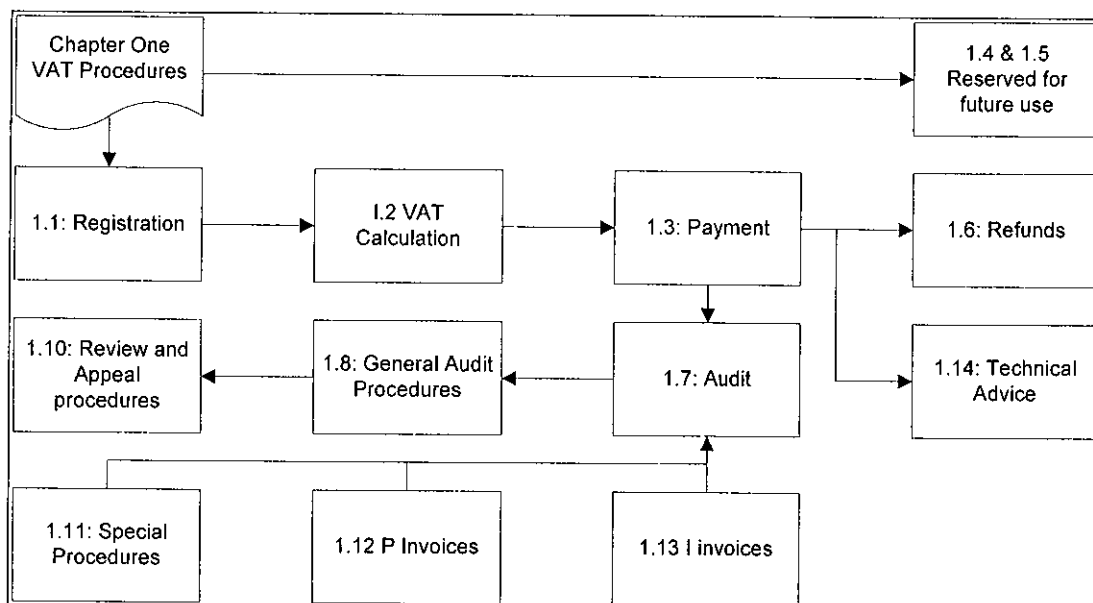


CHAPTER 1: VALUE ADDED TAX	
1.1 REGISTRATION FOR VAT	2
1.2: CALCULATION OF VAT BY A BUSINESS	5
1.3: PAYMENT OF VAT BY A BUSINESS	9
1.4: RESERVED FOR FUTURE USE	9
1.5: RESERVED FOR FUTURE USE	10
1.6: DESK AUDITING PROCEDURES (REFUNDS)	10
1.7: DESK AND FIELD AUDITING PROCEDURES	12
1.8: GENERAL AUDIT PROCEDURES	15
1.9: FREEZING & CLOSING A FILE	17
1.10: REVIEWS AND APPEALS OF DECISIONS (DRAFT PROPOSAL)	18
1.11: SPECIAL DEBIT AND CREDIT PROVISIONS (APPEALS GOES HERE)	20
1.12: UNIFIED INVOICES P: INVOICES	20
1.13: UNIFIED INVOICES I: INVOICES	24
1.14: TECHNICAL ADVICE	26
2.15.1: REFUNDS OF VAT (DIPLOMATS AND DONORS)	28
1.21: SAMPLE DOCUMENTS	31



Registration for VAT

Step	Actor	Procedure
1	Business	<p>All businesses must register for VAT if:</p> <ul style="list-style-type: none"> - They operate as a business in Palestine. - Businesses fall into four groups: <ul style="list-style-type: none"> o Exempt Businesses: <ul style="list-style-type: none"> ▪ Less than 48,000 NIS turnover; and ▪ Less than 3 employees. o Small Dealers: <ul style="list-style-type: none"> ▪ More than 48,000 NIS turnover; and ▪ Less than 225,000 NIS turnover; and ▪ Less than 3 employees. o Authorized Dealers: <ul style="list-style-type: none"> ▪ More than 225,000 NIS turnover; or ▪ More than 3 employees; or ▪ Service provider. ▪ If dealer submit a request to be registered as an authorized dealer even though his annual turnover is less than 225,000 NIS and approved by VAT authorities - Have an annual turnover in excess of the current threshold of 50,000 NIS. <p>Depending on the nature of the business there are different documents and procedures required as set out below:</p> <ul style="list-style-type: none"> - For an individual that operates as a business go to step (2). - For a partnership that operates as a business go to step (3). - For incorporated businesses go to step (4). - For not for profit organizations go to step (5).
2	Individual person operating as a business	<p>An individual operating as a business must obtain the documents listed below and present them along with the application Form V1 to the regional VAT office in the region where the business is based.</p> <ol style="list-style-type: none"> (1) Request letter to open a VAT file (Form V1) (2) Originals of ID Card (to be copied) (3) Property lease document or other proof of business location. (4) Power of Attorney for accountant to manage accounting books (5) obligation to follow accounting guidelines <p>When the documents are assembled and the form is completed they should be delivered to the regional VAT office in the region where the business is based. Go to step (6).</p>
3	Partnership	Any partnership operating as a business must obtain the

