# Understanding VAT

A Brief presentation on VAT

# Alderbasti

# INDEX

# Topic-1

Implementation and Thresholds
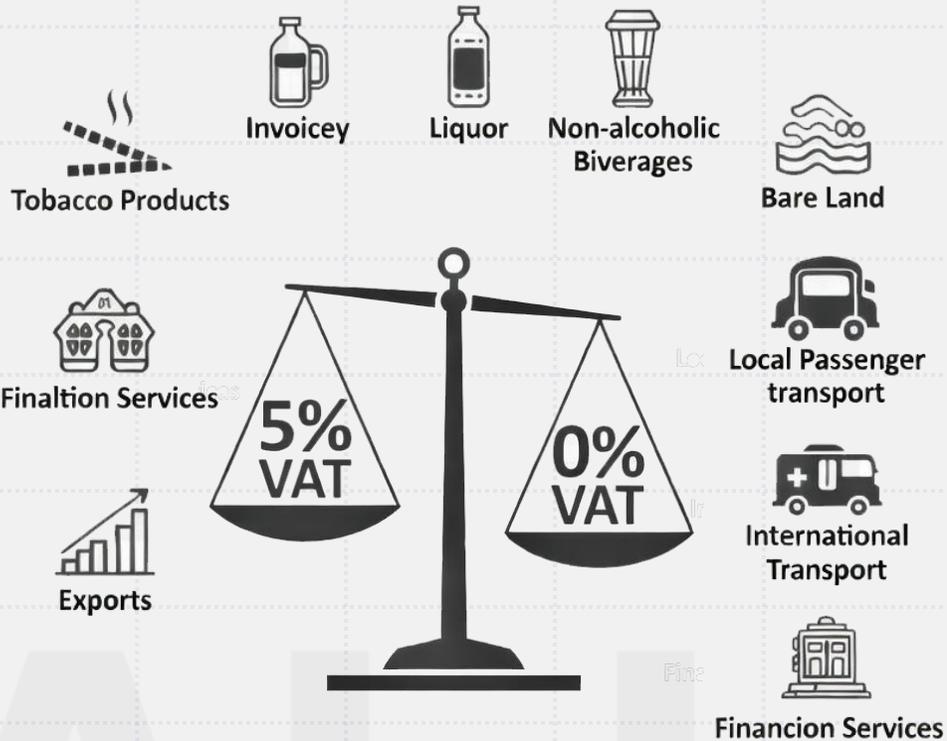
**Likely Threshold Limit-** Sales Value exceeding QAR 375,000 in the previous year.

**Proposed Rate of VAT-** 5% general except for certain items, viz., tobacco, Liquor, Beverages, etc. However, there can be 0% rate or higher than 5% for other items at the discretion of Government.

**Exempt sectors-** Certain financial services, bare land, and local passenger transport can be exempted like in other GCC countries.

**Zero-rated (0% VAT)-** Exports outside the GCC, international transport, healthcare, and education services will have 0% VAT.

**VAT is to charged in-** Invoice on sales Value. Invoice s should have a continued serial Number to be declared in the form.

**Input Credit-** Input credit shall be available on all eligible items for VAT paid on eligible items purchased.

**VAT is to be deposited-** During Next month at the Tax portal with a form of deposit net of available input credit on purchase.

**Returns-** Monthly/ Quarterly and Audited Annual returns are required to be filed at the Tax portal , balance VAT to be deposited before filing of TAX return.
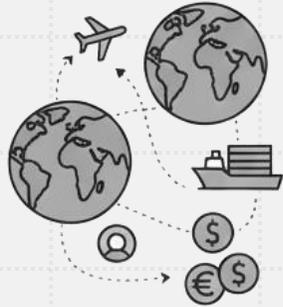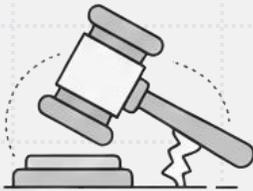
CROSS-BORDER TRANSACTIONS

REFUND OF VAT

OPENING INVENTORY

PENALTIES

**Impact on Opening inventory-** prior to the declaration of VAT applicability regime date shall be that these have to be declared at the portal in the format prescribed and on these no VAT is to be charged in case of sales or deemed input credit shall be applicable on these.

