

Input tax credit now depends on what you checked

FTA Decision No. 13 of 2026 takes effect on 1 October.
What it requires, what is at risk, and how we run it with you.



What changed, and whom it affects

Article 54 bis of the VAT Law, inserted by Federal Decree-Law No. 16 of 2025, allows the Federal Tax Authority to refuse an input tax claim where a purchase formed part of a chain connected to tax evasion and the buyer knew, or should reasonably have known, that it did. That left one phrase carrying a great deal of weight. Decision No. 13 of 2026 defines what it takes to have met that standard.

Be clear about what the decision does. It sets out measures and conditions and creates no penalties of its own. What is at risk is the input tax itself on the affected purchases, recovered from the buyer rather than from the supplier who caused it. On a large purchase base that is a far bigger number than any fine.

It is also not an annual exercise, and it has no year end. Article 5(1) requires verification on a first dealing, and again on a recurring dealing where none has been carried out in the previous twelve months. Every supplier runs its own clock, from its own date.

Below AED 10,000 per supply, excluding VAT	Above AED 100,000 one supplier, cumulative over previous twelve months	Above AED 375,000 one supplier, cumulative over previous twelve months
The measures may be disregarded. Article 6(1).	That exemption no longer applies. Article 6(2).	Bank confirmation and reputation review added. Article 3(4).

Supplier A	Supplier B
40 supplies × AED 3,000	1 supply × AED 12,000
AED 120,000	AED 12,000
Not one supply reaches AED 10,000. The running total defeats the exemption.	The yearly total is small. The supply itself is above AED 10,000, so nothing was ever exempt.

Both are in scope, and neither is obvious from one invoice.

What the decision asks for

Three obligations: the supplier, each supply, and the documented policy behind both.

Article 3 The supplier, once every twelve months

Identity: A valid Emirates ID or passport for an individual, met before the supply in person or virtually. For a company, incorporation confirmed through official databases or a certificate, and the authorised representative identified.

The place of business: An actual place of business confirmed by appropriate electronic means or a field visit, and compatible with the activity carried on.

Risk indicators: Address or key people changed more than twice in twelve months. Transactions disproportionate to the size and history of the business. Where one applies, a justified explanation is retained and produced on request.

Above AED 375,000: Written confirmation from an authorised bank in the State that the supplier holds an account, free of reservations, and a review of publicly available reviews and media coverage.

Article 4 Every supply received

Must be reviewed to ensure clear business reason for using the supplier and justify the payment terms. Payments should normally be made electronically, while cash payments should only be used where there is a documented business reason. Any third party involved in the payment process, or any payment to an account outside the supplier's country of incorporation, should have a reasonable explanation.

Prices and profit margins should be consistent with market conditions. Goods and services should fall within the supplier's licensed business activities. The source and authenticity of goods, and the supplier's right to sell or transfer them, should be clear. Where the supplier acts as an intermediary, its role should be properly explained.

Article 5 The procedures, and who owns them

All the steps must be documented, and the supporting records are retained. The authority can verify that they were carried out correctly.

A documented policy identifying the persons in charge of implementing, reviewing and supervising, with their powers and responsibilities set out clearly, kept where the records are kept.

Here is a simpler and more direct version that keeps the policy intent and professional tone:

Under Article 5(4), the policy should set out clear ownership, defined review procedures, and an evidence trail that demonstrate an effective control framework. Compliance will be assessed in the same way as any other control framework: by confirming that the required process was followed and that sufficient evidence exists to show it was carried out.



Our automated register for Decision No. 13

You send one purchase listing a month, and the monthly obligation runs from it. Your team keeps the judgement; the register keeps the tracking and the proof. The ledger itself is not retained: what persists is the arithmetic and a fingerprint of the file you hold.

01 Scope, computed every month

Every supplier measured against the thresholds on each upload, with the article that produced the answer beside it. Tier is our word for convenience. The article is the Authority's.

