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# ACS BULLETIN

Time-frame for recovering  
Input Tax in UAE



# WHEN CAN YOU RECOVER THE INPUT TAX

Input tax must be recovered in the first tax period in which two conditions are satisfied:

- a. the tax invoice is received; and
- b. an intention to make the payment of consideration of the supply before the expiration of six months after the agreed date of payment is formed.

## INTENTION TO MAKE PAYMENT

A taxable person may receive a tax invoice but may not have an intention to make the payment until the internal approval process for the invoice is completed.

Where a tax invoice is received in one tax period and the intention to make the payment is formed in a later tax period, the input tax can only be recovered in such later tax period.

# CAN CLAIM IN 2 QUARTERS

Where the input tax is not recovered in the tax period in which both the conditions are satisfied, the taxable person can recover the input tax in the immediate next tax period.

If input tax is not recovered in the first two tax periods, a taxable person is required to submit a voluntary disclosure. Remember voluntary disclosure results in additional penalties.



Non-payment of consideration before the expiration of six months after the agreed date of payment

Where a taxable person fails to make the payment of consideration before the expiration of six months after the agreed date of payment of Tax Invoice, then he should reduce the input tax in the VAT Return of the tax period following the expiry of the six-month period. However, once the payment is made, he will again be entitled to recover the input tax.

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