

Tax invoices

VAT — 2022



Importance of tax invoices

- A tax invoice is a written document which records the details of a taxable supply made.
- Tax invoice must be issued and delivered within 14 calendar days from the date of every taxable supply
- Question: Why is a tax invoice important for suppliers?
The issuance of a valid tax invoice is important for suppliers as it may be used to determine the date of supply, and tax period in which the output tax should be accounted for.
- Question: Why is a tax invoice important for recipients of the supplies?
The receipt of a valid tax invoice is important for recipients of supplies as it is the primary documentary evidence to support the recovery of VAT.



Standard full tax invoice

To be valid, a tax invoice must include the following information:

- The words “tax invoice” clearly displayed;
- A sequential tax invoice number or a unique number which identifies the tax invoice and its order in any sequence of invoices;
- The date of issue of the tax invoice;
- The date of supply (only if different from the invoice date);
- The name, address and TRN of the supplier;
- The name and address of the recipient, together with their TRN, if registered;
- A description of the goods or services provided;
- For each good or service, the
 - Unit price
 - VAT rate and
 - Quantity or volume supplied,
 - Amount payable expressed in UAE Dirham;

Standard full tax invoice

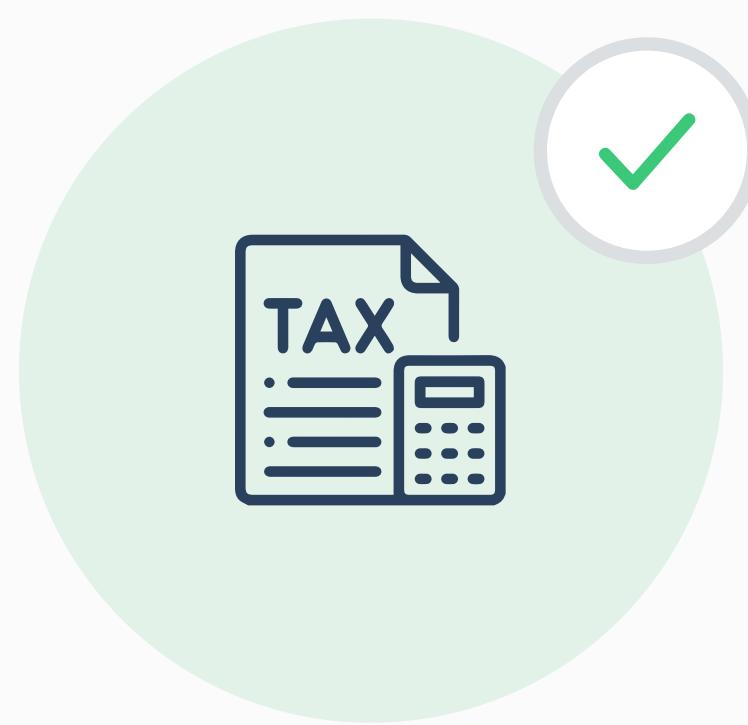
To be valid, a tax invoice must include the following information:

- The gross amount payable expressed in UAE Dirham;
- The amount of any discount offered;
- The total amount of VAT expressed in UAE Dirham together with the rate of exchange applied and the source of that rate, as below; and
- Where the invoice relates to a supply under which the customer is required to account for VAT (i.e. under the domestic reverse charge), a statement that the customer is required to account for VAT, and a reference to the relevant provision of Federal VAT law