02 Due dates raised before they lapse

Twelve months from each supplier's own last check, surfaced on screen ahead of the date. Nought is shown rather than hidden, so an empty screen is never mistaken for a clear one.

03 Segregation enforced, not requested

Who performed each check and who reviewed it, recorded against the item it governs. The performer cannot be the reviewer, and that is a database constraint rather than a policy line.

04 Duplicates raised, never merged

Near matches go to a person to answer. The register never combines two suppliers by itself, and never quietly leaves one unchecked.

05 An answer you can still explain in three years

Determinations are versioned, never overwritten, each carrying the figures and threshold version behind it. The export names the article for every line.

Rules compute. Nothing stored is produced by a model, and every figure is arithmetic over data you supplied.

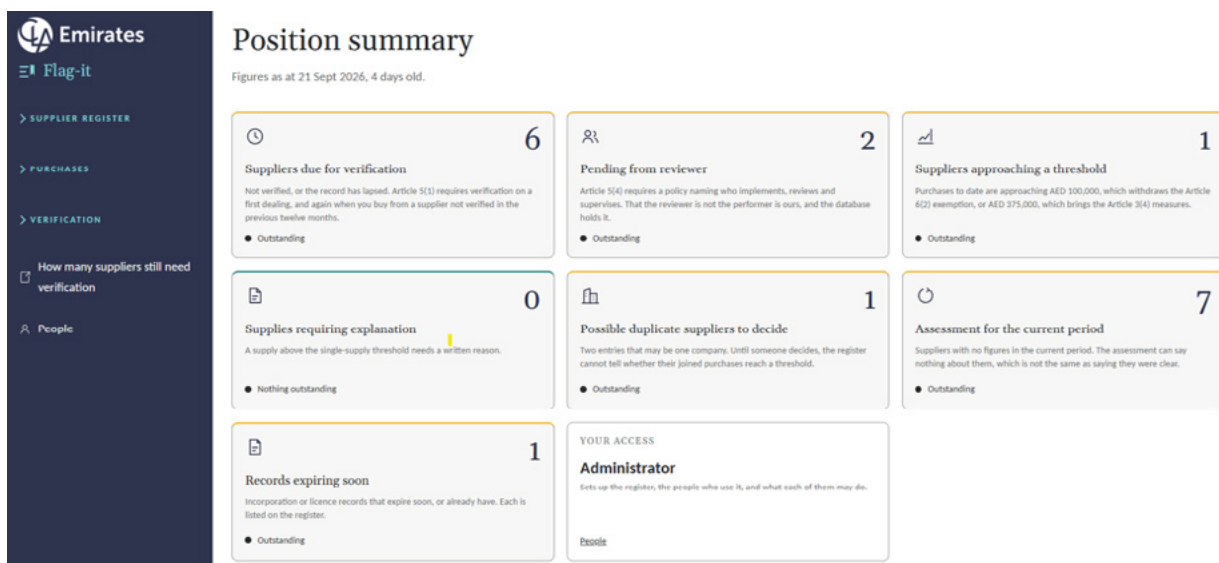


What your team works in

Illustrative Automation Solution Screens.

