

Indirect Tax Update

Clarifications on the issuance of Tax Invoices by the General Authority of Zakat and Tax (GAZT)

29 July 2018

Dear Valued Clients,

The GAZT has released a publication providing additional clarifications relating to the issuance of Tax Invoices. We summarized the new information contained therein.

1 Tax Invoice Issuance - Nominal Supplies

In cases where a VAT-registered person makes a nominal supply, he is required to issue a Tax Invoice evidencing this supply. If the nominal supply arose due to the provision of goods or services for free to another person, the Tax Invoice should not be provided to that person, as the fact that he didn't have to pay for these goods or services prevents him from recovering the VAT due on this nominal supply. The issuance of a Tax Invoice is therefore strictly for the supplier's own record-keeping purposes in case the GAZT conducts a tax audit.

2 Tax Invoice Content

The following is a list of additional clarifications on the content requirements of a Tax Invoice:

- It is preferable but not required that a Tax Invoice be named "Tax Invoice".
- Tax Invoices may be issued either electronically or in paper. If issued in paper, it is preferable (but not required) that they contain a signature and a stamp.
- Additionally, paper Tax Invoices may be several pages in length and contain appendices. The appendices may contain part of the Tax Invoice content requirements as long as they are issued and delivered to the customer at the same time as the Tax Invoice. In such cases, the appendices are considered a part of the Tax Invoice and are therefore subject to the similar record-keeping requirements.
- In case a supplier is later requested by his customer to provide a copy of a previous Tax Invoice, the Tax Invoice must clearly state that it is a copy.
- The Tax Invoice must be issued in Arabic (in addition to any other language), but the amounts reported may be in English.
- In cases where the value of the supply or the tax amount runs into more than two decimal places, the supplier must round the amount to the nearest Halala (two decimal places).

3 Summary Tax Invoices

A supplier may issue a summary Tax Invoice containing several separate supplies made to one of its customers within a month's time, as long as all these supplies are made within the same tax period. If he does so, the supplier should not issue separate Tax Invoices in respect of these supplies.

4 Tax Debit/Credit Notes

Although the KSA VAT legislation does not provide a deadline in relation to the issuance of a Tax Debit/Credit Note relating to a previous taxable supply for which a Tax Invoice has already been issued, the GAZT sees that the same deadline applicable to the issuance of a regular Tax Invoice should apply here as well.

Another important point is that, in cases where a supplier is required to issue a Tax Debit/Credit Note to reflect a change in circumstances applicable to several separate supplies which are reported under several Tax Invoices, the supplier may issue a single Tax Debit/Credit Note to adjust the value of several separate supplies. This Tax Debit/Credit Note must then refer to the sequential numbers of all previously issued Tax Invoices affected.

For more information, please **contact us**.



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