

VAT Deregistration

VAT — 2022



Mandatory deregistration

A registrant is required to deregister for VAT if:

- The person ceases to make taxable supplies; or
- The person is still making taxable supplies but the value of these supplies made during the preceding 12 calendar months is less than the voluntary registration threshold of AED 187,500.

In the above cases, the registrant is required to apply for deregistration within 20 business days from the date he becomes liable to deregister.



Voluntary deregistration

A registrant may apply for deregistration if:

- The person is still making taxable supplies but the value of these supplies made during the previous 12 months was less than the mandatory registration threshold (AED 375 000); and
- In the case the person was registered on a voluntary basis, 12 months have elapsed since the date the person was registered.

OR

- The person only makes zero-rated supplies and the FTA granted the person an exception from registration.



Completion of deregistration

- As part of the deregistration process, the person must submit a final tax return.
 - The person is regarded as supplying all the assets which formed part of his business at the time he ceased to be a registrant, to himself.
 - As part of the final return, he is required to account for output tax on the cost of these business assets.
- A person will not be deregistered unless they have paid all tax and administrative penalties due and filed all tax returns including any outstanding returns as well as the final tax return.
- The FTA will notify the person of the effective date of deregistration.
- Note that, deregistration does not remove the right of the FTA to audit and impose penalties in respect of errors and offences that occurred during the period the person was registered for VAT.



Further guidance

— Taxable person guide for Value Added Tax