		<p>documents listed below and present them along with the application Form V1 to the regional VAT office in the region where the business is based.</p> <ol style="list-style-type: none"> (1) Request letter to open a VAT file (Form V1) (2) Originals of all operating partners' ID Cards. (to be copied) (3) Proof of partnership's Bank Account (reference letter from the bank). (4) Proof of registration of partnership/ Copy of partnership agreement. (5) Details of authorized signatories and copies of their signatures. (6) Property lease document or other proof of business location. <p>When the documents are assembled and the form is completed they should be delivered to the regional VAT office in the region which is the partnership's principal place of business. Go to step (6).</p>
4	Incorporated Business (Company)	<p>An incorporated business or Company must obtain the documents listed below and present them along with the application Form V1 to the regional VAT office in the region where the business is based.</p> <ol style="list-style-type: none"> (1) Request letter to open a VAT file (Form V1) (2) Original of business' registration certificate. (to be copied) (3) Proof of business' Bank Account (reference letter from the bank). (4) Legal company forms (Articles of Association and business structure). (5) Details of authorized signatories and copies of their signatures. (6) Originals of IDs of authorized signatories. (to be copied) (7) Details of accounting system. (8) Company management structure. (9) Property lease document or other proof of business location. (10) Article of incorporation (11) Establishment Contract <p>When the documents are assembled and the form is completed they should be delivered to the regional VAT office in the region where the business is based. Go to step (6).</p>
5	Not For Profit Entity or Association	<p>A not for profit entity operating as a business must obtain the documents listed below and present them along with the application Form V1 to the VAT office in their region of residence.</p> <ol style="list-style-type: none"> (1) Request letter to open a VAT file (Form V1) (2) Original of association's registration certificate. (to be copied) (3) Proof of company's Bank Account (reference letter from the bank). (4) Legal association forms (Articles of Association and business structure). (5) Details of authorized signatories and copies of their signatures. (6) Originals of ID of board / authorized signatories. (to be

		<p>copied)</p> <p>(7) Details of accounting system.</p> <p>(8) Approval permits (if required)</p> <p>(9) Property lease document or other proof of business location.</p> <p>When the documents are assembled and the form is completed they should be delivered to the regional office of VAT in the region which is the partnership's principal place of business. Go to step (6).</p>
6	VAT Officer	<p>When an application for VAT registration is received:</p> <ul style="list-style-type: none"> - Check to confirm that: <ul style="list-style-type: none"> o The application Form V1 has been completed in full for all the relevant spaces; and o That all of the required documents are attached with the application Form V1; and o That the application information correctly relates to the attached documents. - If the application is not complete or all the required documents are not attached go to step (7). - If the application is complete and all documents are attached go to step (8).
7	VAT Counter	<p>When an application is:</p> <ul style="list-style-type: none"> - not complete or - all the required documents are not attached or - the application information does not relate to the attached documents. - All documents are consolidated and referred to the Regional Manager for assessment. - Go to step (18). - When the documents are returned from the Regional Manager endorsed as accepted: - Go to step (8); - When the documents are returned from the Regional Manager endorsed as rejected: <ul style="list-style-type: none"> o The applicant's details are recorded in the Register of Rejected Applications. o The application and documents are returned to the applicant with an explanation using Form V2. <p>Note 1: It is also acceptable to contact the applicant or his agent by phone, advise the applicant of the problem and arrange for them to come in to the office to resolve the problem. However, if the applicant cannot finalize the matter on that day the details should be recorded in the Register of Rejected Applications even if the documents are not returned.</p>
8	VAT Registrar	<p>When an application is submitted correctly:</p> <ul style="list-style-type: none"> - All originals of the documents presented are copied. - The copied documents and the application Form V1 are placed in a new file folder. - The taxpayer details are written on the file cover.

		<ul style="list-style-type: none"> - All required fields are input to the SHAAM system from the original documents. - The appropriate industry classification code is input from the List of Industry Codes. - Once all data are correctly input, the SHAAM system will generate a file number and a registration letter Form V3. - The registration details are entered on the file cover. - Dealer must sign an obligation to follow best accounting practices - Dealers will be authorized to print up tax invoices - Providing dealers with certificate of registration - The originals of all the documents and the details of the file number are returned to the applicant. - The completed file is sent to the Archiving section. Go to step (20) <p>Note 1: For information on processing options under the SHAAM system see Chapter 5 of this manual.</p> <p>Note 2: The registration letter may not be generated immediately but may be batch processed later.</p>
<h2>1.2: Calculation of VAT by a Business</h2>		
9	Taxpayer	<p>From the first day up to the fifteenth day of a month after a transaction occurs each business will complete periodic statement V4 to establish the business' VAT liability for the previous month.</p> <p>As an example, all transactions for the period 1 to 31 January must be reported in February 1st through February 15th Feb-15th or before this date</p> <p>To see how to calculate the figures for Form V4 go to step (10)</p>
10	Taxpayer	<p>1: Once all tax invoices for the month are completed they should be totaled for each of the following classes of transaction:</p> <ul style="list-style-type: none"> - Standard rated sales; and - Zero rated sales; and - Exempt sales; then: - A capital purchase - Other purchases <p>2: Input the following in the monthly statement Form V4: business' name and VAT File number exactly as shown on the registration letter Form V3 onto the Declaration Form V4. businesses' address</p> <p>In the second row: Tax period for example March 2010 in field 4 an Deadline to submit the monthly statement for example April ,14 , 2010 in field 5 and period of the statement is 0310, registration number in field 6</p>

