rate of Tax and the amount payable expressed in AED. |
| 9. | The amount of any discount offered. |
| 10. | The gross amount payable expressed in AED. |
| 11. | The Tax amount payable expressed in AED together with the rate of exchange applied where the currency is converted from a currency other than the UAE dirham. |
| 12. | Where the invoice relates to a supply under which the Recipient of Goods or Recipient of Services is required to account for Tax, a statement that the Recipient is required to account for Tax, and a reference to the relevant provision of the Decree-Law. |

59(5):Conditions to issue simplified Tax Invoice

In any of the one condition:

Recipient of Goods or Recipient of Services is not a Registrant

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

59(2):A simplified Tax Invoice shall contain all of the following particulars:

<u>S. No:</u>	<u>PARTICULARS</u>
---------------	--------------------

- | | |
|----|---|
| 1. | The words “Tax Invoice” clearly displayed on the invoice. |
| 2. | The name, address, and Tax Registration Number of the Registrant making the supply. |
| 3. | The date of issuing the Tax Invoice. |
| 4. | A description of the Goods or Services supplied. |
| 5. | The total Consideration and the Tax amount charged. |

59(6): 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.**

59(3): 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**.

59(7):

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 this Article shall not be contained on a Tax Invoice.
- b. A Tax Invoice is not required to be issued in certain cases.

59(8):

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

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

59(9):

Where a Recipient agrees to raise a Tax Invoice 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 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 the particulars required under Clause (1) of this Article.
- d. The words “Tax Invoice raised by buyer” are clearly displayed on the Tax Invoice.

59(10):

Where a Tax Invoice is issued pursuant to Clause (9) of this Article, any invoice issued by the Supplier in respect of that supply shall be deemed not to be a Tax Invoice.

59(11):

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.

59(12):

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

- 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.

Reference: Article 66 of VAT Law

**DOCUMENT
OF SUPPLIES
TO AN
IMPLEMENTI
NG STATES
(ARTICLE NO.
66-VAT LAW)**

Each Registrant
who supplies
Goods or
Services



in any of the
Implementing
States,



Shall provide to
the Recipient a
document that
includes all the
information



provided that this document is not
labelled "Tax Invoice" and does not
include any Tax charged.



that must be
included in the Tax
Invoice as specified
in Regulation

A 3D green stick figure stands in the center, holding a rectangular sign with both hands. The sign is light green with a thin dark border and contains black text. The background is a soft-focus image of green leaves and branches.

**TAX PAYMENT ON
IMPORTS BY AGENT
FOR UNREGISTERED
PERSON (ARTICLE 50-
VAT REGULATION)**

50: Tax Invoice By Agent: Imports by Unregistered Persons

50(4) where a Person who is not registered for Tax imports Goods is using an agent who acts on behalf of the Person for the purposes of importing the Goods into the State and who is registered for Tax in the State, the agent shall be responsible for the payment of the Tax in respect of the Import of Goods.

50(5) Agent pay Tax as though he imported the goods himself

50(7) Where an agent has paid Tax on behalf of another Person in accordance with this Article, it shall issue a statement to that other Person which contains, at the minimum, all of the following details:

- a. The name, address, and Tax Registration Number of the agent.
- b. The date upon which the statement is issued.
- c. The date of Import of the relevant Goods.
- d. A description of the imported Goods.
- e. The amount of Tax paid by the agent to the Authority in respect of the imported Goods.

50(8) The statement issued by the agent to a Person in accordance with this Article shall be treated as a Tax Invoice.

A 3D green cartoon character is holding a rectangular sign. The character has a round head, no facial features, and is wearing no clothes. It is standing on a green surface. The sign is white with a green border and contains the text 'DATE OF ISSUANCE OF TAX INVOICE (ARTICLE-67-VAT LAW)' in black, bold, serif capital letters.

**DATE OF ISSUANCE
OF TAX INVOICE
(ARTICLE-67-VAT
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.

**ROUNDING ON
TAX INVOICES**

**(ARTICLE NO. –
68 –VAT LAW)**

&

**(ARTICLE NO.–
61– VAT
REGULATIONS)**

ROUNDING ON TAX INVOICES:

For the purpose of stating the Tax due on a Tax Invoice, the Executive Regulation shall specify the method of calculation and stating the total amount to be paid if the Tax is less than one fils of a UAE Dirham.