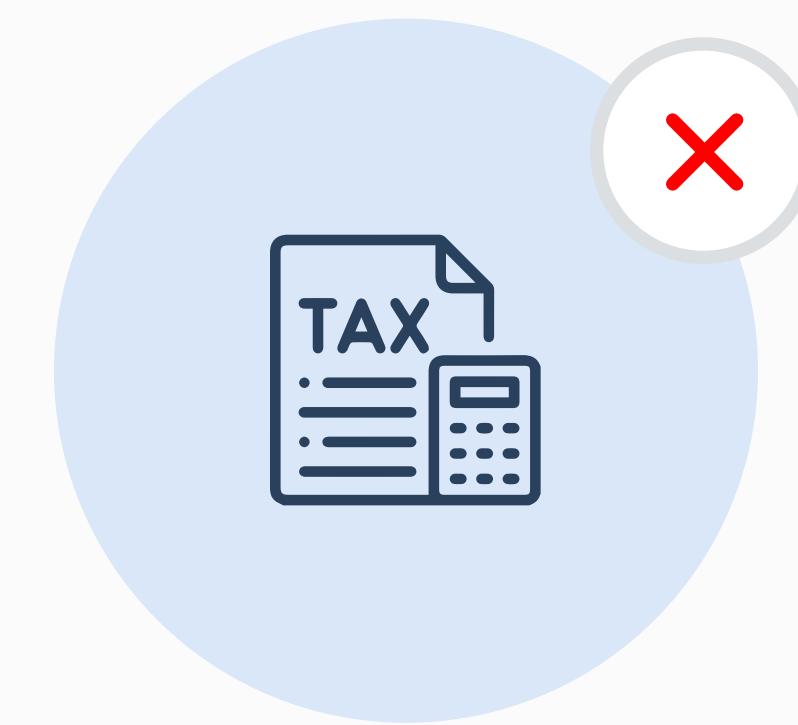


Simplified tax invoice

- A taxable person may issue a simplified tax invoice instead of a standard full tax invoice if:
 - The recipient of the supply is not registered for VAT, or
 - If the recipient is registered for VAT, the consideration (VAT inclusive price) for the supply is AED 10 000 or less.



An individual buying AED 40,000 worth of clothes from the supplier.



A registered store buying AED 10,001 worth of clothes from the supplier

Simplified tax invoice

A simplified tax invoice must contain at least the following:

- The term “tax invoice” in a prominent place;
- The name, address and TRN of the supplier;
- The date of issue of the invoice;
- A description sufficient to identify the goods or services supplied; and
- The total amount of consideration and VAT charged.



Recipient-created tax invoices

- It is possible for a supplier and a recipient to agree that a tax invoice shall be issued by the recipient rather than the supplier (self-billed tax invoice on behalf of the supplier)
- However, the following conditions must be met:
 - The recipient is registered for VAT;
 - The parties agree in writing that the supplier will not issue a tax invoice
 - The tax invoice meets all the requirements of a standard full tax invoice; and
 - The tax invoice clearly displays the words “buyer-created tax invoice”.



Electronic tax invoices

The taxable person may issue a tax invoice by electronic means provided that:

- A copy of the electronic tax invoice is securely stored in compliance with the record keeping requirements.
- The authenticity of origin and integrity of content of the electronic tax invoice is guaranteed.



Further information

- If the VAT amount is a **fraction of a fils**, the amount must be rounded to the nearest fils on a tax invoice.
- Where invoices are issued in a **foreign currency**, the amount must be converted into the UAE Dirham using an exchange rate approved by the Central Bank.
- **Errors** on tax invoices should be corrected via tax credit notes or additional tax invoices.



Exceptions

- A **summary** monthly tax invoice must be issued if the supplier makes more than one supply of goods or services to the same person in the same calendar month.
- If there are, or will be sufficient records available to establish the details of a **wholly zero-rated supply**, a taxable person is not required to issue a tax invoice for the supply.
- If a person can prove that it is impractical to issue a tax invoice, the taxable person may apply for an **administrative exception**, provided there are sufficient records available to establish the particulars of that supply.



Further guidance

- FTA Decision No. 4 of 2018 on Tax Invoices
- FTA Decision No. 7 of 2019 on Tax Invoices and Tax Credit Notes
- Taxable Person Guide for Value Added Tax
- VAT Public Clarification – Tax Invoices – VATP006