		<p>Calculate the total exempted and zero rated transactions and apply at the adequate field Calculate all transactions that are subject to VAT and apply to the adequate field indicating the total amount excluding the VAT Apply the VAT in the appropriate field Apply VAT on fixed assets at the appropriate field Apply VAT on other purchases at the appropriate field Calculate the result of the statement (VAT on sales and VAT on purchases including other purchases and VAT on fixed assets) and put the result in the right field Writing the amount in words At the end write the name, signature and date at the appropriate field</p> <p>3: Calculate the value added tax paid for all purchases claimed during the relevant month and inset it in the appropriate space. (See Note 1 below). 4: Calculate the value of all sales made during the month and insert in the appropriate space. 5: Deduct (4) from (3). The result is the Gross Value Added. 6: Calculate the value of the zero rated sales claimed. (See Note 1 below). 7: Calculate the value of the zero rated sales made during the month. 8: Deduct (7) from (6). Insert in the appropriate space. 9: Deduct (8) from (5). The result is the taxable value added. 10: Multiply (9) by the VAT general rate. The result is the VAT due. 11: Write the value of exempt sales made during the month in the appropriate space. 12: Check your calculations and if they are correct sign and date the document. Go to step (11).</p> <p>Note 1: For purchases a taxpayer may claim an input tax credit on any purchases for which it has a tax invoice from an authorized business, a unified tax invoice or an approved customs declaration provided that:</p> <ul style="list-style-type: none"> - The relevant document was issued during the previous six calendar months; and - The document has not previously been claimed as a tax credit. <p>Note 2: For treatment when the period between purchase and claim for a tax credit may exceed six months go to section (1.10).</p> <p>Note 3: All purchases must be directly related to the business that the taxpayer is involved in.</p>
11	Taxpayer	<p>If the taxpayer is involved in direct import or export of goods a Taxpayer will:</p> <ul style="list-style-type: none"> - If the calculation in step (10) involves imports or exports

		<p>to and from countries other than to and from Israel go to step (12).</p> <ul style="list-style-type: none"> - If the calculation in step (10) involves imports or exports to and from Israel go to step (13). - After matters relating to imports and exports are resolved; or - If there are no imports or exports: <ul style="list-style-type: none"> o Go to step (14).
12	Imports and Exports other than Israel	<p>Before claiming VAT tax credits related to imports or exports the taxpayer must first have the Palestinian Customs Declaration for the relevant month validated at the regional Customs office. Declaration Form must be stamped by regional Customs offices before applying any inputs up to step number 10</p> <p>For information on this process go to Chapter 2 step (1) Customs Declaration.</p> <p>Once the Palestinian Customs Declaration for the relevant month is validated go back to step (11).</p>
13	Imports and Exports to Israel	<p>For information on imports from Israel go to section (1.12) I Invoices.</p> <p>For information on exports to Israel go to section (1.11) P invoices.</p> <p>Once the matters covered in these sections are completed go back to step (11).</p>
14	Taxpayer	<p>When you finish calculating your Monthly Statement:</p> <ul style="list-style-type: none"> - If the calculation produces a positive balance go to step (20). - If the calculation produces a negative balance go to step (15). - If the calculation produces a zero amount balance go to step (15).
15	Taxpayer	<p>When you have completed your Monthly Statement if you have a negative or zero balance:</p> <ul style="list-style-type: none"> - You must take the statement and your relevant records to the regional VAT office for validation. - Relevant records will include all tax invoices and books of account relating to the transactions covered under the declaration. - When the records are examined and found to be correct the VAT Auditor will certify the correctness by stamping the Monthly Statement. - The original of the Monthly Statement will be retained by the VAT Office. - The VAT Office will stamp and return the copy of the Monthly Statement to indicate that you have a provisional tax credit or zero balance. - The copy should be retained in your tax records as proof

		<p>of the amount of taxes declared.</p> <ul style="list-style-type: none"> - Go to step (16). <p>Note 1: For audit procedures within the VAT offices go to step (40).</p> <p>Note 2: If you do not receive a notice of audit within 30 days of lodging the Monthly Report you may treat the tax credit as approved.</p>
16	Taxpayer	<p>If you have a tax credit and:</p> <ul style="list-style-type: none"> - You expect to have an offsetting tax payment in the future you may allow the credit to remain in your account. No further action is required. - If you expect to continue to have tax credits or you require this credit to be refunded you may apply for a refund of VAT previously paid. - To claim a refund you will need to complete a Refund Form V5 and submit this with: <ul style="list-style-type: none"> o The relevant Monthly Statement as covered in step (15); o Relevant identity documents as covered by Note 2 to this step must be presented at the time the claim is lodged. - Go to step (17). <p>Note 1: For audit procedures within the VAT offices go to step (40).</p> <p>Note 2: As proof of identity, for an individual or partnership, the relevant personal ID is required as proof. For a company or association a certificate from the Company's registration department of the Ministry of National Economy is required.</p> <p>Note 3: VAT refunds to a bank account can be claimed if the business has a tax credit and:</p> <ul style="list-style-type: none"> - Part of the business carried on by the taxpayer is zero rated; - The taxpayer is a farmer; - Any taxpayer if the tax credit available is greater than 14,000 NIS. - Any taxpayer where the business is being terminated.
17	VAT Counter Officer	<p>If a business applies for a cash refund or declares a zero balance the VAT Counter Officer will:</p> <ul style="list-style-type: none"> - Take the completed Form V4 Monthly Statement; and - Form V5 Refund Application from the Taxpayer. - Check that both forms have been completed correctly. - Prepare a transfer memorandum. - Prepare a refund file cross referenced to the original registration file. - Transfer all documents to the Auditing Division <p>Note 1: For audit procedures within the VAT offices go to step (40).</p>

