

UAE Tax Q&A — VAT, Tax Invoices, E-Invoicing & Corporate Tax

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This document contains a curated collection of frequently asked questions (and concise practical answers) about UAE VAT, tax invoice formats, e-invoicing, corporate tax and related compliance topics. It is intended as an educational reference; for complex or specific situations consult the Federal Tax Authority (FTA) or a qualified tax advisor. (verify these for publication and legal accuracy)

1. Q: What is the standard VAT rate in the UAE?

A: The standard VAT rate in the UAE is 5% on most taxable supplies of goods and services.

2. Q: Who must register for VAT in the UAE?

A: A business must register for VAT if its taxable supplies and imports exceed AED 375,000 in the previous 12 months or are expected to exceed that threshold in the next 30 days. Voluntary registration is available for businesses exceeding AED 187,500.

3. Q: What is a TRN?

A: TRN (Tax Registration Number) is the unique 15-digit number assigned by the FTA to a VAT-registered person. It must be shown on tax invoices issued by the registrant.

4. Q: What is a tax invoice?

A: A tax invoice is a document issued by a VAT registrant evidencing a taxable supply and including mandatory VAT-related information (supplier TRN, invoice number, taxable amounts, VAT amounts, etc.).

5. Q: What is the difference between a tax invoice and a simplified invoice?

A: A standard tax invoice contains full VAT details and is required for B2B supplies and higher-value B2C supplies. A simplified invoice (receipt) may be used for low-value retail transactions and contains a subset of fields such as supplier details, total

amount and VAT charged if any.

6. Q: What are the mandatory fields on a UAE tax invoice?

A: Mandatory fields typically include the word 'Tax Invoice', supplier name and TRN, customer name and TRN (if registered), invoice number, issue date, description of goods/services, taxable amount(s), VAT rate(s) and VAT amount(s), and total payable amount.

7. Q: Is the invoice number required to be sequential?

A: Yes — invoices must carry a unique identifier. Sequential numbering is recommended and systems should prevent reuse of numbers; for multi-series setups use documented prefixes to ensure uniqueness.

8. Q: How long must VAT records be retained?

A: VAT records should be retained and made available to the FTA. For VAT the common guidance is to keep records for a minimum of five years from the end of the relevant tax period, although some categories (capital assets, real estate) may require longer retention. Corporate tax records are subject to a separate retention requirement (see corporate tax rules).

9. Q: When did the UAE introduce corporate tax and at what rate?

A: The UAE introduced a federal corporate tax regime effective for financial periods starting on or after June 1, 2023. The standard rate is 9% on taxable income exceeding AED 375,000; 0% applies to profits up to AED 375,000 to support small businesses.

10. Q: Can a non-resident business register for VAT in the UAE?

A: Yes — a non-resident business making taxable supplies in the UAE (with no other person obligated to account for the VAT) may be required to register for VAT regardless of turnover.

11. Q: Should the tax rate and VAT amount appear per line on an invoice?

A: Best practice (and FTA expectation) is to show the VAT rate and VAT amount per line and also provide totals by VAT rate; this makes the taxable base and input VAT

clear to recipients.

12. Q: How do I display VAT-inclusive vs VAT-exclusive prices?

A: If you present a VAT-inclusive price, show how much of that total is VAT (breakdown) or state clearly that prices include VAT. In B2B invoices the taxable base and VAT amount should be derivable.

13. Q: Do I need to include the customer's TRN on every invoice?

A: Include the customer's TRN when the customer is VAT-registered and requires it for input VAT recovery. For private consumers, TRN is not required.

14. Q: How should branch locations be reflected in invoice numbers?

A: Use a prefix or branch code in the invoice number (e.g., 'DXB-INV-2025-0001') or centralize numbering in a single master series; document the approach and ensure uniqueness across branches.

15. Q: How to handle mobile/van sales where connectivity is intermittent?

A: Assign each device a unique series or device ID, ensure offline numbering does not duplicate other series, keep tamper-proof logs, and sync to the central system as soon as connectivity is available.

16. Q: What happens with discounts on invoices — before or after VAT?

A: A discount that affects the taxable consideration must be applied to reduce the taxable base; VAT should be calculated on the net (discounted) amount. Document whether discounts are item-level or invoice-level.

17. Q: How should free (FOC) samples/promotional items be handled for VAT?

A: If input VAT was recovered on items later given away, such disposals may be treated as deemed taxable supplies and may require an adjustment. Trivial-value samples may be exempt, but document your policy and keep evidence.