**Penalties-**Late registration, filing, or payment can result in fines.

**Documentation-**Businesses must maintain proper records and issue VAT-compliant invoices.

**Cross-border transactions-**Special rules apply for imports/exports within the GCC.

**Refund of VAT**- in case of non- applicability/ exemption of VAT the refund procedure shall be in place to claim un utilised VAT.

# Topic-2

GCC Implementation Timeline

# GCC VAT Implementation

## Saudi Arabia
Active VAT implementation with a 15% rate, implemented in 2018.

## Bahrain
Active VAT implementation with a 10% rate, implemented in 2019.

## Qatar
Pending VAT implementation with an expected 5% rate, around 2026/2027.

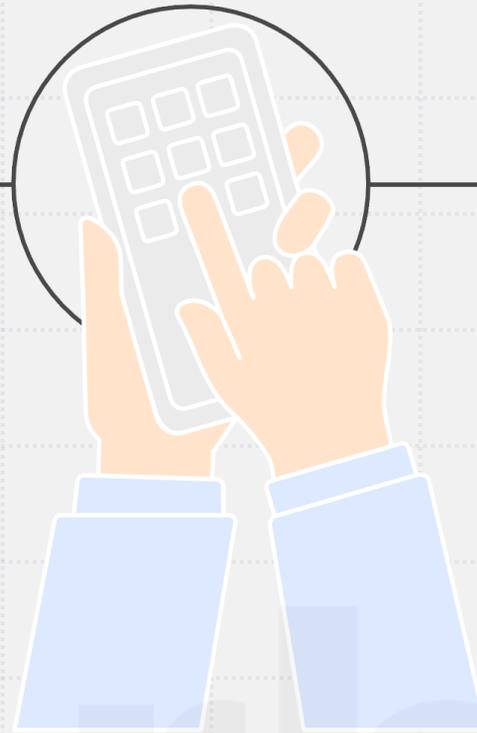## UAE
Active VAT implementation with a 5% rate, implemented in 2018.

