

Getting ready for January 1st



As of November 27, 2017, The UAE has published the Cabinet Decision No. (52) of 2017 on the Executive Regulations of the Federal Decree-Law No (8) of 2017 on Value Added Tax. This decree takes away an uncertainty from the January 1st deadline and places into practice VAT in the UAE.

What you will need to assess:

If you are now beginning to assess what this means to your business, you will need to review several aspects of your operations to be fully ready. If you have been awaiting further information from any bodies before taking any steps to get ready, you are delayed and you must start! Assessing these dimensions is a complex and lengthy process to implement changes in IT, Finance and Operations.

The table below can provide some insight to the questions you should be asking:



The larger your business, the more likely the complexity to manage VAT. Therefore, the more time you will require to assess and make changes that lead to minimal issues and maximum VAT recoverability.

The minimum you should be ready with include:

1. Registration with the FTA

The mandatory deadline is closed and you may receive a AED20,000 fine for failing to register and be liable for VAT due from sales

2. Generating compliant sales VAT invoices to allow your customers the ability to recover VAT on their purchases

The law requires a Tax Invoice to comply to the rules stated in section Title Thirteen Tax Invoices and Tax Credit Notes Article (59) of the FTA document

The format for Tax Invoice, Credit Note and simplified invoices are stated in the rules.

This will be important for your customers to recover VAT and you may have issues in payment collection if you are unable to satisfy your customers.

3. Ensure your sales are accurately charged for and VAT is collected

It is your legal obligation to charge for VAT on relevant supplies and ensure these are correctly recorded and filed in your tax return. Emirates based sales, exports, zero rated and exempt sales will need to be separately recorded in your VAT filing and recorded in the venet of a future VAT audit.

4. Secure VAT know how to manage your supply and determine recoverable VAT

Ensuring your suppliers provide a complaint Tax Invoice and can give you the necessary documentation for VAT recovery will be essential.

Not all VAT is recoverable, therefore understanding the rules and how to treat this will be required within your finance function.

5. Develop the reporting and compliance model to UAE obligations

The VAT report will require you to line item and detail exports, imports, domestic sales by Emirates and purchases which entails recording transactions accurately and also creating a reporting model that is efficient and accurate.

Under Article (71) Record keeping Requirements & Article (72) Record Keeping of the Supplies Made, you are obliged to keep records for 5 years and have the ability to trace VAT treatment to any supplies and purchases. Most businesses should start to adopt a digitized solution and manage cost and risk of compliance.

If your business is seeking answers, At TaxWorx we can get you ready for January 1 with a solution that addresses all these issues. Call us and let us get you ready.

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About TaxWorx:

TaxWorx refers to one or more of Simply Solved Accounting & Bookkeeping LLC, incorporated in the UAE. TaxWorx provides bookkeeping, accounting, consulting, tax and related services to spanning multiple industries.

We are more than a bookkeeping and accounting partner. We deliver total solutions with the Accounting expertise and technology to offer unique support to VAT compliance in the UAE. Our offering is specially designed to the UAE laws with an easy to use and affordable service including the VAT & Accounting expertise and state of the art technology.

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