**ARTICLE-68 of
VAT Law**

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.

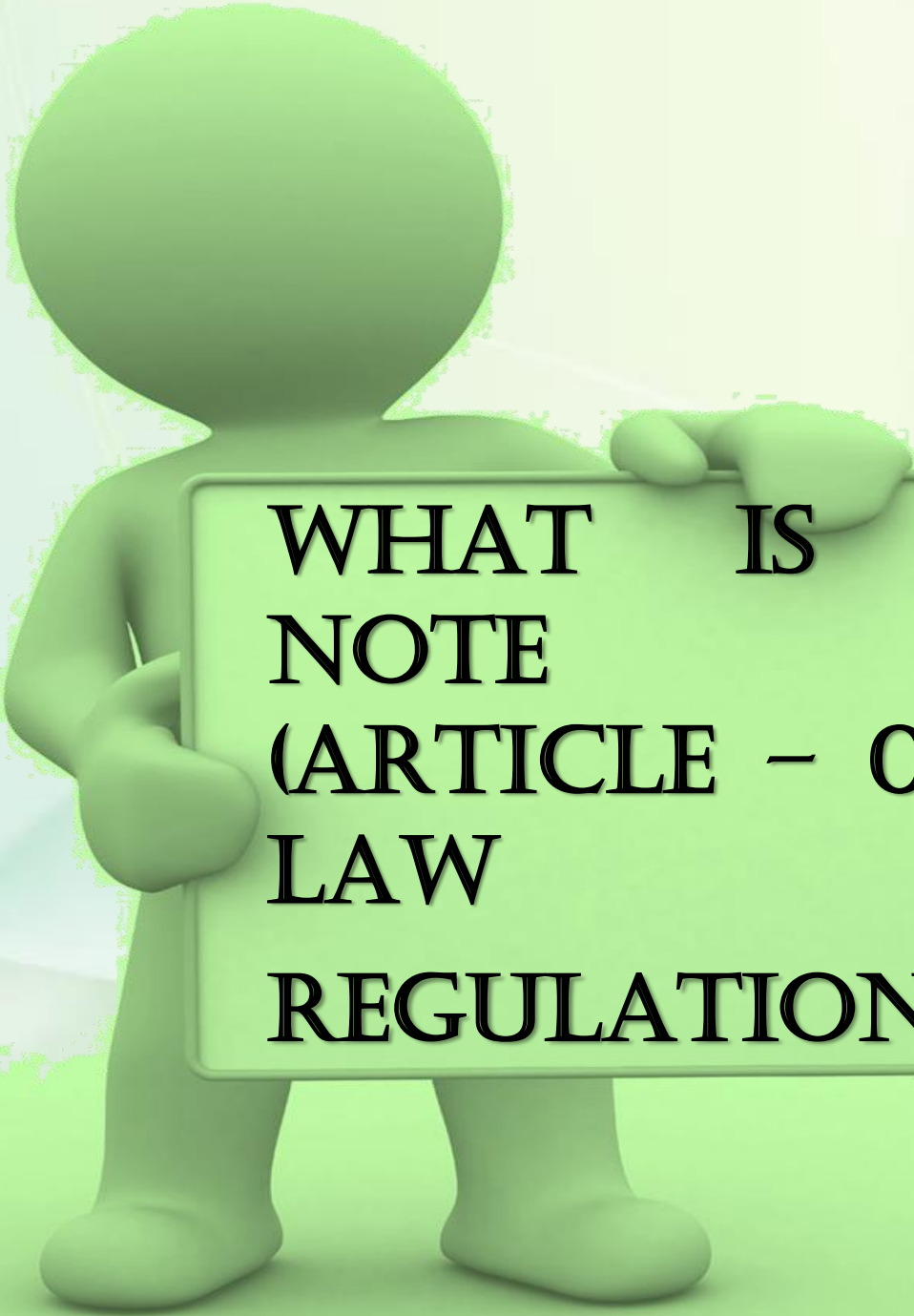
**ARTICLE-61 of
VAT
Regulations**

CURRENCY USED ON TAX INVOICES (ARTICLE NO. 69)





If the supply is in a currency other than the UAE Dirham, then for the purposes of the Tax Invoice, the amount stated in the Tax Invoice shall be converted into the UAE Dirham according to the exchange rate approved by the Central Bank at the date of supply.