## Oman
Active VAT implementation with a 5% rate, implemented in 2021.

## Kuwait
Pending VAT implementation with an expected 5% rate, around 2026–2028.

# UAE VAT Return Filing

## Filing Deadline
VAT return must be filed and payment made by the 28th day of the month following the tax period.

## Return Day
If the 28th day falls on a weekend or holiday, the deadline is extended.

## Nil Returns
A "nil" VAT return must be submitted even if there are no transactions.

## Filing Frequency
Frequency (monthly or quarterly) is determined by the FTA based on annual turnover.
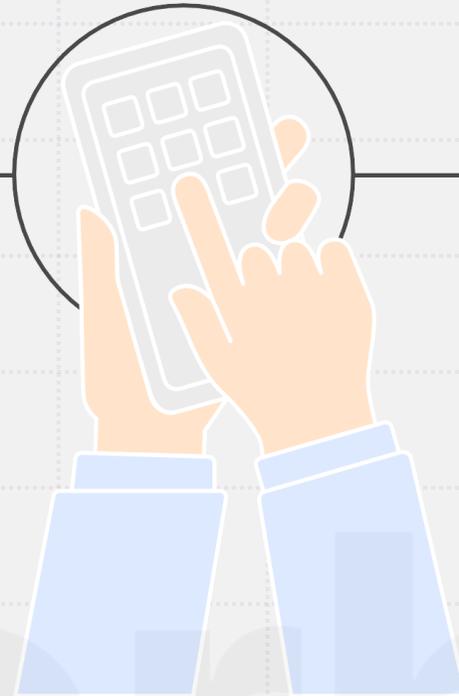
## Monthly Filing
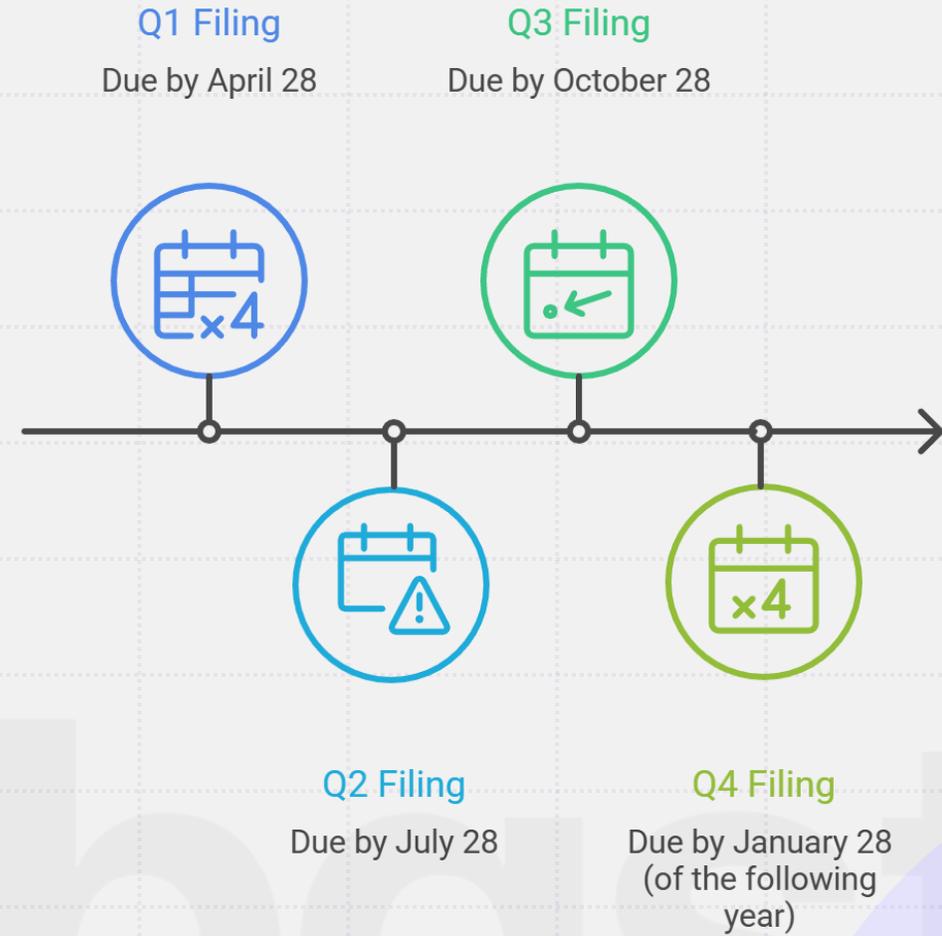Usually assigned to businesses with turnover of AED 150 million or more.

## Quarterly Filing
Standard period for most businesses with turnover below AED 150 million.

# Topic-2

Case Study

# CASE STUDY - 1

With an opening stock

A Limited Liability Company is a registered Supplier with an opening stock of 5 items worth 1,000 QAR as on date of VAT applicability and his Sales are anticipated increase in threshold limit.

He makes purchase of 1 item worth 200 QAR incurring a VAT of 10 QAR @5% during the month giving him input credit of QAR 10.

During the month he makes sales of 2 items @ 250 QAR each item( 1 item from opening stock).

His Format of Invoice for Sales Transaction shall be:

Declared Sales Value for 2 items-                                    QAR- 500

VAT@5%-                                                                         QAR- 25

Invoice Value-                                                                  QAR- 525

After the month he shall deposit as under:

VAT on sales – QAR 25

Less Deemed input Credit on Opening stock – QAR 10

Less Input Credit available on 1 item sold- QAR 10

VAT to be deposited- QAR 5

**Opening Stock**
Supplier starts with 5 items worth 1000 QAR

**Purchase**
Supplier buys 1 item for 200 QAR with 10 QAR VAT

**Sales**
Supplier sells 2 items for 500 QAR with 25 QAR VAT

**Invoice Generation**
Supplier creates an invoice with sales value and VAT

**VAT Calculation**
Supplier calculates VAT on sales and input credits

**VAT Deposit**
Supplier deposits the calculated VAT amount

# CASE STUDY – 2

Next month (second month)

Purchases- 10 items @ 200 QAR each + Vat 5%=2,100 QAR, input credit taken QAR 100

During second month sales=14 items@ 250 QAR each+ VAT

His Format of Invoice for Sales Transaction shall be:

