Abu Dhabi Court’s Landmark Decision: No Tax Invoice, No Tax Claim

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The ruling No. 229 of 2024 by the Court of Cassation in Abu Dhabi on 04 April 2024 sets a new precedent regarding the necessity for taxpayers to provide **tax invoices** to claim tax debts from debtors. This judgment underscores the importance of adhering to formal documentation requirements in tax matters, ensuring that taxpayers have the appropriate records to support their claims.

In this case, the court emphasized that understanding the facts of the case and evaluating the evidence, including expert reports, is within the jurisdiction of the trial court. The trial court has the authority to accept or reject expert reports wholly or partially, provided that its decision is based on reasonable grounds.

The case involved a contract dispute where the contractor completed 86.50% of the contracted work. The appointed expert reviewed the work, identified deficiencies in workmanship, and deducted their value from the contractor’s dues. Additionally, the expert calculated the value of the extra work performed and settled the contractor’s entitlements based on the actual work completed. The court ruled that the contractor was entitled to AED 665,697 for the work executed, a sum supported by the expert report.

One critical aspect of the ruling was the dismissal of the contractor’s claim for VAT reimbursement. The contractor presented an accounting document from the Federal Tax

Authority's system to support the VAT claim. However, the court found that this document was not a **tax invoice**, and there was no evidence of any tax invoice being submitted to the respondents for the amount claimed. According to the contract terms, the contractor needed to provide a valid tax invoice to be eligible for VAT reimbursement.

The lack of proper **tax invoices** not only affects the ability to claim tax debts but also exposes taxpayers to potential **penalties** imposed by the Federal Tax Authority. The FTA has strict guidelines and regulations for VAT documentation, and failure to comply can result in significant fines and penalties. This ruling by the Abu Dhabi Court of Cassation prevents creditors from claiming taxes from debtors if they lack the appropriate tax invoices, expanding the **plight** of not issuing accurate tax invoices.

This ruling reinforces the legal requirement for **tax invoices** to claim tax debts and ensures that such claims are substantiated by appropriate documentation. The court's decision aligns with the principles of fairness and legal integrity, ensuring that claims are based on solid evidence rather than assumptions or incomplete documentation.

Moreover, this judgment highlights the significance of maintaining accurate and comprehensive records in commercial transactions. For businesses, this serves as a reminder of the critical role of **documentation** in supporting their financial claims and legal rights. Ensuring that all transactions are properly documented with **tax invoices** not only complies with legal requirements but also protects businesses in potential disputes.

In conclusion, the ruling No. 229 of 2024 by the Abu Dhabi Court of Cassation sets a clear precedent that **taxpayers must provide tax invoices** to claim tax debts from debtors. This decision underscores the importance of adhering to formal documentation requirements and maintaining accurate records to

support financial claims. For businesses and tax professionals, this serves as a crucial reminder of the need to ensure that all financial transactions are properly documented and supported by appropriate evidence. The ruling also highlights the potential consequences of failing to issue accurate tax invoices, which can include penalties from the Federal Tax Authority and the inability to claim taxes from debtors. This ruling will likely influence future cases, reinforcing the necessity for strict compliance with tax documentation regulations.

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