



# VAT returns and payments



## What is a VAT return?

At the end of each tax period, a taxable person must submit a Tax return for VAT (“VAT return”) to the FTA.

The VAT return summarises the value of the supplies and purchases a taxable person has made during the tax period, and shows the taxable person’s VAT liability.

The VAT liability is the difference between the output tax payable for a given tax period (i.e. VAT charged on supplies of goods and services) and the input tax which is recoverable for the same tax period (i.e. VAT incurred that can be recovered on purchases).

Where the output tax exceeds the input tax amount, a payment of the difference must be made to the FTA.

Where the amount of input tax exceeds the amount of output tax, a taxable person will have excess recoverable input tax and will be entitled to set this off against subsequent payments due to the FTA or obtain a refund from the FTA.



## When do I need to submit my VAT return?

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A tax return must be received by the Authority no later than the 28<sup>th</sup> day following the end of the tax period.

If that date falls on a public holiday or weekend, it must be submitted on the next working day after the holiday or weekend.

If you deregister for VAT, a final tax return must still be provided for the last tax period in which you were registered.



## How do I submit a VAT return?

VAT returns will be filed electronically through the FTA portal.

The return can be submitted by the taxable person, or another person who has the right to do so on the taxable person's behalf – for example, a tax agent or a legal representative.

To access the VAT return, you should login to the e-Services portal using your registered username and password. Once in e-Services, you will then need to navigate to the option to open your VAT return.



## What is included in a VAT return?

In summary, the VAT return contains information that includes the following:

- Details of the taxable person.
- The value of taxable supplies subject to the standard rate of VAT in the tax period and the output tax charged.
- The value of taxable supplies subject to the zero rate made in the tax period.
- The value of exempt supplies made in the tax period.
- The value of any supplies made in the tax period that will be subject to reverse charge VAT in the UAE.
- The value of expenses incurred in respect of which the taxable person seeks to recover input tax, and the amount of the recoverable tax.
- The total value of tax due and recoverable tax for the tax period.
- The payable / repayable tax for the tax period.

Next, we provide a more detailed overview of some of the information which has to be included in a VAT return.



## Overview of a VAT return

### Taxable Person details

TRN

Taxable Person Name (English)

Taxable Person Name (Arabic)

Taxable Person Address

Tax Agency Name

TAN

Tax Agent Name

TAAN

### VAT Return Period

VAT Return Period

VAT Return Due Date

Tax Year End

VAT Return Period Reference Number

- The first section of the VAT return contains details of the taxable person, their tax agent (if any), and the tax period to which the return relates.
- This information will be prepopulated based on the information available to the FTA.



## Overview of a VAT return (cont.)

### VAT on Sales and all other Outputs

Standard rated supplies in Abu Dhabi

Standard rated supplies in Dubai

Standard rated supplies in Sharjah

Standard rated supplies in Ajman

Standard rated supplies in Umm Al Quwain

Standard rated supplies in Ras Al Khaimah

Standard rated supplies in Fujairah

Tax Refunds provided to Tourists under the Tax Refunds for Tourists

Supplies subject to the reverse charge provisions

Zero rated supplies

Exempt supplies

Goods imported into the UAE

Adjustments to goods imported into the UAE

Totals

- In the Sale and other Outputs section of the VAT return, a taxable person needs to declare VAT which is due.
- The taxable person must provide amounts regarding the value of supplies and imports made and the VAT amounts due on those supplies.



## Overview of a VAT return (cont.)

### VAT on Expenses and all other Inputs

Standard rated expenses

Supplies subject to the reverse charge provisions

Totals

### Net VAT due

Total value of due tax for the period

Total value of recoverable tax for the period

Payable tax for the period

Do you wish to request a refund for the above amount of excess recoverable tax?

- In the Expenses and all other Inputs section of the VAT return, a taxable person may declare any VAT which it has incurred on its purchases that it wants to recover.
- On the basis of the information declared, VAT which is either due to be paid to the FTA or can be recovered from the FTA will be calculated.
- All amounts in the VAT return must be expressed in Dirham.



## How do I make a payment?

Where a payment is due to the FTA, it must be received by the FTA by the VAT return submission deadline.

There are certain payment mechanisms that will be available to make a payment of any tax to the FTA.

In most cases, you will be expected to use the e-Services portal, which includes the e-Dirham payment facility.

If you do not have an e-Dirham account please apply for one as early as possible.

It should be noted that a payment using an e-Dirham card will typically incur a charge of AED 3, while a payment using a credit card will typically incur a charge between 2% - 3% of the total payment amount.

For more information regarding e-Dirham cards and the various options available, please use the e-Dirham webpage.



## When will I receive any repayment that I claim?

If you are in a repayment position (so that the value of recoverable input tax exceeds the value of output tax due) you may carry forward excess recoverable input tax and offset this against any payable tax or administrative penalties imposed.

Alternatively, you can request the refund of any excess recoverable amounts. This is done by answering “Yes” to the box at the end of the return dealing with refunds. If you do this, you will be directed to the VAT refund application page.

The FTA will inform you that any refund claim that you make has been approved or rejected within 20 working days. However, where necessary, the FTA may inform you that consideration of the claim will take longer than that.



## Penalties for non-compliance

Where a taxable person does not file a VAT return or make a correct payment of any payable VAT, it may be subject to penalties.

Penalties that can be charged on a taxable person for late filing of a return or late payment of VAT are:

- Penalty for failure to submit a VAT return on time:
  - AED 1,000 for the first offence
  - AED 2,000 in case the offence repeats within 24 months.

It should be noted that this penalty may also be imposed on a legal representative of a taxable person where the legal representative has not filed the VAT return as required.

- Penalty for failure to settle the payable VAT, as stated in the submitted VAT return, before the deadline:
  - 2% of the unpaid tax is due immediately once the payment of VAT is late
  - 4% is due on the amount of tax which is still unpaid on the seventh day following the deadline for payment
  - 1% daily penalty is charged on any amount that is still unpaid one calendar month following the deadline for payment.



## Penalties for non-compliance (cont.)

In addition, a taxable person may be subject to a penalty if the information submitted in a VAT return is incorrect. In such situations, the following penalties will apply:

- **Fixed penalty** of:
  - AED 3,000 for the first time.
  - AED 5,000 in case of repetition
- **Percentage based penalty** on the amount unpaid to the FTA due to the error. Depending on whether or not the error was disclosed to the FTA, the penalty may be 5%, 30%, or 50% of the unpaid amount.

Please refer to **Cabinet Resolution No. (40) of 2017 on Administrative Penalties for Violations of Tax Laws in the UAE** for rules regarding these and other penalties that may be imposed by the FTA.