

VATR 9

Facts

A construction company was awarded a contract for the construction of waterfront private residences by a developer and promoter. Upon request by the promoter, an invoice equal to the value of the works to be carried out by the company was issued on 29 September 2006. However, payments relative to the invoice shall be effected according to the progress of work as and when this would be certified by the principal agent.

Point in issue

As the VAT Act has been amended with effect from 1 October 2006 whereby the supply of construction works in respect of private residences is a taxable supply as from above date, whether Section 5 of the VAT Act should apply in the present case, that is, the supply of goods and services shall be deemed to take place at the time an invoice is issued by the supplier.

Ruling

On the basis of facts submitted, Section 5 of the VAT Act does not apply since in construction business invoices are only issued in the light of the progress of work as certified by the Architect/Quantity Surveyor. The invoice issued on 29 September 2006 was based on the value of works to be certified and not on the value of works already carried out and certified.