A 3D green cartoon character with a large head and small body, holding a rectangular sign with both hands. The character is standing on a green surface. The background is a light green and blue abstract design with geometric shapes.

**WHAT IS CREDIT
NOTE
(ARTICLE – 01 – VAT
LAW &
REGULATIONS)**



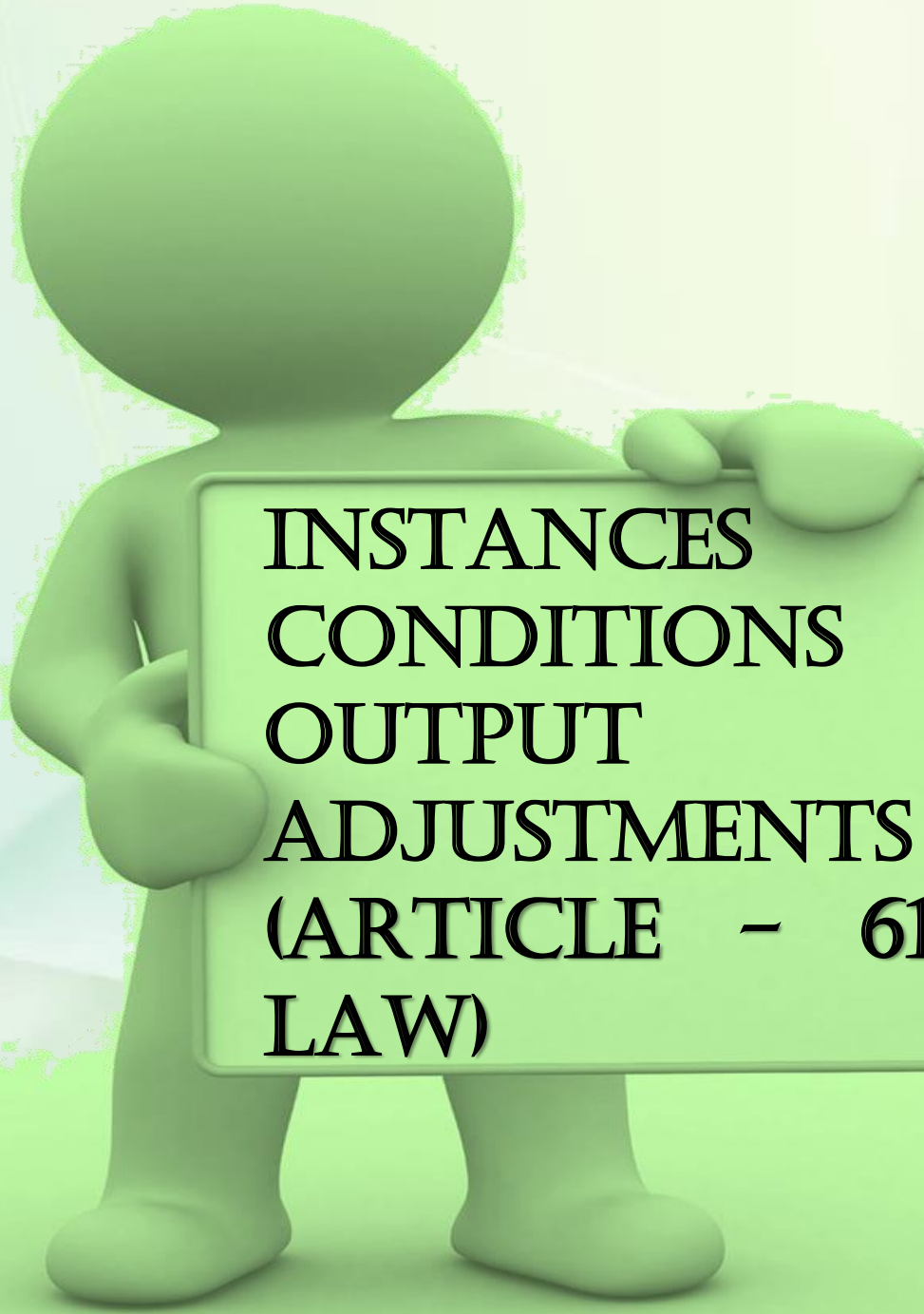
A **written or electronic document** in which the **occurrence of any amendment** to a Taxable Supply that **reduces or cancels** the same is recorded and the **details** pertaining to it.