18		<p>The Regional Manager will review the application in line with the national risk plan and:</p> <ul style="list-style-type: none"> - Assess, accept and endorse the application. - Go to step (7). - Assess and select the application for a field visit. - Indicate in writing what matters need formal examination prior to acceptance. - Go to step (19). - Assess and reject the application. - Indicate in writing what matters need to be addressed prior to acceptance. - Go to step (7).
19	Field Visit	<p>The Field Visit Officer will:</p> <ul style="list-style-type: none"> - Contact the applicant. - Indicate what matters need formal examination prior to acceptance. - Arrange to visit the premises of the applicant to review the outstanding matters; - Complete the Field Visit - Prepare a report that addresses all matters raised by the regional Manager or as a result of the field visit. - Provide the report to the Regional Manager. - Go to step (18).
<p>1.3: Payment of VAT by a Business</p>		
20	Business and Bank	<p>When you have completed your Monthly Statement or you have received a Debit Note you will:</p> <ul style="list-style-type: none"> - Take the statement and payment to the Bank. <p>At the time of payment the bank will stamp both copies of the Monthly Statement.</p> <ul style="list-style-type: none"> - The Bank will retain the original. - The Bank will return the copy. - The copy should be retained in your tax records as proof of taxes paid. <p>If you wish to have an audit assessment reviewed go to step (70).</p>
<p>1.4: Reserved for future use</p>		
30		

1.5: Reserved for future use		
35	VAT Registrar	
1.6: Desk Auditing Procedures (Refunds)		
40	Audit Manager (refund or credit)	<p>The Audit Manager receives from VAT Counter Officer a file that includes:</p> <ul style="list-style-type: none"> - Form V4 Monthly Statement with zero or credit balance. - Creates, signs and dates a Transfer Memorandum - Allocates documents to the Auditor. Go to step (41). <p><i>Note 1: In every case an initial period for audit procedures to cover and the level of intensity should be indicated on the Transfer Memorandum. Should the need arise to extend the period or level of intensity the Auditor should consult with the Manager for approval.</i></p>
41	Auditor	<p>Receives from VAT Audit Office manager a file that includes:</p> <ul style="list-style-type: none"> - Form V4 Monthly Statement with zero or negative balance. - Form V5 Refund Application from the Taxpayer. - Transfer Memorandum. <p>Signs and dates Transfer Memorandum</p> <ul style="list-style-type: none"> - Extracts History printout on taxpayer from SHAAM database. - Verifies reasonableness of claim value and reason against historic information. - Confirms all invoices are related to the business of the taxpayer. - All invoices are legal - Unified invoices are stamped - Declaration Forms are authorized - Random cross examinations of some local invoices <p>If the claim is reasonable and no further action is required:</p> <ul style="list-style-type: none"> - An examination report is prepared and added to the file. - Documents are endorsed and returned to Audit Office Manager. - Go to step (42). <p>If the reasonableness of the claim is not yet established the Auditor will contact the taxpayer and request the following documents:</p> <ul style="list-style-type: none"> - Details of inventory and changes in inventory; - Periodic accounting documents and annual statements of the taxpayer and related taxpayers. - Contracts and invoices that have led to the generation of Zero-rate or exempt sales.

		<p>The Auditor may also contact the following areas for supporting information:</p> <ul style="list-style-type: none"> - Customs Office: for confirmation of import and export details. - Unified Invoice Office: for confirmation of import and export to Israel. - Registry Office: For original application documents. - Contact with any of these offices will be through the Transfer Memorandum with details of what material is required set out. <p>If after research the claim is reasonable and no further action is required:</p> <ul style="list-style-type: none"> - An examination report is prepared and added to the file. - All documents are endorsed and returned to the Audit Office Manager. - Go to step (42). <p>If after research it appears that the claim is not valid and that further action is required:</p> <ul style="list-style-type: none"> - An examination report is prepared and added to the file. - All documents are endorsed with an explanation of the problems encountered and returned to the Audit Office Manager. - Copies of any documents used to draw these conclusions should be attached and referred to on the memorandum. - A detailed recommendation about what should be done next; - Go to step (43). <p>Note 1: <i>In every case, an initial period for audit procedures to cover and the level of intensity will be indicated on the Transfer Memorandum. Should the need arise to extend the period or level of intensity the Auditor should consult with the Manager for approval.</i></p>
42	VAT Audit Manager	<p>The VAT Audit Manager receives from the VAT Auditor a file that includes:</p> <ul style="list-style-type: none"> - Form V4 Monthly Statement with zero or negative balance. - Form V5 Refund Application from the Taxpayer. - Transfer Memorandum indicating that the Monthly Statement and Refund Application are valid. - An examination report. <p>The VAT Audit Manager reviews the documents:</p> <ul style="list-style-type: none"> o If the recommendations of the Auditor are valid the chief of auditors endorses the recommendations. And then transfer to the Manager <ul style="list-style-type: none"> ▪ Go to step (44). o If the recommendation of the Auditor are not valid or are inadequate the Manager—chief of auditors

