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INTEREST ON VAT REFUNDABLE AMOUNTS

An amendment in the VAT Law has been published in the Official Government Gazette on 19 October 2012, in relation to the repayment of VAT amounts owed to taxable persons together with interest.

The taxable person, who made a claim for a VAT refund, will be entitled to the refund of the principle amount together with interest in the following circumstances:

1. The delay in the refund of the principal amount was not caused by actions or omissions of the taxable person.
2. The VAT refund has been overdue for a period of more than 4 months from the date the refund claim was made.

The interest (currently set at 5% p.a.) will be calculated from the end of the 4 months period.

The grace period for the VAT Authorities to repay the refundable amounts is extended by 4 months (i.e. 8 months in total) in the event that the Commissioner is carrying out an investigation in relation to the submitted claim.

The Law amendment will come into effect 4 months following its publication in the Official Government Gazette and it will be applied for all claims in relation to the VAT periods following the date of the enforcement of this amendment.

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This publication is intended as a general guide only and its application to specific situations will depend on the particular circumstances involved. Accordingly, we recommend that readers seek appropriate professional advice regarding any particular problems that they encounter. This information should not be relied upon as a substitute for such advice.

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