

VAT Health Check

Let's Brace ourselves for Tax Audit

Effective 1st January 2023, there has been an addition of Article 79bis Statute of limitation in UAE VAT Decree Law which gives Federal Tax Authority (FTA) another 4 years to conduct tax audit, if same has been informed by FTA before the expiration of the 5 years from the end of relevant tax period.

Therefore, the importance of conducting VAT health checks has increased further and it should be considered now whether any Voluntary disclosures (VDs) are required for correction of errors as this will help to manage potential liabilities which can be greater when errors are informed by FTA through tax assessment.

FTA Tax Audit

FTA usually gives 5 working days to provide the details required for the tax audit.

This can include various information and documents such as transactions list in prescribed format of FTA, reconciliations of vat return with the financials, sample documents for each type of transactions, proof of exports, stock movements report etc

How prepared are we for the VAT audit?

These are some questions to assess company's preparedness for the FTA audit:

- ▶ Are we keeping the record of all the transactions in such a way that can be used for prescribed format suggested by FTA?
- ▶ Are we updating all the changes on regular basis in the registration documents provided to FTA?
- ▶ Are we preparing proper reconciliations for the differences between VAT return and financial accounts for each tax period?
- ▶ Are we collecting and maintaining all the documents for export of goods?
- ▶ Are we complying with rules/regulations mentioned in the law for designated zones?
- ▶ Are we keeping records of all the import (recorded on reverse charge mechanism basis) transactions?
- ▶ Are keeping records of missing stock, expired stock stock, normal loss, abnormal loss etc?
- ▶ Are we keeping all the tax invoices raised to the customers and tax invoices received from the suppliers ?
- ▶ Are we applying correct VAT rates on the supplies made by company?

What is VAT health check and how it is conducted?

VAT health check is a complete VAT compliance review of the company.

Premier Brains can assist businesses in getting ready for tax audit and we designed our 'VAT health check' services in such a way that it covers all the aspects of VAT compliance and helps in identifying non-compliances before FTA audit and take required corrective action to be fully compliant with the law.

Below is brief overview of the process of conducting VAT health check:

- Complete understanding of the business and legal structure of all the entities and review of same in line with the VAT registration records
- Review of the VAT treatment of the different supplies made by the taxable person and advise the correctness of the transactions in line with the UAE VAT law and regulations
- Review of the type of records/documents (export/import documents, invoices etc.) kept by the taxable person for different supplies received/provided by them
- Review of the vat returns filed and check if those match with the financial records of the company
- Review of the vat returns filed and check if those match with the financial records of the company
- Review and advice on all the reconciliations which will be required for the tax audit purposes
- Review of the stock movement details kept by the taxable person
- Advise our findings/suggestion on the format of various records and documents
- Advise on the record keeping and vat workings requirements in the same format as suggested by FTA
- Advise on the corrective actions required in the VAT returns and any missing updates on the VAT registration documents filed with FTA
- We provide a comprehensive VAT health check report that covers all the aspects of corrective actions/suggestions/changes according to the non-compliances identified during the vat health check process.

Disclaimer:

This document has been prepared as a general guide. It is not a substitute for professional advice. Neither Premier Brains nor its partners or employees accept any responsibility for loss or damage incurred as a result of acting or refraining from acting upon anything contained in or omitted from this document. If you wish to be included on the regular mailing list for this newsletter, forward your request info@premier-brains.com

Premier Brains is a member firm of the Audit Trust and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member or correspondent firm or firms.

If you would like to discuss Tax & VAT services, please drop us an email at info@premier-brains.com or call us at + 971 4 3542959

"Always Doing The Right Thing"

ADDRESS

Office 805, 8th Floor,
The Exchange Tower
Business Bay, UAE

CONTACT US

04 354 2959
info@premier-brains.com
www.premier-brains.com

FOLLOW US



UAE (Abu Dhabi, Dubai), Kuwait, Bahrain, Oman