



# ACCOUNTING RECORDS AND COMMERCIAL BOOKS – REQUIREMENTS OF THE UAE VAT LAW

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**SU** Khan Associates  
& Management Consultants

Office no.3413, 34th Floor,  
Churchill Tower 1, Business Bay,  
Dubai, UAE  
Tel: +971 4580 8060  
Fax: +971 4580 7912  
Cell: +971 52 914 1118  
Email: saeed.hasan@sukhan.ae  
URL: www.sukhan.ae

**HAMDAN ALSHAMSI**  
LAWYERS & LEGAL CONSULTANTS

Office 1611, 16th Floor, Al Manara  
Tower, Al Abraj Street,  
Opposite to JW Marriot Hotel,  
Business Bay, Dubai, UAE  
Tel: +971 4 346 9262  
Fax: +971 4 346 9272  
E-mail: info@alshamsilegal.com  
URL: www.alshamsilegal.com

The UAE VAT law provides for recording and maintaining of certain set of accounting records and commercial books. The Law provides for such maintenance and recording by all businesses including non-taxable and taxable persons. These requirements are outlined herein below, non-compliance whereof entails administrative penalty.

Description	Requirement	Law Reference
Principal	Any person conducting any Business shall keep Accounting Records and Commercial Books of his Business and any Tax-related information as determined by the tax law and to maintain the same according to the specified controls.	Article 4 of the Federal Law No. (7) of 2017 on Tax Procedures.
Accounting Records and Commercial Books for ALL Businesses	Accounting books in relation to that Business which include records of: <ul style="list-style-type: none"> <li>• Payments</li> <li>• Receipts</li> <li>• Purchases</li> <li>• Sales</li> <li>• Revenues</li> <li>• Expenditures</li> <li>• Balance Sheet and Profit and Loss Account</li> <li>• Wages and Salaries</li> <li>• Fixed Assets</li> <li>• Inventory records and statements (including quantities and values) at the end of any relevant Tax Period</li> <li>• Stock-counts related to Inventory Statements</li> </ul>	Article 2 of the Executive Regulations of Federal Law No. (7) of 2017 on Tax Procedures.
Are there any Additional Requirements?	The Federal Tax Authority, in addition to above, may require any other information in order to conform, through an audit trail, the Persons' Tax obligations including any liability to register for tax purposes.	Article 2(2) of the Executive Regulations of Federal Law No. (7) of 2017 on Tax Procedures.

Description	Requirement	Law Reference
Records to be Kept by Taxable Persons	<p>The Taxable Person is to keep records of:</p> <ul style="list-style-type: none"><li>• All supplies and Imports of Goods and Services;</li><li>• All Tax Invoices and alternative documents related to receiving Goods or Services;</li><li>• All Tax Credit Notes and alternative documents received;</li><li>• All Tax Invoices and alternative documents issued;</li><li>• All Tax Credit Notes and alternative documents issued;</li><li>• Goods and Services that have been disposed of or used for matters not related to Business, showing Taxes paid for the same;</li><li>• Goods and Services purchased and for which Input Tax was not deducted;</li><li>• Exported Goods and Services;</li><li>• Adjustments or corrections made to accounts or Tax Invoices;</li><li>• Taxable Supplies made or received subject to Reverse Charge Mechanism</li><li>• Due Tax on Taxable Supplies;</li><li>• Due Tax on Taxable Supplies pursuant to Reverse Charge Mechanism;</li><li>• Due Tax after the error correction or adjustment;</li><li>• Recoverable Tax for Supplies or Imports;</li><li>• Recoverable Tax after the error correction or adjustment.</li></ul>	Article 78 of the Federal Decree-Law No. (8) of 2017 on Value Added Tax.

Description	Requirement	Law Reference
What Specific Records to be Kept in case of Supplies Made by Taxable Persons?	<ul style="list-style-type: none"> <li>• Records of all Goods and Services supplied by the Taxable Person or on his behalf showing the Goods and Services, suppliers and their agents to be kept in sufficient details to enable the Federal Tax Authority to readily identify Goods and Services, suppliers and agents.</li> <li>• The Taxable Person who makes a Taxable Supply of Goods or Services in UAE must keep records of the transaction to prove the Emirate in which the Fixed Establishment related to this supply is located.</li> <li>• Where the Taxable Person who makes a Taxable Supply of Goods or Services does not have a Fixed Establishment in UAE, such Taxable Person must keep records of the transaction to prove the Emirate in which the supply is received.</li> </ul>	Article 72 of the Executive Regulations on the Federal-Decree Law No. (8) of 2017 on Value Added Tax.
How to Keep Accounting Records and Commercial Books?	<p>The obligation to maintain Accounting Records and Commercial Books shall be met through any of the following:</p> <ul style="list-style-type: none"> <li>• Creating the record and retention of original documents which support the entries contained in the record.</li> <li>• Creating the record and preserving the information that was contained in the original document, provided that: <ul style="list-style-type: none"> <li>a) The information matches the data contained in the original document and shall be available for the specified period of time;</li> <li>b) The information retained or stored in either photocopy or electronic form and an easily readable copy of the same can be reproduced within a reasonable period if requested by the Federal Tax Authority.</li> </ul> </li> </ul>	Article 4 of the Executive Regulations of Federal Law No. (7) of 2017 on Tax Procedures

Description	Requirement	Law Reference
How long to Keep the Records?	<ul style="list-style-type: none"> <li>• For a period of 5 years after the end of the Tax Period to which they relate in the case of a Taxable Person</li> <li>• For a period of 5 years from the end of the calendar year in which the concerned document was created in the case of non-Taxable Persons</li> <li>• For a period of 15 years, after the end of the Tax Period to which they relate, in case of real estate</li> </ul>	Article 3 of the Executive Regulations of Federal Law No. (7) of 2017 of Tax Procedures/ Article 71 of the Executive Regulations of the Federal-Decree Law No. (8) of 2017 on Value Added Tax.
What are the Consequences of failure?	<p>Failure of the person conducting Business to keep the required records and other information specified in Tax Procedures Law and the Tax Law attracts administrative:</p> <ul style="list-style-type: none"> <li>• Penalty of AED 10,000 (for the first time)</li> <li>• Penalty of AED 50,000 (in case of repetition)</li> </ul>	Cabinet Resolution No. (40) of 2017

**Please share your queries & response**

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Email: saeed.hasan@sukhan.ae

Cell No: +971 52 914 1118