18. Q: Is a QR code mandatory on printed invoices under UAE e-invoicing?

A: As of MoF e-invoicing guidance, the primary mandate concerns structured electronic exchange and validation; a universal requirement to print a QR code on every customer-facing invoice is not prescribed for all cases. Specific sectors/use-cases or later phases may use QR codes for verification.

19. Q: What is the tax point for VAT — time of supply?

A: The tax point (time of supply) is generally the earlier of: the date the goods/services are supplied, the date an invoice is issued, or the date payment (including advance) is received; specific rules apply for continuous supplies and other cases.

20. Q: How do I account for advance payments?

A: An advance payment is generally a tax point and VAT is due on the amount of consideration received; issue a receipt/invoice at receipt of advance and later issue the final invoice referencing the advance with appropriate credit.

21. Q: Can I issue an invoice without my TRN?

A: If you are VAT-registered you must include your TRN on tax invoices. If not registered you should not issue tax invoices or charge VAT. If you were unregistered at the time of supply, seek FTA guidance on corrective action.

22. Q: How should shipping, handling or packaging fees be shown?

A: Additional fees that form part of the consideration (delivery, packaging) should be shown as line items and included in the taxable value unless a specific exemption applies.

23. Q: How to issue credit notes and debit notes?

A: Issue a credit note to adjust or cancel a prior invoice when price reductions, returns, or corrections occur; include references to the original invoice and show VAT adjustments. Debit notes increase the taxable amount when agreed.

24. Q: How are zero-rated supplies shown on invoices?

A: Zero-rated items should be clearly identified with the rate (0%) and a note of the basis (e.g., export of goods outside GCC) so that recipients can validate the VAT

treatment.

25. Q: Are financial services exempt from VAT?

A: Many financial services (certain banking/insurance services) are exempt from VAT under UAE law; exempt supplies do not have VAT charged and generally do not permit input VAT recovery.

26. Q: Do I need to issue a tax invoice for every sale?

A: A tax invoice should be issued for each taxable supply; for low-value retail transactions a simplified invoice/receipt may be acceptable. Always follow FTA thresholds and rules.

27. Q: What details must an invoice include for export sales?

A: For exports (zero-rated) include evidence of export, destination, transport documents, invoice with 0% VAT and any supporting documentation required to prove the export status.

28. Q: How to treat reverse charge supplies on invoices?

A: If the recipient must account for VAT under reverse charge, the invoice should state that the supply is subject to reverse charge and the recipient is responsible for reporting VAT; include legal references where helpful.

29. Q: What is VAT grouping and how does it affect invoicing?

A: VAT grouping allows related UAE entities meeting conditions to be treated as a single taxable person for VAT; intra-group supplies are generally disregarded for VAT and intra-group invoicing may not be required between group members.

30. Q: How to show multiple VAT rates on one invoice?

A: Show VAT rate per line item and provide subtotals and VAT totals per rate so the recipient can clearly identify the taxable amounts and VAT amounts by rate.

31. Q: How to treat VAT on imported digital services?

A: Imports of digital services from foreign suppliers are generally taxable in the UAE and the recipient may be required to account for VAT via reverse charge if the supplier is not registered in the UAE.

32. Q: What is the procedure for VAT refunds to foreign businesses?

A: Foreign businesses may apply for VAT refunds subject to FTA rules and eligibility (e.g., certain non-resident business expenses); follow the FTA refund procedure and documentation requirements.

33. Q: Can cash sales be recorded as simplified invoices?

A: Low value retail sales may use a simplified invoice (receipt), but you must still record details necessary for VAT accounting and retain supporting records.

34. Q: How do VAT adjustments work for capital goods?

A: For capital goods where input VAT was capitalized, adjustments may be required over a specified adjustment period if the use of the asset changes (e.g., from taxable to exempt use).

35. Q: Is VAT due on supplies to free zone customers?

A: Supplies to customers in designated zones or free zones may be treated differently; some free zone supplies can be zero-rated or treated as exports under conditions. Check the free zone's VAT status and FTA guidance.

36. Q: How should invoices be archived?

A: Archive invoices in a secure, retrievable format (electronic or paper) and ensure backups and indexing for easy retrieval during audits; preserve audit trails and e-invoice reference IDs where applicable.