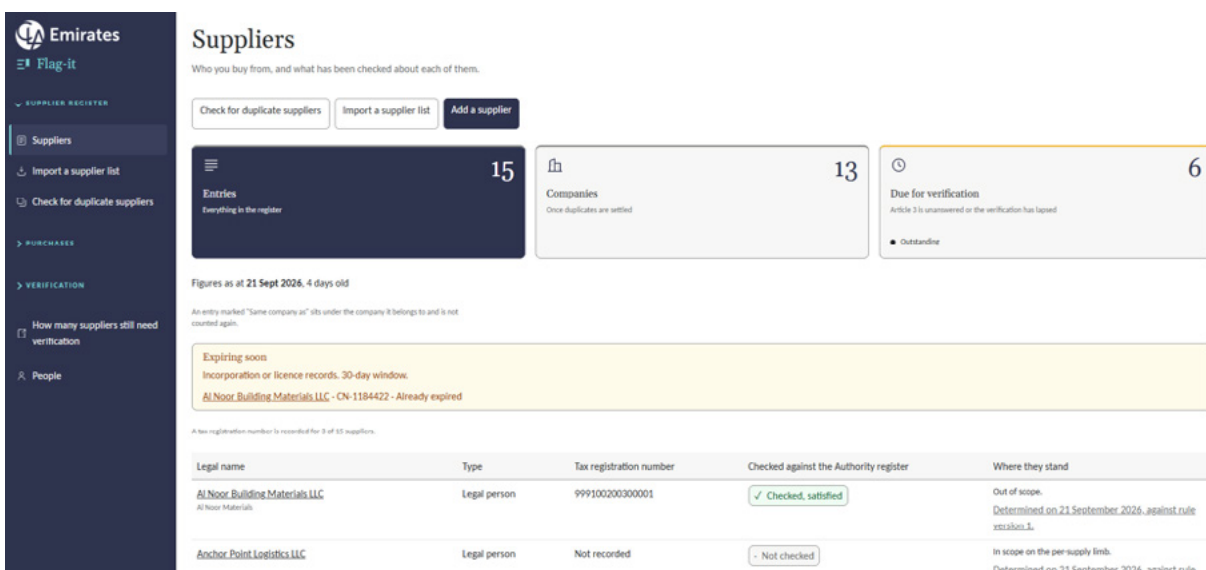
Where you stand

Position of all your suppliers: in scope this month, review required, approaching threshold, records due.



The supplier register

Every supplier: importing supplier, checking duplicates, status of the checks, and what is outstanding.



What verification is required

The supplier list shows how each supplier reaches the applicable threshold, whether verification is required, and the relevant article behind that determination.


Emirates
 Flag-it
 > SUPPLIER REGISTER
 > PURCHASES
 > What verification each supplier requires
 > Suppliers approaching a threshold
 > Check a supplier before paying
 > VERIFICATION
 > How many suppliers still need verification
 > People

What verification each supplier requires

Worked out from an upload, as at a date, over the twelve calendar months ending with it. Nothing here is a judgement: every figure is arithmetic over the file you sent.


Suppliers
 Everything in the register

15


Verification required
 A figure in Article 6 was reached, so Article 3 applies

6


Verification not required
 Neither figure in Article 6 was reached

4


No purchases in any upload
 Whether verification applies is not known until an upload includes them

5


Figures incomplete
 Some rows are in a currency other than dirhams, so the register cannot say whether verification applies

0

Supplier	Verification	How it was reached	The figures
Al Noor Building Materials LLC	Not required	Neither figure was reached. Every supply was below AED 10,000 and the twelve months did not exceed AED 100,000. Determined on 21 September 2026, against rule version 1.	Total over the window: AED 0.00 - Suppliers needing an Article 4 assessment: 0

The verification record

Each requirement beside the item it governs, performed by one person and reviewed by another.


Emirates
 Flag-it
 > SUPPLIER REGISTER
 > PURCHASES
 > VERIFICATION
 > Suppliers due for verification
 > Pending from reviewer
 > Suppliers requiring explanation
 > Review and confirm a period
 > Who is responsible, and where the policy is kept
 > How many suppliers still need verification
 > People

Pending from reviewer

Every verification by where it has got to. One that has been performed waits here until a different person reviews it.