		<p>will return them to the Auditor after endorsing an explanation of the problems existing on the Transfer Memorandum.</p> <ul style="list-style-type: none"> ▪ Go to step (41). ---(promote)
43	VAT Audit Manager	<p>The VAT Audit Manager receives from VAT Auditor:</p> <ul style="list-style-type: none"> - Form V4 Monthly Statement with zero or negative balance. - Form V5 Refund Application from the Taxpayer. - Examination report indicating that the Monthly Statement and Refund Application are <u>not</u> valid. <p>The VAT Audit Manager reviews the documents:</p> <ul style="list-style-type: none"> o If the recommendations of the Auditor are valid the Manager endorses the recommendations and considers further action. <ul style="list-style-type: none"> ▪ Go to step (45). o If the recommendation of the Auditor are not valid or are inadequate, the Manager will return them to the Auditor after endorsing an explanation of the problems existing on the Transfer Memorandum. <ul style="list-style-type: none"> - The Manager will return the documents to the Auditor. <ul style="list-style-type: none"> ▪ Go to step (41).
44	VAT Audit Manager	<p>If the application for cash refund is valid the Manager the chief of auditors will endorse:</p> <ul style="list-style-type: none"> - The Examination Report. - Authorize the payment amount. - The file transferred to the manager for enforcement - Create a copy of the file; and - Send the duplicate file for processing by Central Office Accounts. - Go to step Chapter 5: Central Office Procedures. <p>Note 1: After processing is completed the duplicate file is returned and combined with the original file in the regional archives.</p>
45	VAT Audit Manager	<p>If the application for cash refund is not valid the Manager- chief of auditors will have a number of alternatives depending on the situation reported in the Examination Report. Go to step (63).</p>
46-49		Reserved for future use
1.7: Desk and Field Auditing Procedures		
50	Audit Office Manager	<p>The Audit Office Manager receives an audit request via the Regional Manager from:</p> <ul style="list-style-type: none"> - Regional Office Manager/Director; - Manager of Unified Invoice Division; - Manager supervisor of a Headquarters Division; - Regional Director of Customs Police;

		<ul style="list-style-type: none"> - VAT Registrar (for closure of accounts) <ul style="list-style-type: none"> o The audit request must be in writing. <p>The Audit Office Manager reviews the request and if it is valid:</p> <ul style="list-style-type: none"> - Establishes an Audit file. - Prepares an examination memorandum. - Signs and dates the examination memorandum; - Allocates the file to an Auditor. Go to step (51). <p>Note 1: <i>In every case, an initial period for audit procedures to cover and the level of intensity should be indicated on the Examination Memorandum. Should the need arise to extend the period or level of intensity the Auditor should consult with the Manager for approval.</i></p>
51	Team Leader	<p>The Auditor who will be Team Leader receives from the VAT Audit Office manager a file that includes:</p> <ul style="list-style-type: none"> - Examination Memorandum. - Any other relevant documents. <p>The Team Leader then::</p> <ul style="list-style-type: none"> - Signs and dates the Examination Memorandum - Extracts History printout on taxpayer from SHAAM database. - Verifies reasonableness of claimed underpayments and other information against information contained in the file and on the database. <p>If the reasons for audit specified are not validated and no further action is required:</p> <ul style="list-style-type: none"> - An examination report is prepared and added to the file explaining how the conclusions were arrived at. - Documents are endorsed and returned to Audit Office Manager. - Go to step (52). <p>If the reasonableness of the claim is established the Auditor will:</p> <ul style="list-style-type: none"> - Decide if the audit should proceed as a desk or field audit: <ul style="list-style-type: none"> o In either case an examination report is prepared and added to the file explaining how the conclusions were arrived at. - Documents are endorsed and returned to the Audit Office Manager. - Go to step (53).
52	VAT Audit Manager	<p>The VAT Audit Manager receives from VAT Auditor a file that indicates that no further audit activity is required.</p> <p>The VAT Audit Manager reviews the documents:</p> <ul style="list-style-type: none"> - If the recommendations of the Auditor are valid the VAT Audit Manager endorses the recommendations and transfer to the manger - The original recommendation is returned to the originating office with a copy of the Auditor's examination