Declared Sales Value for 14 items-          QAR- 3,500

VAT@5%-                                    QAR- 175

Invoice Value-                    QAR- 3,675

After the month he shall deposit as under:

VAT on sales – QAR 175

Less Deemed input Credit on Opening stock items(4*10)– QAR 40

Less Input Credit available on 10 item sold out of current purchases- QAR 100

VAT to be deposited- QAR 35

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**PURCHASES – 10 ITEMS @ 200 QAR EACH + VAT 5% = 2100 QAR, INPUT CREDIT TAKEN – QAR 100**

↓

**SALES – 14 ITEMS @ 250 QAR EAC + VAT**

| | |
|---|---|
| Declared Sales Value | QAR – 3500 |
| VAT @ 5% | QAR – 175 |
| Invoice Value | QAR – 3675 |

↓

**AFTER THE MONTH HE SHALL DEPOSIT AS UNDER.**

VAT ON SALES – QAR 175

LESS DEEMED INPUT CREDIT ON OPENING STOCK ITEMS (4*10)– QAR4

LESS INPUT CREDIT AVAILABLE ON 10 ITEM SOLD OUT OF CURENT PURCHASES – QAR 100

VAT TO BE DEPOSITED – QAR 35

# CASE STUDY – 3

Quarter

**Purchases- 20 items @ 200 QAR each + Vat 5%=4,200 QAR, input credit taken QAR 200**

**During second month sales=14 items@ 250 QAR each+ VAT**

His Format of Invoice for Sales Transaction shall be:

Declared Sales Value for 14 items- QAR- 3,500
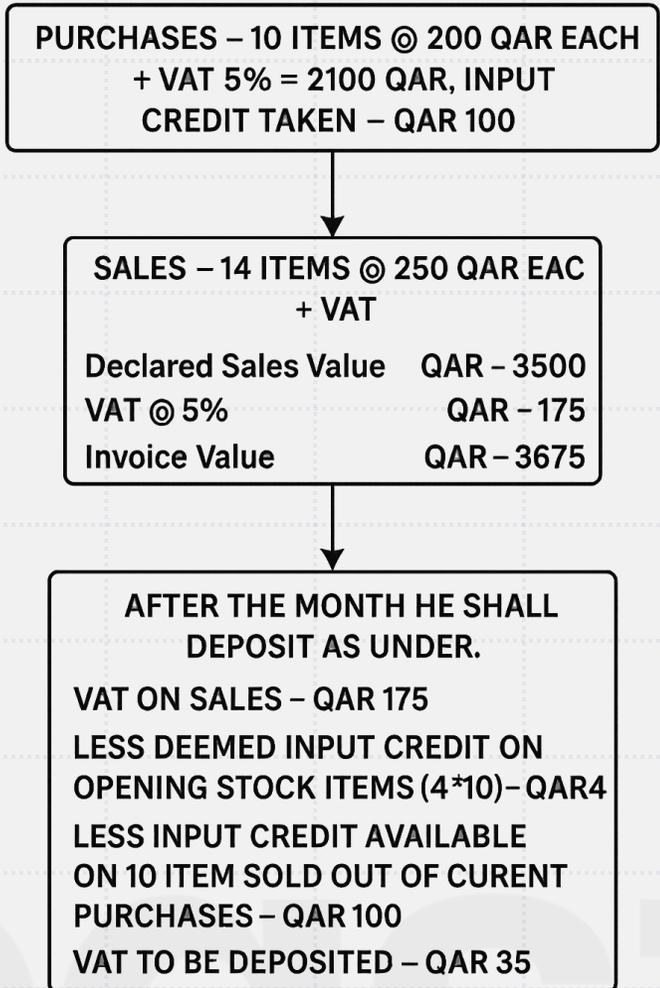
VAT@5%- QAR- 175

Invoice Value- QAR- 3,675

After the month he shall deposit as under:

VAT on sales – QAR 175

Less Input Credit available on 14 item sold out of current purchases- QAR 140

VAT to be deposited- QAR 35



**PURCHASES**
20 items @ 200 QAR each + Vat 5% =4,200 QAR, input credit taken QAR 200

**SALES**
14 items @ 250 QAR each + VAT

**VAT**
Declared Sales Value
QAR – 3500
VAT @ 5%
QAR – 175
Invoice Value
QAR – 3675

**VAT TO BE DEPOSITED**
QAR – 35

# SUMMARY

FOR THESE THREE CASES

# We Summarize for the quarter as under:  (QAR)

| Month | Opening Stock | Deemed/Actual Input VAT | Purchase | Input Vat | Total Input VAT | Sales | Out put VAT | Input Credit eligible | Net VAT Deposit |
|-------|--------------|-------------------------|----------|-----------|-----------------|-------|-------------|-----------------------|-----------------|
| 1 | 1,000 | 50 | 200 | 10 | 60 | 500 | 25 | 20 | 5 |
| 2 | 800 | 40 | 2,000 | 100 | 140 | 3,500 | 175 | 140 | 35 |
| 3 | 0 | 0 | 4,000 | 200 | 200 | 3,500 | 175 | 140 | 35 |
| 4 | 1, 200 | 60 | | | | | | | |
| | | | | | | | | | |
| Sub Total | | | | | | | | | 75 |

# QUARTER SUMMARY

**SALES**
QAR – 7500

**VAT OUTPUT ON SALES**
QAR – 375

**DEEMED INPUT CREDIT ON OPENING STOCK** – 50

**INPUT CREDIT ON PURCHASES** – 310

**VAT DEPOSITED**
QAR – 375 – 50 – 250 = 75

**INPUT CREDIT UTILIZED** – 250

**INPUT CREDIT CARRIED FORWARD**
OAR – 310 – 250 = 60

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**Summary for Quarter: (QAR)**

**Sales -7,500**

**VAT Output on sales - 375**

**Deemed input credit on opening Stock-50**

**Input credit on purchases-310**

**Input credit on purchases utilized- 250**

**Vat Deposited- 375-50-250= 75**

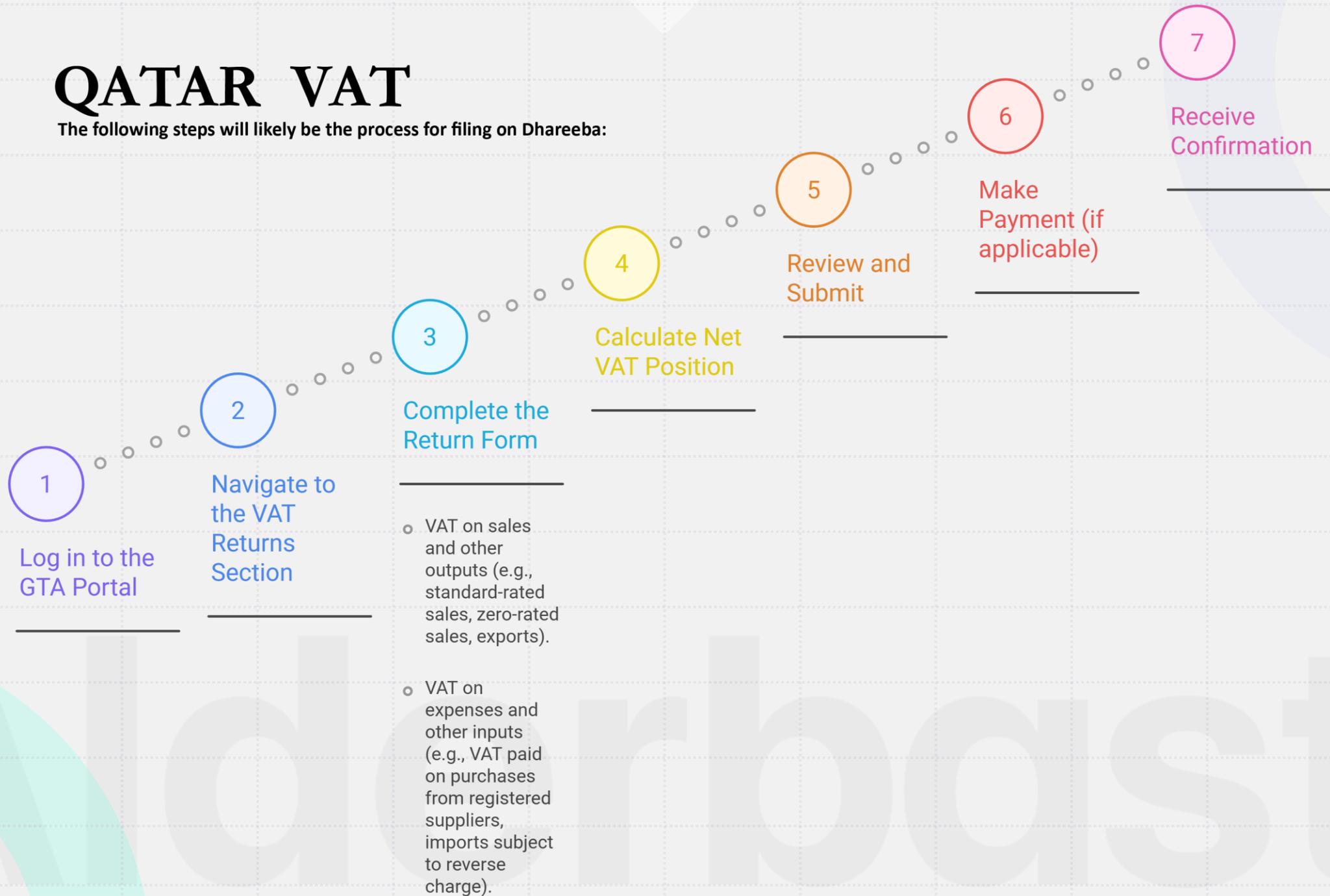**Input credit carried Forward- 310-250 =60**