A 3D green stick figure stands behind a large, light green rectangular sign. The figure's right arm is raised, with its hand resting on the top edge of the sign. The figure's left arm is bent, with its hand near the bottom left corner of the sign. The background is a soft-focus image of green foliage.

**MECHANISM FOR
OUTPUT TAX
ADJUSTMENT
(ARTICLE - 62 - VAT
LAW)**

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.

If the Output Tax due for the supply exceeds the Output Tax calculated by the Registrant, the Registrant shall issue a new Tax Invoice for the additional amount of Tax and calculate the additional Tax due for the Tax Period during which such an increase was identified.

A 3D green cartoon character is holding a large rectangular sign. The sign contains text about tax law. The background is a soft-focus image of green leaves.

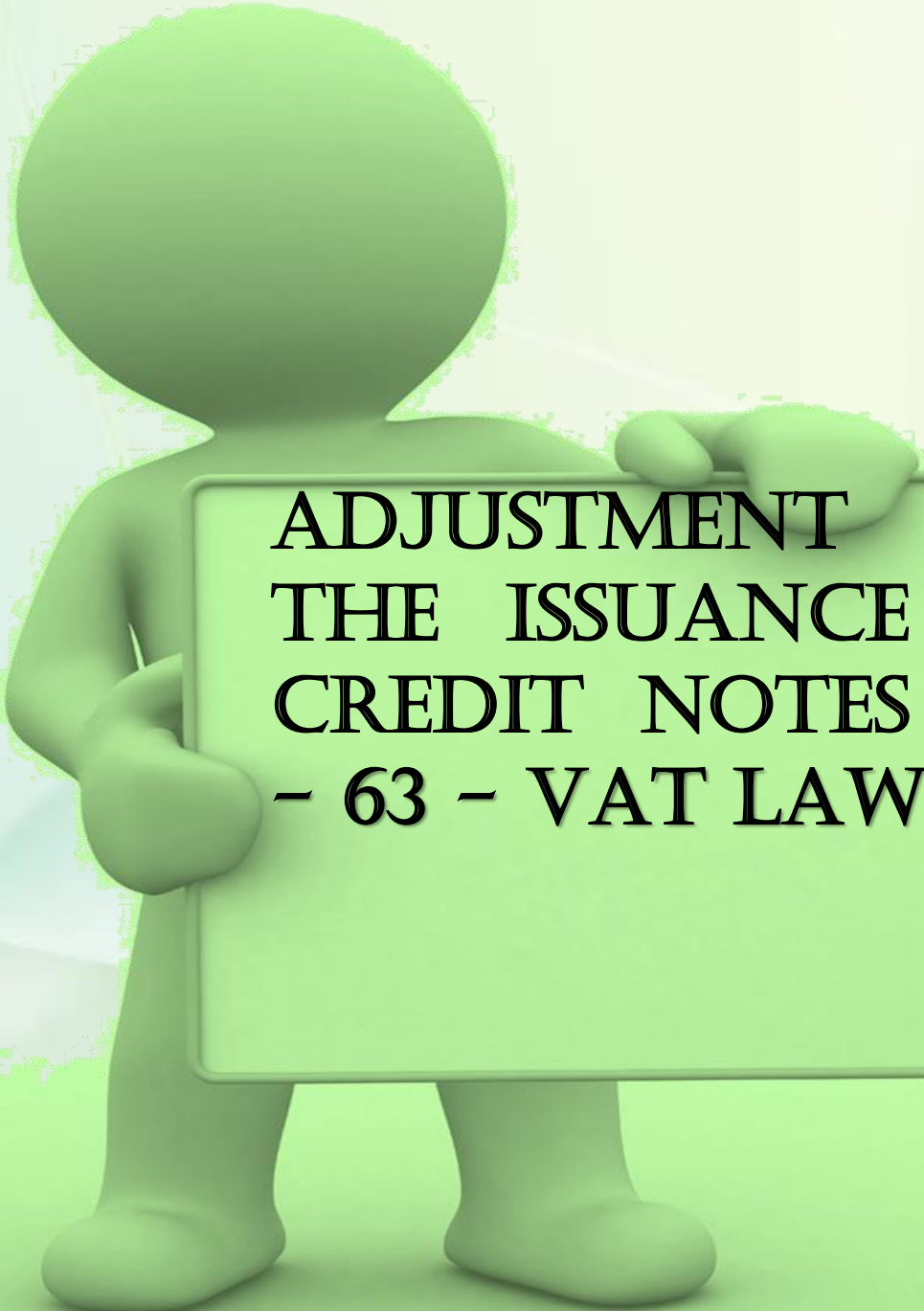
**INSTANCES AND
CONDITIONS FOR
OUTPUT TAX
ADJUSTMENTS
(ARTICLE - 61 - VAT
LAW)**