		<p>report.</p> <ul style="list-style-type: none"> - The file is archived. Go to step (59). - If the recommendation of the Auditor are not valid or are inadequate the VAT Audit Manager will return them to the Auditor after endorsing an explanation of the problems existing on the Transfer Memorandum. - Go to step (51).
53	VAT Audit Manager	<p>The VAT Audit Manager receives from the VAT Auditor a file that indicates that further audit activity is required.</p> <p>The VAT Audit Manager reviews the documents:</p> <ul style="list-style-type: none"> - If the recommendations of the Auditor are valid the VAT Audit Manager endorses the recommendations. - If the recommendation is for desk audit go to step (54). - If the recommendation is for field audit go to step (55). - If the recommendations of the Auditor are not valid or are inadequate the VAT Audit Manager will return them to the Auditor after endorsing an explanation of the problems existing on the Transfer Memorandum. - Go to step (51).
54	Desk Auditor	<p>If a desk audit is to proceed then the auditor will receive the audit file from the Audit Office Manager.</p> <p>The Auditor will then contact the taxpayer, initially by telephone and arrange a time convenient to the taxpayer within fifteen days, for the audit to commence.</p> <p>The Auditor will follow up on this contact with a formal letter confirming the details of the audit and including a copy of Form V6.</p> <p>For general audit procedures go to step (60).</p> <p>Note 1: <i>If a taxpayer asks for a field audit rather than a desk audit this request should be granted and a suitable time arranged. Go to step (55).</i></p>
55	Field Auditor	<p>If a field audit is to proceed then the Auditor will receive the audit file from the Audit Office Manager.</p> <p>The Auditor will then contact the taxpayer, initially by telephone and arrange a time convenient to the taxpayer within fifteen days, for the audit to commence.</p> <p>The Auditor will follow up on this contact with a formal letter confirming the details of the audit and including a copy of Form V6.</p> <p>For general audit procedures go to step (60).</p>

56-59		Reserved for future use.
1.8: General Audit Procedures		
60	Audit Team	<p>Each audit will have a Team Leader appointed by the Audit Manager.</p> <p>The Team Leader is responsible for directing the rest of the audit team and ensuring that the audit proceeds smoothly.</p> <p>Each audit must have a minimum of two qualified Auditors in attendance with a taxpayer.</p> <ul style="list-style-type: none"> - One auditor should ask questions and clarify answers. - The second auditor should take notes. <p>Before any audit can commence:</p> <ul style="list-style-type: none"> - The auditor may ask for documents covering the following areas for supporting information: <ul style="list-style-type: none"> o Customs Office: for confirmation of import and export details. o Unified Invoice Office: for confirmation of import and export to Israel. o Registry Office: For original file application documents. o Contact with any of these offices will be in writing through the Examination Memorandum with details of what material is required set out. - If information is sought from other offices the Taxpayer should also be asked to bring the originals of the relevant documents to the audit for comparison and validation. <p>The Auditor must ensure that the Taxpayer has:</p> <ul style="list-style-type: none"> - Received a formal notification of the time and date that the audit will commence. - Received a copy of Form V6. - Has sufficient time to prepare all documents required for the audit. - Has the following documents available for the start of the audit: <ul style="list-style-type: none"> o Details of inventory and changes in inventory over the audit period; o Periodic accounting documents and annual statements of the Taxpayer and related taxpayers. o Contracts and invoices that have led to the generation of all zero-rate or exempt sales. <p>Once the audit is completed go to step (61).</p>
61	Audit Team	Immediately after the audit is completed.

		<ul style="list-style-type: none"> - The findings of the audit must be documented in full as an Audit Examination Report. - Any further research to ascertain claims made by the taxpayer should be undertaken before deciding if any further action is required. - Once the Audit Examination Report is prepared it is to be added to the file. - The Audit Examination Report will include a recommendation for any further action to be taken for or against the taxpayer and will be signed by all members of the audit team. - Copies of any documents used to draw conclusions should be attached and referred to in the Examination Report - All documents are endorsed and returned to the Audit Manager. - Go to step (62). <p><i>Note 1: It is essential that the audit report is completed as far as possible before any other audit activity is commenced by the Team Leader, although other members may be released as soon as their work is done.</i></p>
62	Audit Manager	<p>The VAT Audit Manager receives the Audit Examination file which indicates that further actions are now required.</p> <p>The VAT Audit Manager reviews the documents:</p> <ul style="list-style-type: none"> - If the recommendations of the Auditor are valid the Manager endorses the recommendations and returns the documents to the Audit Team Leader for finalization. Go to step (63) - If the recommendation of the Auditor are not valid or are inadequate the VAT Audit Manager will return them to the Auditor after endorsing an explanation of the problems existing on the Examination report. - Go to step (61).
63		<p>Options for finalization of Audit.</p> <ul style="list-style-type: none"> - No Tax Difference Found from Monthly Statements; and Audit relates to a request to close a file. Go to step (67). - Tax Underpaid but fraud not identified. Go to step (70). - Tax Underpaid and possible fraud identified. Go to step (71). - Audit is prior to closure of file. Go to step (68) - If the taxpayer wishes to dispute the conclusions of the Audit go to section 1.10: Review & Appeal Processes
64		Reserved for future use.

1.9: Freezing & Closing a File

This procedure is used when a taxpayer business is being shut down. It normally occurs at the request of the taxpayer.

