

VATR 8

Ruling given under section 69A of the Value Added Tax Act.

Facts

Company (A) is engaged in the rental of immovable properties, other than for residential purposes. It registered for VAT on 5 October 2005 whereas it ought to have been registered as from 1 July 2002.

Goods and services used prior to registration to make the taxable supplies are supported by –

- a) Invoices, showing VAT separately, raised in the name of a related company (B) and in that of another company (C).
- b) Receipts and other evidence in name of company A and in that of company B.

In both cases, the auditor of company A has confirmed that the transactions have been paid incurred and accounted for by company A.

Company B is not entitled to and has not taken credit for input tax in respect of the transactions.

Point at Issue

Whether company A is entitled to take credit for input tax in respect of taxable supplies supported by evidence as per (a) and (b) above.

Ruling

Subject to the limitations specified in section 21 of the Value Added Tax Act, credit for input tax would be allowed to company A in respect of taxable supplies invoiced to company A or to related company B, and certified by the auditor of company A as having been incurred, paid and accounted for by company A, provided that –

- a) the taxable supplies are supported by –
 - i. invoices showing VAT separately; or
 - ii. statements from the VAT registered suppliers showing:
 - invoice No. and date;
 - name of company in which invoice issued;
 - value of taxable supply;
 - amount of VAT claimed; and
 - VAT return in which accounted for.
- b) The auditor of related company B certifies that the invoices issued in its name have not been accounted for by company B.