



The 2022 marks 5th Year of VAT been implemented, business must prepare for FTA audits.

“As per Article 3 Cabinet Decision No. (36) of 2017, accounts and bookkeeping records maintained by taxable persons should be retained for a minimum period of 5 years (15 years for real estate owners) after the end of the tax period to which they relate.”

This indicates FTA may initiate the VAT audits and ask for detailed records as prescribed by Law within the end of 5 years of Implementation.

Timeline for Tax Audit?

The decision to audit the businesses completely is at FTA's discretion. It can happen wherever they want with a 5 day issued notices.

What is a Tax Audit?

A tax audit is basically a government's assessment of a company about their responsibility as a taxable entity.

This kind of audit is conducted by the FTA to ensure that every liability is paid and every tax due is collected and given to the government within the timeframe given.



What are the records to be maintained for a Tax Audit?



A registrant shall maintain the following records to be made available to FTA when asked:

1. Records of all supplies & imports
2. Tax invoices and documents related to receiving goods & services
3. All tax credit notes and documents received
4. All tax invoices and documents issued
5. Records of goods and services that were disposed of for matters unrelated to business and records showing tax paid to the same
6. Records of Goods and Services purchased and for which the Input Tax was not deducted.
7. Records of exported Goods and Services.
8. Records of adjustments or corrections made to accounts or Tax Invoices.
9. Details of Goods imported along with Customs declarations and Supplier Invoices

The list is not exhaustive but the FTA may demand any further document.

There is no fixed frequency in which the tax audit will be conducted. From time to time, the FTA selects the businesses who are required to be audited.

For any more information, clarification & queries you can reach us at

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