

SETTING BACKGROUND FOR UAE VAT RETURN

All the businesses which are registered under FTA for VAT purposes are required to file VAT return (whether it is a Nil Return) online through FTA portal by logging in to their accounts.

What you need to know:

- a) Generally, the Tax period shall be a period of three calendar months ending on the date that the FTA determines for a Taxable person.
- b) However, the FTA may, at its discretion, assign a different Tax period other than the standard one, to certain group of taxable persons.
- c) A Tax return must be received by the FTA no later than the 28th day following the end of the Tax Period concerned or by such other date as directed by the FTA.
- d) Where a payment is due to FTA, it must be received by FTA by the same deadline.
- e) **In case of non- submission of Tax Return:** penalty for first time is AED 1,000. However, in the case of repetition, there would be a penalty of AED 2,000.

VAT – 201 is a form from which the taxpayer need to fill and submit online. The main contents of this form are:

1. Taxable person detail.
2. VAT return period.
3. VAT on sales and all other output.
4. VAT on expenses and all other input.
5. Net VAT due.
6. Additional reporting
7. Declaration and Authorized signatory.

Explanation of following area is as follows:

1. Taxable person detail:

- a) This will include information such as TRN, Name & Address of Taxable person.
- b) All the information will be pre-populated.
- c) If taxable person has appointed a Tax Agency, then their details will also appear. (TAAN and associated TAN)

2. VAT Return period:

- a) This will include following information: VAT return period, VAT return due date, Tax year end, VAT return period reference number.
- b) **Tax year end:** Important for those businesses which are not able to recover all inputs and need to perform input apportionment/adjustment. This adjustment will due in first Tax period following the tax year end.

SETTING BACKGROUND FOR UAE VAT RETURN

- c) Tax period reference number tells you which tax period you are completing within that Tax year.

3. VAT on sale and all other outputs:

There are three columns:

- a) Amount (AED): All the amounts relating to Sales and other Outputs net of VAT.
- b) VAT column need to be filled accordingly.
- c) For amount and VAT Column, please include reduction in the value due to credit notes and errors from previous Tax period.
- Adjustment (AED): Please use this column if there is a change in circumstances:
 - adjustment for bad debts, or sale of commercial property. All amounts provided should be VAT amounts and can be positive or negative amounts.
- d) Standard rated supplies which are considered to take place in all the emirates shall be provided.
- e) Where supplies are subject to reverse charge mechanism: Enter supplies of goods and services received, which are subject to the reverse charge provisions, including **imports of services** from foreign suppliers on which you are required to account for VAT. Please disregard any imports of goods through customs which are subject to the reverse charge and for which the import VAT is reported separately in **box 6**.
- f) Where the supplies are zero-rated and exempted: Enter supplies which are zero rated. Do not enter in this box supplies made to registered customers in other GCC states. Also enter supplies which are exempt.
- g) In case of import: This includes the import, VAT imposed on import of goods into the UAE. It is populated based on the amounts declared by you in your customs import declarations.
- h) Adjustment box should be used only if the information prepopulated in the Box 6 is incorrect or incomplete. The amount can be positive or negative **(should be justifiable, if asked by FTA)**. Adjust accordingly, the net amount field and/or the VAT amount field depending on the adjustment to be made. Kindly note: Import VAT will be imposed on value including freight, insurance, custom duty and any excise duty.

4. VAT on expenses and all other inputs:

- a) Adjustments column: You should use adjustment column to:
- record any adjustments made to the input tax due as a result of any claims for VAT Bad Debt Relief made by your supplier.

SETTING BACKGROUND FOR UAE VAT RETURN

- record any input tax apportionment annual adjustments.
 - record any Capital Assets Scheme adjustments.
- b) Purchases made on standard rates: This shall include expenses subject to the standard rate of VAT for which you would like to recover input tax. This should also include any VAT paid in other GCC implementing states on expenses if you are eligible to recover that VAT in the UAE. With respect to the VAT amount, please enter the amounts of recoverable VAT only, in case your ability to recover input tax is restricted.
- c) In case of supplies subject to Reverse charge: Enter any expenses, which were subject to the reverse charge for which you would like to recover input tax. With respect to the VAT amount, please enter the amounts of recoverable VAT only, in case your ability to recover input tax is restricted.

5. Net VAT Due:

- a) Total value of output, input and payable Tax shall be pre-populated.
- b) If you are in a refund position, an option will be available on the VAT Return to request a refund of the excess recoverable tax. If 'Yes' is selected, you will be required to complete the VAT refund application (Form VAT311) after the VAT Return Form is submitted. If you select 'No', your excess recoverable tax will be carried forward to subsequent Tax Periods and can be used to offset against payable tax and/or penalties.

6. Additional Reporting Requirements:

You will be required to indicate whether you have used and applied the provisions of the Profit Margin Scheme during this period.

7. Declaration and Authorized Signatory:

All the details will be pre-populated. However, once you have finished filling in the VAT Return form, tick the box next to the declaration section.

Disclaimer:

This communication contains general information only, and none of M Al Ali Auditing, its member firms, or their related entities (collectively, the "M Al Ali Auditing network") is, by means of this communication, rendering professional advice or services. No entity in the M Al Ali Auditing network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.