Axis Auditing Times

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June 2018 Edition | Quarterly - VOL V | Page 1

VALUE ADDED TAX RETURN IN UNITED ARAB EMIRATES

Value Added Tax (VAT) registered businesses or the 'taxable persons' must submit a 'VAT return' at the end of each tax period to Federal Tax Authority (FTA). A VAT return summarizes the value of the supplies and purchases a taxable person has made during the tax period, and shows the taxable person's VAT liability.

Liability of VAT

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

Where the output tax exceeds the input tax amount, the difference must be paid to FTA. Where the input tax exceeds the output tax, a taxable person will have the excess input tax recovered; he will be entitled to set this off against subsequent payment due to FTA.

When are businesses required to file VAT return?

Taxable businesses must file VAT returns with FTA on a regular basis and usually within 28 days of the end of the 'tax period' as defined for each type of business. A 'tax period' is a specific period of time for which the payable tax shall be calculated and paid. The standard tax period is:

- Quarterly for businesses with an annual turnover below AED150 million
- Monthly for businesses with an annual turnover of AED150 million or more.

The FTA may, at its choice, assign a different tax period for certain type of businesses.

What needs to be taken care while filing your VAT return?

Details of the Taxable Person will be pre-populated. Which includes VAT Return Period, Tax year end, VAT/Tax Period reference number and VAT Return submission due date and also;

- All amount should be in United Arab Emirates Dirhams.
- All amounts should be rounded off to the nearest fills.
- All mandatory fields should be completed.
- Use "0" if there are no amounts to be declared.

The VAT Return Filing requires every registrant to provide emirates wise details of taxable supplies from the fixed establishment. Taxable Supplies includes the following;

- Supply of goods and services (net of discount).
- Sale of commercial Property
- Advances received.
- Deposits received other than those which are refundable (e.g.- security deposit)
- Goods sold under Profit Margin Scheme.
- Supplies of Goods within Designated Zone which are consumed within Designated Zone
- Supplies made by a non-resident who had to register in UAE since the recipient of goods or services is not registered in UAE (and hence Reverse Charge Mechanism does not apply).
- Credit notes issued (to be deducted from total supplies).
- Errors noted for the Previous Tax periods can be deducted provided the error does not result in the Output Tax being increased/decreased by an amount more than AED 10,000/.

The value of supplies of goods and services under Reverse Charge Mechanism is to be declared separately. However, value of goods imported into UAE will be auto-populated to the extend it was declared under the Taxable Person's customs registration number.

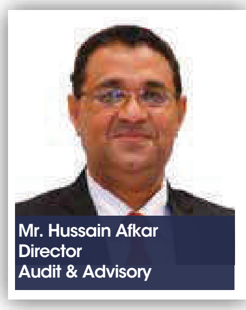
Adjustment can be made to the value of imported goods that is auto-populated in case of omission or mistake in the value when compared with the amounts reported in the customs and import declaration. Further, any import of goods which are not subject to standard rate of VAT in the UAE at 5% can also be adjusted as by default all the imports are assumed to be subject to 5% VAT rate.

Additional information relating to supply to be declared in the VAT Return Filing are the Zero-rated supplies and exempted supplies.
The details of standard rated expenses to be declared in the VAT Return includes the following;

- Goods or services purchased (net of discount).
- Goods or services purchased before Tax Registration for which input Tax can be claimed.
- Credit notes raised by the supplier.
- Errors noted for the Previous Tax periods can be deducted provided the error does not result in the Output Tax being increased / decreased by an amount more than AED 10,000/.

After filling the details in the VAT Return Form, the net amount payable will be automatically calculated. In case where the payable value is negative, you can will have two options – To get a refund or to carry forward the amount to the next Tax period.
VAT shall be paid through e-Dirham payment gateway which supports payments through an e-Dirham card or a credit card (Visa and Master cards only).

Axis Business Consultancy Est., provides the VAT Return Filing Services in the UAE by visiting your office on a periodical basis to compile for your VAT Return Filing. We also provide assistance for guidance and support of VAT Return in accordance with the provisions of UAE VAT law.