# Annexure

**Step-by-Step Filing Process (Expected)**

Once VAT is introduced and the system is live, the following steps will likely be the process for filing on Dhareeba

# QATAR VAT

**The following steps will likely be the process for filing on Dhareeba:**

**7** Receive Confirmation

**6** Make Payment (if applicable)

**5** Review and Submit

**4** Calculate Net VAT Position

**3** Complete the Return Form

- VAT on sales and other outputs (e.g., standard-rated sales, zero-rated sales, exports).

- VAT on expenses and other inputs (e.g., VAT paid on purchases from registered suppliers, imports subject to reverse charge).

**2** Navigate to the VAT Returns Section

**1** Log in to the GTA Portal

## RETURN INFORMATION

Here's a sample VAT return template for your filings. It's structured to mirror the Tax Authorities requirements

on Dhareeba, with clear sections for sales, purchases, imports, and VAT calculation.

 VAT Return Template

### 1. Taxpayer Information

- TRN (Tax Registration Number): _____
- Business Name: _____
- Tax Period: From ___ / ___ / ___ to ___ / ___ / ___
- Return Due Date: ___ / ___ / ___

### 2. Sales( Output VAT)

| Description | Net Amount (QAR) | VAT Rate (%) | VAT Amount (QAR) |
|---|---|---|---|
| Standard-rated sales | | 5% | |
| Zero-rated sales | | 0% | |
| Exempt supplies | | N/A | |
| Exports | | 0% | |
| Total Output VAT | | | [Sum] |

## 3. Purchases (Input VAT)

| Description | Net Amount (QAR) | VAT Rate (%) | VAT Amount (QAR) |
|---|---|---|---|
| Local purchases (standard) | | 5% | |
| Imports (reverse charge) | | 5% | |
| Capital assets | | 5% | |
| Non-recoverable expenses (e.g., entertainment) | | N/A | |
| Total Input VAT | | | [Sum] |

## 4. VAT Calculation

- Total Output VAT: _____ QAR

- Total Input VAT: _____ QAR

- Net VAT Payable / Refundable:

    - If Output VAT > Input VAT → Payable = _____ QAR
    - If Input VAT > Output VAT → Refundable = _____ QAR

5. Deposit Details: Challan Number -    Date-          Amount-

6. Declaration

I hereby declare that the information provided is true and correct to the best of my knowledge.

- Authorized Signatory: _____

- Date: ___ / ___ / ___

**Guidelines:**

- Keep invoices and receipts attached for audit purposes.

- Ensure imports/exports are supported with customs documentation.

- Double-check that input VAT claimed is recoverable under Qatar VAT law.

- Submit via TAX portal by the .......th day after the tax period ends.

# Thank you
## Alderbasti