Waiting for a reviewer
 Performed, and needs a different person to review it

2


Returned to the preparer
 Sent back with a reason, to be done again

0


In progress
 Started, and not yet recorded as performed

2


Verified
 Performed by one person and reviewed by another

0

Waiting for a reviewer

Longest wait: 4 calendar days

Horizon Steel Trailing LLC
 Waiting since 21 Sept 2026 - 4 calendar days
 Performed by: Aloha Rahman

Anchor Point Logistics LLC
 Waiting since 22 Sept 2026 - 4 calendar days
 Performed by: Aloha Rahman

How waiting is measured

A verification that has been performed and not yet reviewed is reported as waiting once the wait passes seven calendar days. Seven days is ours rather than the Authority's: the decision requires the separation under Article 5(4) and says nothing about how long a wait should go unremarked. The count is in calendar days rather than working days, because a working-day calendar is per-client configuration with public holidays in it, and inventing one here would be a second threshold of ours with nothing behind it.

Flag-it is built and maintained by our own team in the UAE, for this decision. It runs on Microsoft Azure, with your data separated at the database.

How we work with you

Implementing Decision No. 13 is an advisory engagement with a system at the end of it, not a software installation.

01 Scoping check, at no cost

Your own ledger read in your browser, returning who is in scope, at which level, and how many verification files that means. Nothing is uploaded and nothing leaves your machine.

02 The policy Article 5(4) requires

The documented policy naming who implements, reviews and supervises, with the onboarding procedure, evidence standards and retention. Drafted by us with your tax and procurement leads.

03 Your existing supplier base

Segmented against the thresholds, then verified once against the documents the decision asks for, with every gap listed and given an owner. Scoped on the number of suppliers you have.

04 The register, running

Your environment provisioned, your ledger loaded, roles assigned and the monthly upload automated, so the cycle runs without anyone remembering. Live in three weeks.

05 After go-live

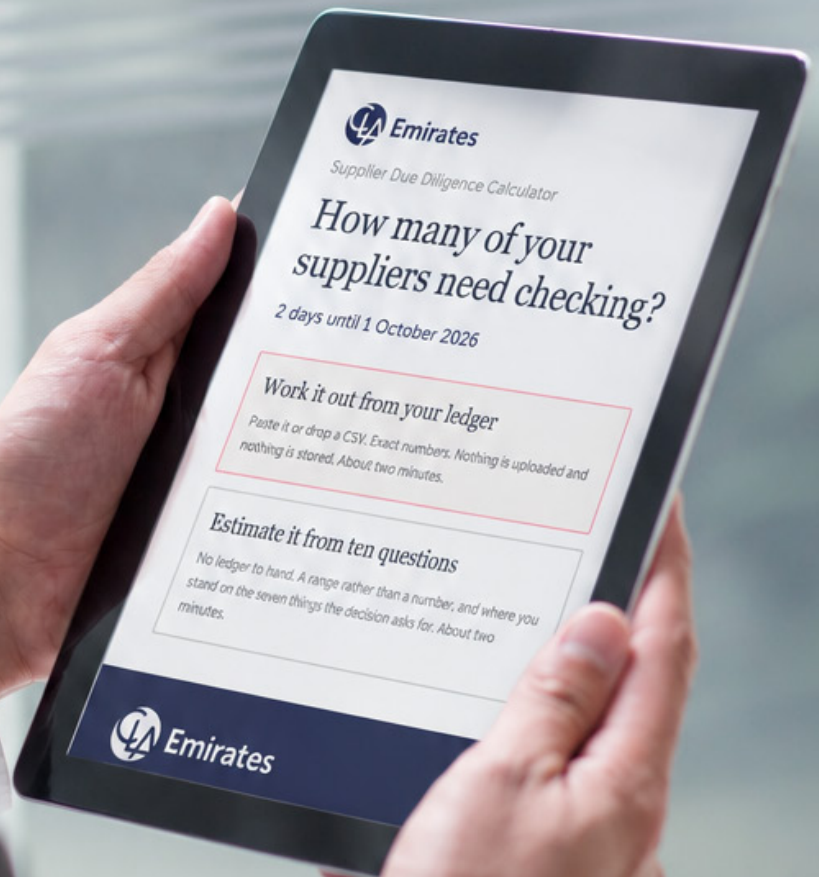
Your team runs the monthly upload. We hold the environment, maintain the rules as the Authority's guidance develops, and run the verifications you would rather not.

