BAM
Advisors

Prove Your Suppliers Are Real Before You Claim Input VAT

A compliant invoice alone won't cut it.

FTA DECISION NO. 13 OF 2026 · EFFECTIVE 1 OCT 2026

www.bazaaraccounting.com

Prove Your Suppliers Are Real Before You Claim Input VAT

BEFORE

Valid Tax Invoice + Normal VAT recovery requirements.

FROM 1 OCTOBER 2026 :

A Taxable person must follow the mandatory 3-Pillar Verification Framework

1. **Supplier Verification**
2. **Supply Verification**
3. **Evidence & Governance**

Gives effect to Article 54(bis) of the VAT Law , a valid invoice alone is not sufficient, subject to the applicable VAT requirements.

WHO MUST COMPLY

All taxable persons, regardless of sector or size.

Verification is risk-based the depth of checks should match the value and risk of the transaction not be one-size-fits-all .

SUPPLIER-LEVEL VERIFICATION

Three checks before you engage a supplier

1 IDENTIFY THE SUPPLIER

Natural person: Emirates ID/Passport + evidence of a meeting (In person or Virtual) before the supply.

Legal person: Trade license, TRN certificate, Incorporation check vs official database, representative ID/passport.

2 VERIFY THE ADDRESS

Confirm that the office/place of business exists (field visit or e-verification) and is consistent with the claimed activity.

Note:
A mismatch is not automatic fraud-It must be explained and documented.

3 CHECK RISK INDICATORS (12 MONTHS)

- Address changed more than twice.
- Key personnel changed more than twice.
- Transaction volumes disproportionate to history.

If any flag exists, obtain a written justification backed by evidence and retain it.

SUPPLY-LEVEL VERIFICATION

Not just who - What and Why

1

COMMERCIAL RATIONALE

Is there a genuine business reason to use this specific supplier?

2

PAYMENT CONDITIONS

Offshore/third-party payments need a clear explanation. Electronic payment of preferred cash needs a genuine reason and traceability.

3

COMMERCIAL REALISM

Pricing and margins should be realistic goods/services should match the supplier's license and actual activities.

4

GENUINENESS & OWNERSHIP

The supplier must own or have the right to supply the goods/services. Any intermediary needs a clear commercial rationale.

Full input VAT recovery defence needs both: A Genuine Supplier & A Genuine Supply.

GOVERNANCE AND EVIDENCE

From Checklist to Control

1 GOVERNANCE

- **Written Policy**
  Define who checks and approves.
- **Centralized evidence file**
  Maintain one retrievable verification file.
- **Clear Ownership**
  Procurement → AP → Finance/Tax → Reviewer.
- **Ongoing Re-Verification**
  Re-check when risk or transaction value changes.

2 ACTIONS BY 1ST OCT

1. Segment suppliers by spend & risk.
2. Build verification files.
3. Assign sign-off owners.
4. Set up monitoring.
5. Dry-run top suppliers.

Input VAT recovery requires substance behind the invoice: A genuine supplier and an actual supply.

THRESHOLDS & ADDITIONAL CHECKS

Know your ladder

All amounts exclude VAT monitored on a rolling 12-month basis:

AED 10,000

Below this, a single supply may skip full checks as a standalone transaction. Not a blanket exemption.

AED 100,000

Cumulative supplier spend past this over 12 months → the AED 10,000 relief no longer applies. Full verification applies to every supply.

AED 375,000

Cumulative supplier spends past this over 12 months → bank confirmation + reputation check required (below).

BANK VERIFICATION

Confirmation/IBAN letter from a UAE-authorized bank, without qualifying conditions.

REPUTATION CHECK

Dated screenshots of reviews/media or industry reports confirming active market presence.

HOW BAM TAX ADVISORS CAN HELP

From Requirement to Practical Process

1. Compliance & gap assessment
2. Supplier risk assessment & verification
3. Documentation & staff training
4. Ongoing monitoring & FTA readiness

Stronger Input VAT Recovery Defense

The time to build the process is before the first FTA review - not during it.

CONTACT US

BAM Tax Advisors LLC
Bazaar Accounting & Management Advisors LLC

+971 4 234 2722/+971568460251
info@bazaaraccounting.com
www.bazaaraccounting.com
Office # 1403, Floor # 14, Al Moosa Tower 1, Sheikh Zayed Road, Dubai, UAE.
PO Box. 417412