65	Taxpayer	<p>The taxpayer must request in writing that a VAT file is to be closed.</p> <p>The request must include:</p> <ul style="list-style-type: none"> - A reason for the request. - Proof that the person making the request has the appropriate authority of the relevant business. - Details of all recent invoices issued and received. - Return of any unused unified invoices. - Termination of a lease - Legal oat indicating termination of business <p>The request is lodged with the regional VAT Counter. Go to step (66).</p> <p>Note 1: <i>The file will be frozen from the date that the application is received by the VAT registrar. This means that no further tax credits or debits will be allowed against this file number. The file will be closed at a later date when all requirements set out below are finalized.</i></p> <p>Note 2: <i>As proof of identity, for an individual or partnership, the relevant personal ID is required as proof. For a company or association a certificate from the Company's registration department of the Ministry of National Economy is required.</i></p>
66	VAT Counter	<p>When an application for VAT file closure is received it is:</p> <ul style="list-style-type: none"> - Checked to confirm that: <ul style="list-style-type: none"> o the application information correctly relates to the attached documents. - If the application is not complete or all the required documents are not attached go to step (71). - If the application is complete and all documents are attached go to step (67).
67	Audit Manager	<p>All documents are referred to the Audit Manager for pre-closure audit activity. Go to step (50)</p>
68	Audit Team	<p>If there is no outstanding VAT due for payment go to step (69). If there remains outstanding VAT due for payment go to step (70).</p>
69	Audit Team	<p>The Audit Team:</p> <ul style="list-style-type: none"> - Prepares an adjustment on Form V7 with a zero balance. - A copy of this adjustment is provided to the taxpayer for their records.

		<ul style="list-style-type: none"> - The File is closed. <p>Note 1: No further recovery action can be taken for the period covered after the adjustment is issued.</p>
70		<p>The Audit Team:</p> <ul style="list-style-type: none"> - Prepares an adjustment form with the outstanding balance to be paid. - A copy of this adjustment is provided to the taxpayer for payment. Go to step (20). - After fifteen days the Audit Team will confirm the payment has been made. - Once payment is confirmed the File is closed. <p>Note 1: No further recovery action can be taken once the file is closed. Recovery action can only be taken while the file is frozen.</p>
71	VAT Counter	<p>When an application is:</p> <ul style="list-style-type: none"> - not complete or - all the required documents are not attached or - the application information does not relate to the attached documents. <p>The applicant's details are recorded in the Register of Rejected Applications.</p> <p>The application and documents are returned to the applicant with an explanation of the problem Go to step (65).</p> <p>Note 1: It is also acceptable to contact the applicant by phone, advise the applicant of the problem and arrange for them to come in to the office to resolve the problem. However, if the applicant cannot finalize the matter on that day the details should be recorder in the Register of Rejected Applications even if the documents are not returned.</p>
<p>1.10: Reviews and Appeals of Decisions (Draft Proposal)</p>		
75	Taxpayer Rights after Decision	<p>At the end of an audit the taxpayer will be advised in writing of the Decision of the Audit Team Leader.</p> <p>If a taxpayer disagrees with a Decision of an Audit Team Leader a request may be made to the Regional Manager to review the decision.</p> <p>To request a review the applicant will, within thirty days of the decision being made:</p> <ul style="list-style-type: none"> - Write to the Regional Manager requesting a first instance review of the decision; - Attach copies of all the original documents on which the decision was made; - Include the reasons for the appeal and other relevant

		<p>materials and documents where possible.</p> <p>In the first instance the decision will be reviewed before it can proceed to an appeal.</p> <p>Penalties, fees and taxes assessed on the initial decision and subject to review will be suspended for the period of the review.</p> <p>Go to step (41).</p> <p>Note 1: <i>If the review or appeal is upheld any differences in duties, fees and taxes assessed will be credited or refunded at the choice of the taxpayer.</i></p>
76	Regional Manager	<p>The Regional Manager will:</p> <ul style="list-style-type: none"> - Call for the relevant documents and commence a review of the proceedings; - Advise the applicant within fourteen days of the decision made; and - Reverse or cancel the previous decision under his own signature if required; - Advise the Audi Section of the decision and the reasons for the decision in writing. (Called the formal assessment). - If there is still a matter for dispute the Regional Manager will prepare a formal Assessment Report and provide a copy to the taxpayer. <p>Note1: <i>The Regional Manager may consult with other Regional Managers and with Central Office to ensure that the decisions made are consistent and meet national policy specifications.</i></p>
77	Taxpayer	<p>If the taxpayer is not satisfied with the Regional Manager's review, the taxpayer can contest the decision by asking for the documents that have been reviewed to be forwarded to the Director General along with the Assessment Report.</p> <ul style="list-style-type: none"> - This allows the Director General to convene an Inquiry Committee to resolve the dispute. - The matters that may be considered by the Inquiry are strictly limited to the matters that have already been raised by the taxpayer and Regional Manager in previous correspondence. - New materials related to matters previously raised will be permitted where they can make the matters previously raised clearer. - The Inquiry Committee will advise the applicant within fourteen days of the decision made or of any delay anticipated. - If there is no conclusion reached within one year the appeal is automatically upheld although this does not create a legal precedent. - The final decisions of such an Inquiry Committee are enforceable but do not preclude appeal by the taxpayer to a higher authority or to the judiciary.

