



Ministry Of Finance

VAT Department

VAT RULE

2015-018

VAT Debit & Credit Notes



A. Authority

This Rule is made under section 17 of the Value Added Act, 2014.

B. Legislation

All legislative references are to the Value Added Tax Act, 2014 and the Value Added Tax Regulations 2014, unless otherwise stated.

C. This Rule applies in respect of:

Value Added Tax Act, 2014 Section 55

Value Added Tax Regulations, 2014 Regulation 33

D. Application of Rule

This Rule is for the purpose of specifying the circumstances under which a debt or credit note will be issued and the contents of such Notes.

This Rule applies in situations where there has been a post supply adjustment transaction for which the supplier or recipient will be entitled to a debit or credit. Specifically this Rule applies in the following situations:

- Where a registrant supplier charges tax in excess of the tax properly chargeable to another registrant recipient.
- Where a registrant supplier charges taxes less than the tax properly chargeable to another registrant recipient.

These transactions shall be reported on the VAT Return in the manner prescribed in the VAT Act.



E. Comptroller's Rule

1. Where "Tax" is stated on the Debit or Credit Note instead of the word "VAT", it shall be understood that the word "Tax" means "VAT"
2. It is a requirement of this Rule that a VAT Debit and Credit Note must contain the following information:
 - a) The word "VAT Debit Note" or "VAT Credit Note" written in a prominent place on the document;
 - b) The registrant supplier's tax identification number (TIN);
 - c) The registrant recipient's tax identification number (TIN);
 - d) The VAT Invoice identification (serial) number in which the VAT Debit/Credit Note relates;
 - e) Date on which the Debit/Credit Note was issued;
 - f) The date of the original VAT invoice to which the Debit/Credit Note relates;
 - g) The value of supply on the invoice;
 - h) The correct amount of the transaction;
 - i) The difference between the original value of supply and the correct amount of the supply;
 - j) VAT charge associated with the difference;
 - k) Brief explanation of the reason for issuing the debit or credit note.
3. The VAT registered supplier that issues a VAT Credit Note has to reflect such adjustment by reducing the output tax reported on the VAT return in the period in which it was issued



4. The VAT registered business that receives a VAT Credit Note has to reflect such adjustment by reducing the input tax reported on the VAT return in the period in which it was received
5. The VAT registered supplier that issues a VAT Debit Note has to reflect such adjustment by increasing the output tax reported on the VAT return in the period in which it was issued
6. The VAT registered business that receives a VAT Debit Note has to reflect such adjustment by increasing the input tax reported on the VAT return in the period in which it was received

F. The period for which this Rule applies

This Rule shall apply for the period beginning on January 1st, 2015 until it is withdrawn or replaced.