Mr. Hussain Afkar
Director
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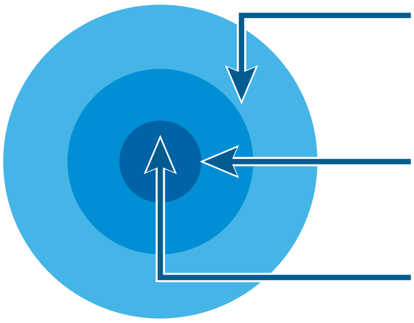
International Financial Reporting Standards (IFRS) – 15



Standard Published Statements
28th May, 2014

Effective Date
01st January, 2018

1st Annual Financial
31st December, 2018

The International Accounting Standards Board (IASB) has published a new Standard, IFRS 15 Revenue from Contracts with Customers ('the new Standard'). The new Standard outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance, which is found currently across several Standards and Interpretations within IFRSs. The core principle is that an entity recognises revenue to reflect the transfer of goods or services, measured as the amount to which the entity expects to be entitled in exchange for those goods or services.

Overview

A single global standard – contract based on five-step analysis of transactions, focusing on transfer of control. Two approaches to recognise revenue: at a point in time or over time. Significant judgement required. Extensive new disclosure requirements for all companies.

How to apply the standard

Identify the contract with the customer, Identify the performance obligations in the contract, Determine the transaction price, Allocate the transaction price to the performance obligations and Recognise revenue when (or as) the entity satisfies a performance obligation.

Scope

- Part of a contract,
- Portfolio of contract and
- De-recognition of non-financial assets.

Outside the Scope

- Insurance contract,
- Lease contract,
- Certain types of non-monetary exchanges and
- Contractual rights and obligations in the scope of another IFRSs

Revenue

- Identify the contract with a customer,
- Identify the performance obligations,
- Determine the transaction price,
- Allocate the transaction price and
- Recognise revenue

Current accounting processes may require changes to cope with the new Standard As explained below, IFRS 15 introduces new requirements to move to a more conceptual approach. The complexity of applying this approach and of producing the detailed disclosures required by the new Standard.

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SEWA 3rd Annual Bankers Meet , 2018

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MANY SMALL AND MEDIUM-SIZED ENTERPRISES (SME's) today may not be keen in appointing a full time CFO because the business landscape of the organization doesn't support it. In such cases they can greatly benefit from a part-time, remote or virtual CFO/controller. These businesses are beginning to experience solid growth as the economy begins to heat up again, but they do not yet have a need for a higher-cost, full-time CFO. So its time to evaluate the possibilities of partnering with a virtual CFO and that's where Axis Business Consultancy comes into picture which can act as your virtual CFO .

THE BENEFITS OF VIRTUAL CFO

1. Increasing their Bottom-Line:

Our virtual CFO services often does a significant amount of our work remotely using cloud technology at a fraction of the costs of a full-time CFO, saving money and improving the bottom-line. We help to improve the quality and timeliness of financial information so leaders can make better and more profitable decisions. Finally, we can perform financial trend analysis, comparing budgets, prior years methodical comparisons/analysis so that management can gain a more competitive advantage and increase their market share.

2. Reducing Enterprise Risk:

Virtual CFO can help mitigate a variety of risks for your business such as improving internal financial safeguards, developing more effective accounting and A/R procedures, assessing insurance needs to better protect your assets and enhancing cyber-security of your financial data.

3. Providing greater flexibility:

Our CFO services allows you more time to focus on developing and selling new services/products, attracting new customers and expanding your business, while we take care of the numbers and provide you with helpful data 24/7 using cloud accounting systems.

4. Enhancing their Cash Flow:

Virtual CFO can analyze and then manage cash to maximize efficiency and proper liquidity. We can also help you with tax planning which is vital for a growing business, ensuring you set aside appropriate taxes each month, quarter and year with no surprises.

5. Adding an experienced Strategic Partner:

Our CFO services are not merely your accountant but they are your strategic financial partner. While we will help you with your accounting and finance operations, we can also play an integral role in developing your strategic plan, enhancing your corporate governance structure and improving your overall business operational processes.

"Virtual CFO" services offered by us is certainly not a 360 degree cure for all or for every business, but given the many benefits they can bring to most companies it would be a great investment of your time to evaluate the many potential benefits a part-time, remote CFO can bring to your business.