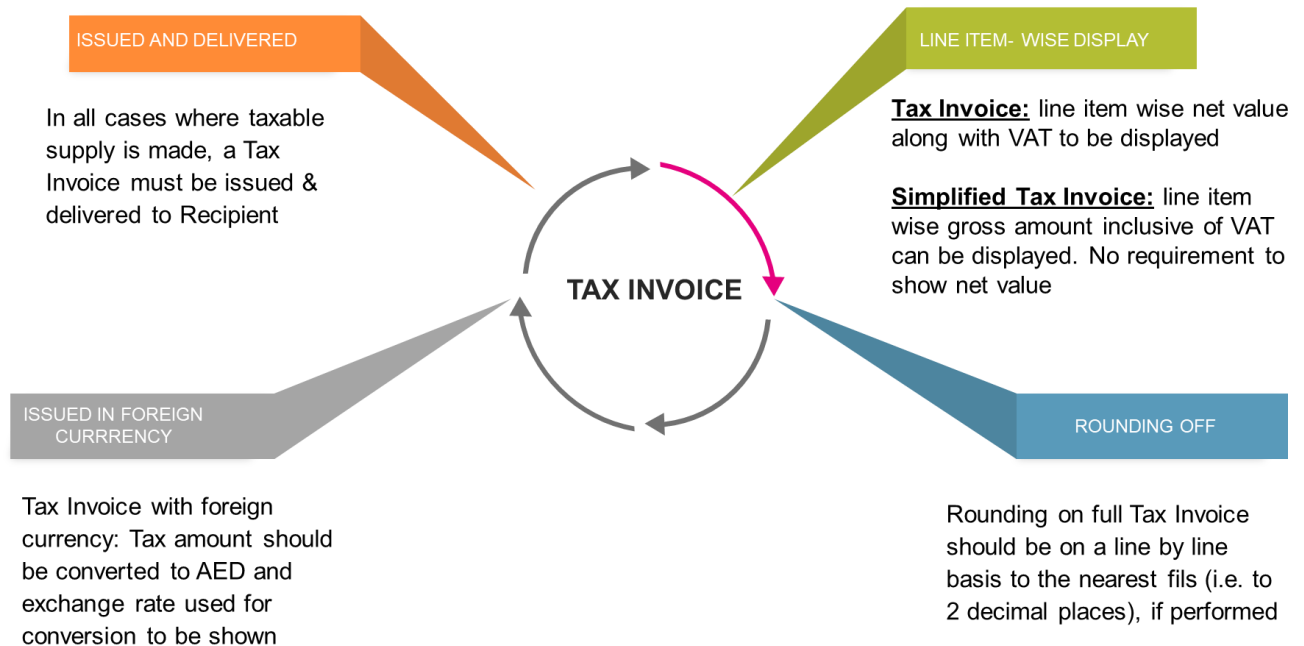


## 6<sup>th</sup> Public Clarification – Tax Invoices

### Introduction

The Federal Tax Authority (FTA) has issued 6<sup>th</sup> Public Clarification (VATP006) on requirements for Tax Invoice and the circumstances in which they must be issued.

We are pleased to summarise this clarification below:





## 1. Requirement to issue and deliver Tax Invoice to Recipient

- It is mandatory to issue and deliver Tax Invoice to the Recipient
- Offering to print Tax Invoice on request by the Recipient and otherwise, not providing a Tax Invoice – not acceptable

### Our Comments

In the clarification, the FTA has emphasised the requirement for the supplier to print, issue and deliver the Tax Invoice to the Recipient without any exception. This puts a challenge to certain industries such as Hospitality when a customer does not show up however, charges are collected. Whether delivery of Tax Invoice over an email would suffice, in such cases, is an open question.

## 2. Value to be shown in a Tax Invoice

For a Simplified Tax Invoice:

- No requirement for 'net value' to be shown against each line item in a Tax Invoice
- Bottom of the simplified Tax Invoice, (a) total gross value inclusive of tax and (b) tax value, to be shown separately
- Example:

Apples	10.00
Bananas	15.00
Milk	10.50
<b>Total Gross value</b>	<b>35.50</b>
<b>VAT</b>	<b>1.69</b>

For Full Tax Invoice:

- Net value (excluding tax) and the tax due should be shown against each line item
- Not necessary to show gross value (inclusive of tax) against each line item

### Our Comments

The clarification provides that a simplified Tax Invoice may not contain 'net value' line item wise. However, it has been seen that other Government departments have insisted that retailers show net value and certain details in Arabic though the same is not a requirement under the VAT Law.



### **3. Tax Invoices issued in foreign currencies**

- Tax amount payable should be expressed in AED and
- Exchange rate used for conversion

### **4. Rounding on invoices**

- Value may be rounded to nearest fils (i.e. 2 decimal places) by applying mathematical logic
- Rounding, if performed, should be undertaken on a line item basis
- Example: 2.357 AED would become 2.36, 9.862 would become 9.86

### **Our Comments**

With this clarification, the Companies should check the system functionality and whether the rounding off to two decimal values is undertaken at line item basis or at the gross value. If it is at gross, it is necessary to update the system with this requirement.



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