

VAT voluntary disclosure

VAT — 2022



Purpose of voluntary disclosures

- To notify the FTA of errors made by the taxable person
- For example:
 - Registrant failed to include sales from one of its branches in its tax return covering that period
 - Registrant received imported services and forgot to report it in the VAT return
 - Registrant finds input tax it was entitled to recover but failed to do so within the prescribed period of two tax periods.



Under or overstated VAT

- Errors can relate to output tax or input tax
- All the errors found that relates to the same tax period need to be considered.
- For example:
 - A Sole Establishment trades in consumer goods and has 4 branches
 - After performing a year-end review of its records on 31 December 2022, it finds that the following were omitted from its tax period (1 January 2021 – 31 March 2021)
 - Branch 1's January sales of AED 21,000 (Including AED1,000 VAT) – output tax understated
 - Branch 2's office rental of AED 10,500 (including AED 500 VAT) – input tax understated
 - In this case the net impact is $(1,000 - 500) = \text{AED } 500$ understated VAT



Understated payable VAT

Actual amount of tax that is payable for the tax period is more than what was declared on the return

Required to submit a voluntary disclosure

- If payable tax for the tax period was understated by AED 10,000 or less – Correct via VAT return
- If payable tax for the tax period was understated by more than AED 10,000 – Submit voluntary disclosure form within 20 business days from the date the error was discovered



Overstated refund

Amount of refund claimed is more than what the person is entitled to.

Required to submit a voluntary disclosure

→ Submit voluntary disclosure form within 20 business days from the date the error was discovered



Overstated payable VAT

Actual amount of tax that is payable for the tax period is less than what was declared on the return

- May submit a voluntary disclosure
 - Submit voluntary disclosure form
 - Not allowed to make the correction via the normal VAT return process



Understated refund

Amount of refund claimed is less than what the person is entitled to.

— May submit a voluntary disclosure

→ Submit voluntary disclosure form



Error correction – No VAT impact

If the error or omission in a tax return already submitted to the FTA, does not result in a difference in the amount of due tax, the amount(s) must be corrected by submitting a voluntary disclosure.

Examples may include the following:

- Taxable supplies reported in the incorrect Emirate, e.g. Dubai sales reported in box 1a instead of 1b
- Imported service not reported by a registrant, if this service is used wholly for taxable purposes, i.e., where the amount should have been reported in boxes 3 and 10.



Further guidance

Voluntary Disclosure User Guide – VAT and Excise Tax

