

YOUR CHECKLIST FOR INPUT TAX RECOVERY

CONDITIONS FOR INPUT TAX RECOVERY

- The supplies should be used to make taxable supplies, i.e. supplies taxed at 5% or zero rate supplies
- The recipient should receive the Tax Invoice pertaining to the supply and it should be kept in their records. The Tax Invoice should show the details of the supply related to the input tax being recovered
- The recipient should pay or intend to make payment of the consideration for the supply within 6 months after the agreed date of payment for the supply

SUPPLIES NOT ELIGIBLE FOR INPUT TAX RECOVERY

- Supplies used to make exempt supplies, such as supply of local passenger transport, supply of bare land, etc.
- Entertainment services, including hospitality of any kind, provided to non-employees, including customers, potential customers, officials, shareholders, owners or investors.

Exception: Catering and accommodation services provided by transport service operators to non-employees will not be treated as entertainment service
- Purchase, lease or rent of motor vehicles used for personal use

Note: Motor vehicle means a road vehicle designed or adapted for conveyance of not more than 10 people, including the driver. Trucks, forklifts, hoists or similar vehicles are not included.

Exception: Motor vehicle used in business will not be treated as being available for personal use in the following cases:

 - It is a taxi licensed by a competent authority within UAE
 - It is registered and used for the purpose of an emergency vehicle, including by police, fire, ambulance or similar emergency service
 - It is used in a vehicle renting business, where it is rented to a customer

YOUR CHECKLIST FOR INPUT TAX RECOVERY (contd..)

CONDITIONS FOR INPUT TAX RECOVERY

SUPPLIES NOT ELIGIBLE FOR INPUT TAX RECOVERY

Goods or services purchased for use by employees, for which no charge is paid by the employees and it is for their personal benefit.

Exceptions:

- Where it is a legal obligation to provide the goods or services under an applicable labour Law in UAE or the Designated Zone
- Where it is a contractual obligation or documented policy to provide the goods or services for employees to perform their role and it can be proven to be a normal business practice in the

POWER OF SIMPLICITY