ACQUISORY
Your Growth, Our Business



UAE Tax Alert

Verification of the Validity and Integrity of the Supplies before Deduction of Input Tax

VAT Public Clarification VATP048 – FTA Decision No. 13 of 2026

November 2026

Executive Summary

The Federal Tax Authority issued **Public Clarification VATP048** on verifying suppliers and supplies before deducting input tax, under **FTA Decision No. 13 of 2026** (effective 1 October 2026).

Key points briefly:

- **Applies where the FTA establishes tax evasion:** input tax may be rejected if the taxable person should have been aware.
- **Not mandatory for all supplies,** but compliance is evidence that the taxable person was unaware.
- **Verify the supplier:** identity, place of business and risk indicators, with extra checks above AED 375,000 in 12 months.
- **Verify the supply:** commercial reason, payment terms, price and licensed activity.
- **Document every step** and keep a written policy naming the persons responsible.

Would your purchase pass the FTA test?

7 examples

FTA Clarification VATP048
Decision No. 13 of 2026, in force since 1 October 2026

Which ones put the input VAT at risk?

Source: FTA Public Clarification VATP048 and FTA Decision No. 13 of 2026

ACQUISORY
Your Growth, Our Business

Know your supplier

Identity and place of business

EXAMPLE 1

NON-COMPLIANT

Curtains found on social media

Boutique hires a curtain specialist met only on WhatsApp. Invoice: AED 10,000 + AED 500 VAT. Identity never checked.

No identity verification before the supply (Art. 3(1))

EXAMPLE 2

COMPLIANT

Machinery from a new supplier

A construction company visits the supplier's Al Quiz warehouse and inspects the equipment before buying.

Place of business verified on site (Art. 3(2))

Source: FTA Public Clarification VATP048 and FTA Decision No. 13 of 2026

ACQUISORY
Your Growth, Our Business

Spot the red flags

Risk indicators and payment terms

EXAMPLE 3

NON-COMPLIANT

ERP system in four weeks

Startup claims 25 consultants, but its website shows 3 employees and mobile-app experience only. Warehouse proceeds: AED 20,000 + AED 1,000 VAT.

Risk indicator ignored (Art. 3(3)(a)(3))

EXAMPLE 4

NON-COMPLIANT

Furniture split into 3 invoices

AED 60,000 order billed as 3 x AED 20,000 by different companies, each with a different foreign bank account. Reason given convenience.

No explanation for third-party and foreign payments (Art. 4(2))

Source: FTA Public Clarification VATP048 and FTA Decision No. 13 of 2026

ACQUISORY
Your Growth, Our Business

Check price and license

Is the deal commercially logical?

EXAMPLE 5

NON-COMPLIANT

Bed sheets at AED 200 a set

Market price is AED 400 to AED 800. A newly established wholesaler offers AED 200, and the hotel accepts without asking why.

Price not checked against the market (Art. 4(3)(a))

EXAMPLE 6

COMPLIANT

Shishas from a new wholesaler

The restaurant checks the trade license: management consulting, IT advisory and marketing only. It decides not to buy.

Supply outside licensed activity caught (Art. 4(3)(b))

Source: FTA Public Clarification VATP048 and FTA Decision No. 13 of 2026

ACQUISORY
Your Growth, Our Business

What good looks like

Verification built into the routine

EXAMPLE 7

COMPLIANT

Medical devices from the usual wholesaler

The clinic collects serial numbers and customs documents and re-verifies the supplier's license every year.

Origin of goods and yearly re-check (Art. 4(3)(c))

Document every check. Supplies under AED 10,000 are exempt, unless the supplier's 12-month total exceeds AED 100,000 (excl. VAT).

Would your purchases pass?

Message our team at GCC@acquisory.com to review your supplier checks.

Source: FTA Public Clarification VATP048 and FTA Decision No. 13 of 2026

ACQUISORY
Your Growth, Our Business

Our Offices



UAE

Dubai
Office 604, Bay Square 11, Business Bay,
P.O. Box: 118767, Dubai, UAE
+971 4576 5098
GCC@acquisory.com



Abu Dhabi
Mazyad Mall, Mohammed Bin Zayed City,
Abu Dhabi, UAE
T: +971 58 101 7788
GCC@acquisory.com



Delhi-NCR

1116, 11th Floor, WTT, C-1, Sector 16, DND
Flyway, Noida - 201301
T: +91 120 614 300



Mumbai
102, 1st Floor, Naman Centre, BKC, Bandra
East, Mumbai City, Maharashtra, 400051



Bengaluru
Unit 1003-1004, 10th Floor, Prestige
Meridian - II, Mahatma Gandhi Rd,
Bengaluru, Karnataka, 560025