37. Q: How to handle VAT on cross-border services within GCC?

A: Supplies within the GCC follow specific place-of-supply and residency rules which can affect VAT treatment; confirm the recipient's location and applicable FTA guidelines.

38. Q: Do I need special software for e-invoicing?

A: You will need software capable of producing the mandated structured e-invoice format (JSON/XML) and integration with an accredited channel; many ERP/POS vendors provide modules or middleware for compliance.

39. Q: How to document discounts given after invoicing?

A: Issue a credit note or revised invoice, adjust VAT in the VAT return for the period of adjustment, and keep supporting evidence of the revised price agreement.

40. Q: What evidence is required to support a zero-rated export?

A: Transport documents, customs export declarations, contracts, and proof that goods/services were supplied to a non-GCC location are commonly required to support zero-rating.

41. Q: Are training and education services zero-rated or exempt?

A: Qualifying educational services may be zero-rated if they meet detailed statutory conditions; otherwise they may be taxable or outside scope — check the FTA sector guidance.

42. Q: How should invoices be issued for continuous supplies (e.g., subscriptions)?

A: Issue periodic invoices covering each billing period, showing the taxable base and VAT for that period; consider timing of tax points and advances.

43. Q: Can VAT be reclaimed on business meals and entertainment?

A: Input VAT recovery on business entertainment/meals may be restricted; the FTA guidance sets rules on deductibility, and businesses should maintain evidence and policies.

44. Q: How to treat VAT when selling assets on which input VAT was reclaimed?

A: If an asset on which input VAT was reclaimed is transferred for non-business use or given away, a VAT adjustment or deemed supply may arise; follow adjustment

rules.

45. Q: What is a tax point correction when invoices are late?

A: If an invoice is issued late and the tax point is influenced by receipt of payment, update the tax accounting accordingly and document the reason for late invoicing.

46. Q: How to report VAT on the FTA return?

A: Prepare the VAT return with total taxable supplies, output VAT, input VAT recoverable, adjustments, and the net VAT payable or refundable and submit via the FTA portal by the deadline.

47. Q: Do online marketplaces have special VAT rules?

A: Marketplaces may have specific obligations (e.g., platform operator responsibilities) depending on whether they facilitate supplies and whether they are deemed the supplier; platform agreements and FTA guidance are relevant.

48. Q: How to issue an invoice when the recipient is abroad but pays in AED?

A: Show the currency used for billing, declare the place of supply and whether zero-rating applies; provide AED equivalent if requested by authorities and document exchange rates used.

49. Q: What are the documentation requirements for VAT on imports via courier?

A: Carry import documentation, customs declarations and courier records showing the import and any duties/VAT paid to support accounting and potential reclaim.

50. Q: How to handle VAT on cross-supplies between a group of companies?

A: If not in a VAT group, supplies between independent legal entities are subject to normal VAT rules and invoices should record taxable values and VAT accordingly; VAT grouping rules may allow consolidation under conditions.

51. Q: Are recharges between departments within the same legal entity

taxable?

A: Internal cost allocations within the same legal entity are not supplies for VAT purposes. However, if separate legal entities are involved, standard VAT rules apply.

52. Q: How to treat discounts where the supplier reimburses the customer later?

A: If a reimbursement is paid after the supply, issue a credit note and adjust VAT accordingly; document the reimbursement and link it to the original invoice.

53. Q: What is the minimum data required for a simplified invoice?

A: A simplified invoice must include supplier name, TRN, invoice number, date, total amount payable including VAT, and VAT amount if charged; check FTA guidance for exact fields and thresholds.

54. Q: Can a VAT-registered business zero-rate domestic sales?

A: Zero-rating typically applies to specific categories (exports, certain international transport, qualifying supplies). Domestic sales are usually standard-rated unless they fall into a zero-rated or exempt category.

55. Q: How should VAT be handled on cross-border digital advertising?

A: Place-of-supply rules determine whether VAT applies. Often digital services supplied to UAE customers by non-resident suppliers are subject to UAE VAT and may require registration or reverse charge accounting.

56. Q: How to treat VAT on barter transactions?

A: Barter or non-cash exchanges are treated as supplies at their open market value; treat each side as a taxable supply and issue invoices/records reflecting taxable values and VAT.

Key official sources and where to verify: Federal Tax Authority (tax.gov.ae) tax invoice checklist and guides; UAE Ministry of Finance e-Invoicing pages and corporate tax guidance. This collection is for general guidance and should not substitute professional tax advice.