



Gearing up for VAT with e-invoicing and e-archiving

VAT introduction will transform the way trading companies across the GCC conclude business transactions. With several months still left till the VAT go-live date, now is the right time for companies across the GCC to evaluate technological capabilities of existing IT solutions and implement new enterprise software to get ready for VAT implementation.

“VAT registered businesses in the GCC will have to comply with new requirements, such as charging VAT on supplies, calculating VAT deductible or granting access to VAT documents during audits. These new obligations make a good case for e-invoicing and e-archiving solutions. Electronic invoicing and archiving offer compliance with the upcoming legal changes and ensure transparency in the circulation and storage of transaction documents.”

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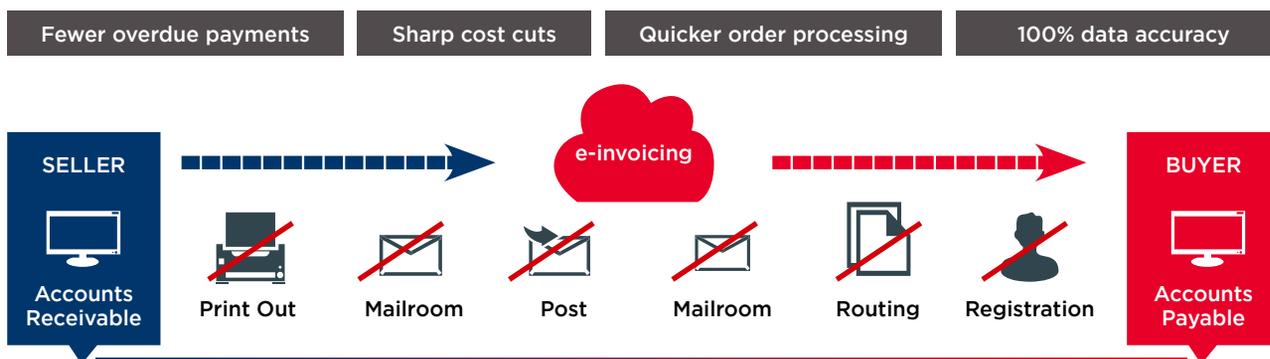


Charging VAT on supplies

Under VAT, companies across the GCC will be required to charge VAT on supplies at a correct rate. This new duty will be particularly time-consuming to trading companies with a big volume of invoices. Yet, e-invoicing solution can be a big help in this area, since it can automatically match a correct VAT rate to a particular product.

Calculating VAT deductible

VAT introduction implies the necessity to calculate VAT deductible on purchases. This new regulation can be easily covered by the e-invoice suite which automatically calculates the correct amount so there is no need to run the numbers manually.



Calculating the total net amount of VAT to pay / to refund

Following the introduction of VAT, GCC companies will be obliged to calculate the total net amount of VAT to pay or to refund. E-invoicing is an answer to this challenge. Thanks to validation mechanisms embedded in the e-invoice suite, the net amount is always checked for its accuracy before being processed any further.

Cash flow

Under VAT, companies should give even better attention to their cash flow management. Cash flow management, i.e. settling bills and collecting payments, is directly linked to the timing of VAT recovery on costs. Electronic invoicing solution by far improves accounts payable and accounts receivable processes. As a consequence, VAT recovery on costs takes place faster.

Tax audits

In the UAE, tax audits will be carried out by the Federal Tax Authority (FTA) to examine if a company is compliant with

the provisions of the Tax Law. Electronic archiving appears to be a true enabler in preparing for tax audits, providing the FTA with temporary access to e-documents via the administration panel. There, the tax authority can retrieve both a printable document and an original file of this document. Importantly, time stamping and access control – the security measures embedded in the e-archiving solution – are compliant with the Federal Law No. (1) of 2006 on Electronic Commerce and Transactions in the UAE.

Apart from VAT compliance, e-invoicing and e-archiving deliver extra value to businesses, both sellers and buyers. Electronic invoicing solves a number of challenges that each business that issues or receives paper invoices knows only too well: typing errors, disputes between trading partners arising from overpayment, underpayment, incorrect data, long invoice validation period, incorrect accounting codification to name just a few. In addition to this, with e-archive suite, businesses can achieve substantial operational savings on administrative duties and space rental. ♦



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Audit-proof archiving

- ✔ Time stamp
- ✔ Electronic signature
- ✔ Access control