A Registrant shall adjust Output Tax after the date of supply in any of the following instances:

- If the supply was cancelled.
- If the Tax treatment of the supply has changed due to a change in the nature of the supply.
- If the previously agreed Consideration for the supply was altered for any reason.
- If the Recipient of Goods or Recipient of Services returned them to the Registrant in full or in part and the Consideration was returned in full or in part.
- If the Tax was charged in error. However it shall not apply where the place of supply was treated by the supplier at the Date of Supply as being subject to Clause (1) of Article (27), but, as a result of a movement of the Goods, it turned out that it should have been treated as a supply under paragraph (b)(1) of Clause (3) of the same.

In order to adjust the Output Tax any of the following conditions shall be met:

- a. If the Output Tax amount charged on the supply stated in the Tax Invoice does not match the Tax that should actually be charged on the supply as a result of any of the events mentioned in previous slide.
- b. If the Registrant submits a Tax Return for the Tax Period during which the supply occurred and an amount was incorrectly calculated as being the amount of Output Tax due for this supply as the result of any of the events mentioned in previous slide.

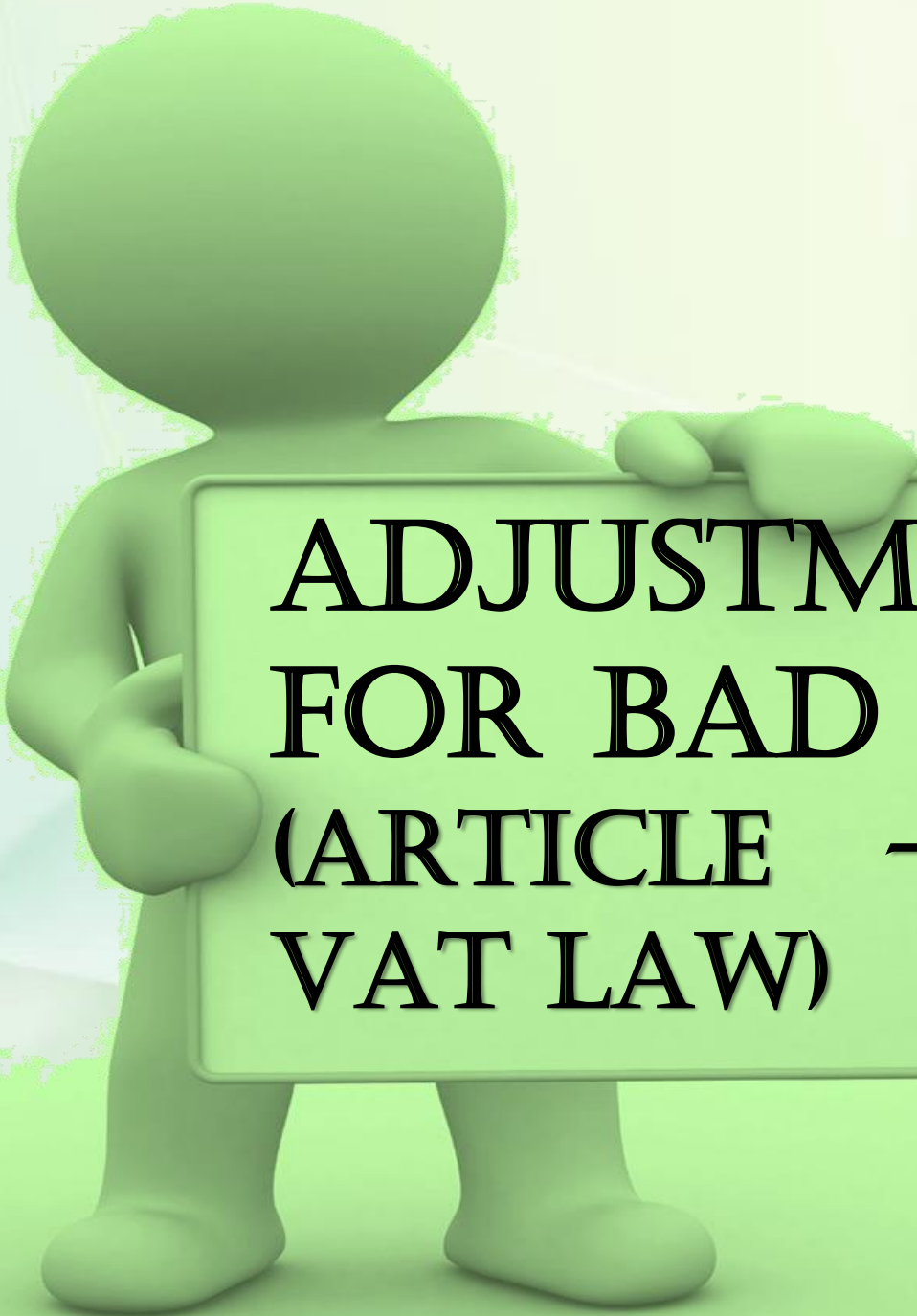
A 3D green cartoon character is holding a large rectangular sign. The character has a round head, a simple body, and is standing on a green surface. The sign is white with a green border and contains text in a black serif font. The background is a soft-focus image of green leaves and a light blue sky.