Scoping check, live now:

**[digital.claemirates.com/
supplier-due-diligence](https://digital.claemirates.com/supplier-due-diligence)**

What we need from you: one purchase listing with four columns, the people who will hold each role, and an hour a week during implementation.







In the UAE since 2005, a CLA Global Network Member Firm.



20+
years operating
in the UAE



200+
professionals
across the
practice



8th and 15th
CLA Emirates/
Global rank,
by revenue

Audit and assurance, tax, management consulting, corporate services, advisory, IPO and transaction support, and digital transformation. Offices in Dubai, Abu Dhabi, JAFZA and Sharjah.

Network ranking per the IAB World Survey 2025.

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Our Services

● Audit & Assurance

- **External Audit** - Financial Statement Audit | Group Audit & Consolidation Reporting | Special Purpose Audits | Agreed-Upon Procedures (AUP) | Limited Reviews | Financial Due Diligence
- **IFRS Advisory** - IFRS Impact Analysis | IFRS Advisory | First-time Adoption of IFRS

● Accounting & Business Advisory

- **Consultancy & Accounting** - Monthly / Quarterly Accounting | Backlog Accounting | Payroll Processing & Compliance | Audit Support | ICV Certification Support | Supervision & Review of Accounting Transactions | Financial Statement Preparation | CFO Services | Accounting System Design & Implementation
- **Business Advisory** – Transaction Advisory | Business & Equity Valuation | Feasibility Studies | Business Plan

● Tax

- **Direct Tax**
 - **Corporate Tax** - Advisory | Awareness Sessions | Assessment | Federal Tax Authority Support | Compliance-Registration, Return Filing, Deregistration
 - **International Tax** - OECD Pillar Two | Advisory on International Contracts | Structuring for International Expansion | Personal Tax Advisory
 - **Transfer Pricing** - Risk Assessment | Advisory | Strategy & Design | Documentation-Benchmarking Study, Local File, Master File, Transfer Pricing Policy
- **Indirect Tax**
 - **UAE Value Added Tax (VAT)**
 - Tax Agent | Registration & Amendment | Return Filing | Advisory - Transaction Advisory, Strategic Advisory, VAT Health Check, Pre-Tax Audit, VAT Refund for Taxable Persons, Business Visitor Refund, UAE Nationals' Villa Refund | Deregistration | Appeals & Litigation
 - **Excise Tax** - Advisory & Compliance
 - **Customs Duty** - Advisory & Compliance

Our Services

● Corporate Services

- **Company Formation** - DIFC | ADGM | Mainland | Free Zone | Offshore
- **Business Support** - Secretarial | Tax Registration Certificate | Trademark Registration | Wills | Liquidation Support | AML Compliance

● Digital & Advisory

- **Advisory**
 - **Governance, Risk & Compliance:** Internal Audit & Risk Advisory | Enterprise Risk Management | Internal Controls over Financial Reporting (ICFR) | Operational Resilience & Business Continuity | Governance & Board Advisory | Compliance & Regulatory Advisory | Policy & Procedure Framework Design
 - **Forensic & Investigations:** Forensic Investigation & Fraud Risk | Dispute & Litigation Support
 - **ESG & Sustainability:** ESG Reporting & Disclosure | ESG Strategy & Advisory | ESG Assurance Readiness
 - **IPO Readiness:** IPO Readiness Assessment and Governance | Controls for Listing
- **Digital**
 - **AI & Digital Transformation:** AI Governance & Assurance | AI Readiness & Strategy | Intelligent Automation | Agentic AI & Intelligent Applications | Data & Analytics | ERP & Cloud Transformation | e-Invoicing
 - **Cybersecurity & Technology Assurance:** Cyber Strategy & Framework Implementation | Penetration Testing & Offensive Security | Incident Response & Cyber Operations | IT Audit & ITGC | Third-Party Assurance

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