

## Input VAT credit claim

# Three-month window interpretation upheld

By default, an input VAT must be credited against the output VAT of the same tax period (month). Nevertheless, if you have not been able to do so, the VAT law allows you to claim it in your VAT return for one of the following three months. If you receive a tax invoice dated 4 February 2020 from a vendor, for instance, you should credit it (i.e. claiming as a tax credit) in your VAT return for February. If you can't, you can claim it in your VAT return for either March, April, or May 2020.

This rule has just been confirmed by the Director General of Taxation (DGT) through SE-02/PJ/2020 (SE-02) issued on 21 January 2020. The DGT also suggests the rule's applicability for other documents designated as bearing a tax invoice status. It follows, an import VAT paid on 5 February 2020 can be claimed as an input VAT in your VAT return for February 2020, suggesting that the tax period to which an import VAT belongs is the month when you pay the import VAT. Alternatively, you can claim the import VAT in your VAT return for either March, April, or May 2020.

SE-02 expands the illustration with a situation in which you are only aware you have not claimed the input VAT when your VAT return for February is being audited by the DGT. This does not necessarily render the unclaimed input VAT non-creditable. With the three-month window, you can still claim it through the VAT return for either March, April, or May 2020.

Included as a creditable input VAT is an import VAT paid pursuant to an official assessment by the Directorate General of Customs and Excise (DGCE). Suppose with respect to import VAT originated in February 2020 above, the DGCE issues an assessment requiring you to pay an additional import VAT in November 2020. If you pay the assessed import VAT in November 2020, this will constitute an input VAT of November 2020 and accordingly can be claimed as a tax credit in your VAT return for November 2020. Alternatively, with the three-month window, you can claim it through your VAT return for either December 2020, January 2021, or February 2021.

In certain situations, you may need to revise the VAT return through which you intend to claim an input VAT. Suppose you receive a tax invoice dated 5 February 2020 in June 2020 when you have filed your VAT returns for February, March, and April 2020 but not for May 2020. In this case, you can claim the input VAT through the VAT return of either February, March, or April 2020 by revising the VAT return concerned or directly through the VAT return for May 2020. However, if you only receive the tax invoice long after the relevant tax period, say in November 2020, when you have filed all your VAT returns, you can only claim the input VAT by revising the VAT return for either February, March, April, or May 2020.

An across-the board condition applies to the rule and interpretation above: the input VAT has not yet been expensed or capitalized in your book.

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