**ADJUSTMENT DUE TO
THE ISSUANCE OF TAX
CREDIT NOTES (ARTICLE
- 63 - VAT LAW)**

if the Registrant issues a Tax Credit Note to correct Output Tax charged to the Recipient of Goods or Recipient of Services, the Tax stated in the Tax Credit Note shall be considered as:

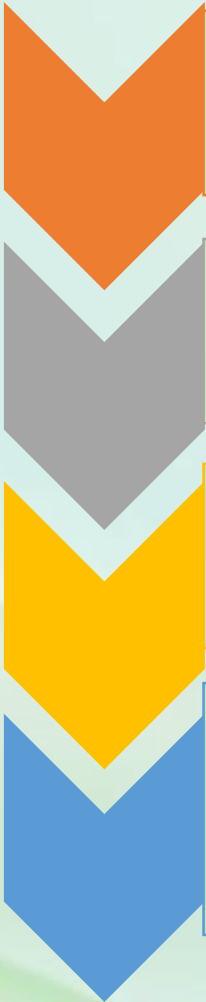
A reduction of the Output Tax for the Registrant of this Tax Credit Note.

A reduction of the Input Tax by the Recipient of Goods or Recipient of Services for the Tax Period during which the Tax Credit Note was received.

A 3D green cartoon character is holding a rectangular sign. The character has a round head, a simple body, and is standing on a green surface. The sign is white with a green border and contains the text 'ADJUSTMENT FOR BAD DEBTS (ARTICLE - 64 - VAT LAW)' in black, bold, serif capital letters.

ADJUSTMENT FOR BAD DEBTS (ARTICLE - 64 - VAT LAW)

A Registrant supplier may reduce the Output Tax in a current Tax Period to adjust the Output Tax paid for any previous Tax Period if all of the following conditions are met:

- 
- Goods and Services have been supplied and the Due Tax has been charged and paid.
 - Consideration for the supply has been written off in full or part as a bad debt in the accounts of the supplier.
 - More than six (6) months has passed from the date of the supply.
 - The Registrant supplier has notified the Recipient of Goods and the Recipient of Services of the amount of Consideration for the supply that has been written off.

The registered Recipient of Goods or Recipient of Services shall reduce the Recoverable Input Tax for the current Tax Period related to a supply received during any previous Tax Period where the Consideration has not been paid and all of the following conditions are met:

- a. The registered supplier reduced the Output Tax as stated in Clause (1) of this Article and the Recipient of Goods and the Recipient of Services has received a notification from the supplier of the Consideration being written off.
- b. The Recipient of Goods and Recipient of Services received the Goods and Services and the relevant Input Tax was deducted.
- c. The Consideration was not paid in full or in part for the supply for over (6) six months.

The reduction stated in Clause (1) and (2) shall be equal to the Tax related to the Consideration which has been written off according to paragraph (b) of Clause (1) of this Article.

CONDITIONS AND REQUIREMENTS FOR ISSUING TAX CREDIT NOTE (ARTICLE NO. 70 – VAT LAW)



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

When making a Deemed Supply, the Registrant shall issue an original Tax Credit Note when a reduction occurs to the Output Tax in relation to such supply and shall keep the same in his records.

The Executive Regulation of this Decree-Law shall specify the following:

- a.** Basic data that should be included in the Tax Credit Note in instances where the Taxable Person is required to issue this Note.
- b.** The conditions and procedures required for the issuance of an electronic Tax Credit Note.
- c.** Instances where the Registrant is not required to issue and deliver a Tax Credit Note to the Recipient of Goods or the Recipient of Services.
- d.** Instances where other documents may be issued in place of the Tax Credit Note as well as conditions for the issuance of such document and the data to be included therein.
- e.** Instances where another Person may issue a Tax Credit Note on behalf of the registered supplier.

A 3D green cartoon character is holding a large rectangular sign. The character has a round head, a simple body, and is standing on a green surface. The sign is white with a green border and contains the text 'CONTENTS OF TAX CREDIT NOTE (ARTICLE-60- VAT REGULATIONS)' in black, bold, serif capital letters.

**CONTENTS OF
TAX CREDIT NOTE
(ARTICLE-60- VAT
REGULATIONS)**

A TAX CREDIT NOTE SHALL CONTAIN THE FOLLOWING PARTICULARS:

<u>S. No.</u>	<u>PARTICULARS:</u>
1.	The words “Tax Credit Note” clearly displayed on the invoice.
2.	The name, address, and Tax Registration Number of the Registrant making the supply.
3.	The name, address, and Tax Registration Number of the Recipient where he is a Registrant.
4.	The date of issuing the Tax Credit Note.
5.	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.
6.	A brief explanation of the circumstances giving rise to the issuing of the Tax Credit Note.
7.	Information sufficient to identify the supply to which the Tax Credit Note relates.

Contd...

Where, on application by a Taxable Person, the Authority considers that there are sufficient records available to establish 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,

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

The Taxable Person may issue a Tax Credit Note by electronic means provided that:

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

Contd...

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 agree 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.
- d. The words “Tax Credit Note created by buyer” are clearly displayed on the Tax Credit Note.

Contd...

Where a Tax Credit Note is issued pursuant to Clause (4) of this Article, any tax credit note issued by the supplier in respect of that supply shall be deemed not to be a Tax Credit Note.

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.

Where approval has been granted by the Authority under Clause (2) of this Article, that approval may be withdrawn at any time where the Authority considers that the conditions of that approval have not been met.



PENALTIES FOR NON- GENERATION OR WRONG GENERATION OF INVOICE AND TAX CREDIT NOTE

<u>S. NO.</u>	<u>PARTICULARS OF VIOLATION</u>	<u>AMOUNT(AED) OF PENALTY</u>
1.	Failure by the Taxable Person to issue the Tax invoice/Credit Note or an alternative document when making any supply.	5,000 for each tax invoice or alternative document.
2.	Failure by the Taxable Person to comply with the conditions and procedures regarding the issuance of electronic Tax Invoices and electronic Tax Credit Notes	5,000 for each document.

Disclaimer

This publication has been written in general terms and therefore cannot be relied on to cover specific situations; application of the principles set out will depend upon the particular circumstances involved and we recommend that you obtain professional advice before acting or refraining from acting on any of the contents of this publication. Author would be pleased to advise readers on how to apply the principles set out in this publication to their specific circumstances. Author has no duty of care or liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

THANK
YOU

CONTACT

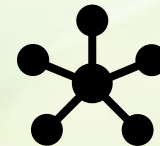
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