		Note1: The inquiry is undertaken by a committee appointed by the Director General but acts independently from him.
78-79		Reserved for future use.
1.11: Special Debit and Credit Provisions (Appeals goes here)		
81		Reserved for development of a procedure to be used if a Tax Credit is sought for an invoice more than six months old. List of mitigating circumstances.
82-100		Reserved for future use.
1.12: Unified Invoices P: Invoices		
<p>Unified Invoices are used for sales between Palestine and Israel and the reverse. P Invoice (V9): For sales into Israel from Palestine I Invoice (V10): For sales into Palestine from Israel</p>		
101	Taxpayer	<p>Any taxpayer trading into Israel or contemplating sales to Israel may apply for the issue of "P Invoices" Form V9.</p> <ul style="list-style-type: none"> - Apply by completing Form V 11; - Include an estimate of how many forms will be needed. - Application is lodged with regional VAT Unified Invoice Officer. - Go to step (102).
102	Unified Invoice Officer	<p>The VAT Unified Invoice Officer:</p> <ul style="list-style-type: none"> - Accepts Application of Form V11; - Checks the taxpayer history in SHAAM and BISAN databases; - Go to step (103).
103	Unified Invoice Officer	<p>The VAT Unified Invoice Officer:</p> <ul style="list-style-type: none"> - Prints a copy of the Taxpayer reports from SHAAM and BISAN only if there are outstanding issues that need resolution; - Registers Application in BISAN; <ul style="list-style-type: none"> o If there are no outstanding issues endorse the Application Form (V9) with this information. o If there are any outstanding issues (see Note 3 for possible problems): <ul style="list-style-type: none"> ▪ Endorse the application Form (V9) with a summary of the problems detected; ▪ Attach a copy of the SHAAM and BISAN printouts if applicable. ▪ Indicate if the number of P Invoices requested is reasonable based on

		<p>previous usage. See notes below.</p> <ul style="list-style-type: none"> - Forward all relevant documents to the Office Manager for review. - Go to step (104). - - In general unified invoices application are not endorsed without the approval from the manager or from any staff authorized to act on behalf of the manager on such issues - <p>Cases where reservation or prevention take place :</p> <p>Auditor refused to endorse the application because of</p> <ul style="list-style-type: none"> - There is an outstanding debt on the applicant - The nature of the business, the unrealistic value of the transaction; in this case an explanations is required <p>Note 1: <i>It this is not the first application then the issue should be three months supply based on historic demand or the number estimated by the Taxpayer if it is higher and supported by an explanation.</i></p> <p>Note 2: <i>It is not normally permitted to issue additional invoices without the approval of the VAT Office Manager if:</i></p> <ul style="list-style-type: none"> — <i>Previous issues of P Invoices are not accounted for. However this restriction will not be enforced where it will prevent a sale from being completed.</i> — <i>Monthly Statements are not up to date.</i> - <i>Issue of P Invoices has been blocked by Audit.</i> - <i>Taxpayer has outstanding tax debts.</i> - <i>The nature of the business or the predicted values appears unreasonable. In this case the reason why the numbers are unreasonable needs to be explained.</i>
104	Office Manager	<p>The Office Manager receives the Application Form (V9) (V11) along with any additional information and:</p> <ul style="list-style-type: none"> - Reviews the information provided; - If there are no outstanding issues indicated on the Application Form (V9) (V11) the Office Manager endorses the Application Form and returns it to the VAT Unified Invoice Officer. Go to step (105). - If there are outstanding issues indicated on the Application Form (V9) (V11) the Office Manager may: <ul style="list-style-type: none"> o Choose to contact the taxpayer directly to resolve the outstanding matters, Go to step (106); or o Endorse the Application Form and refer the matter to the Audit Manager for action before issuing P Invoices. Go to step (50). - If the recommendations of the Unified Invoice Officer are not valid or are inadequate the Manager will return them to the Unified Invoice Officer after endorsing an explanation of the problems existing on the Unified

		<p>Invoice Officer's report.</p> <ul style="list-style-type: none"> o Go to step (103). <p>Note 1: <i>The Office Manager may refer the application for audit and still allow P Invoices to be issued so that the business is not disadvantaged in business pending audit.</i></p>
105	VAT Unified Invoice Officer	<p>The VAT Unified Invoice Officer:</p> <ul style="list-style-type: none"> - Receives an approved Application Form (V9)-(V11) - Enters the invoice details into the BISAN system. - Arranges for the appropriate number of invoices to be issued. - Arranges for pick up of the invoices. Go to step (109). - The finalized request is sent to Archives. Go to step (35). <p>Note 1: <i>There is an administrative charge of 2.5 NIS per P Invoice issued. For payment procedures go to step (114).</i></p> <p>Note 2: <i>All P Invoices expire 6 months after the month in which they were first issued to a taxpayer in Israel by the Israel VAT office.</i></p>
106	Office Manager	<p>The Office Manager may choose to contact the taxpayer directly and arrange to:</p> <ul style="list-style-type: none"> - Clarify outstanding matters. Go to step (107); or - Arrange for completion of P Invoices under supervision. Go to step (108).
107		<p>Once all outstanding matters are resolved and/or satisfactory invoices have been generated Go to step (105).</p>
108		<ul style="list-style-type: none"> - The Office Manager may arrange for completion of P Invoices under supervision. - This will normally occur only if the business has a history of making significant errors in its Invoices or Monthly Returns. See Note 1. - This option is also available to businesses which are: <ul style="list-style-type: none"> o Infrequent exporters; or o Operate on consignment; or o Have inadequate record keeping systems; or o Operate in an industry where an appropriate directive has been issued by the Director General. - Go to step (105). <p>Note 1: <i>A Taxpayer may be required to complete a return under supervision if they have a history of poor compliance and have been previously advised of their mistakes but they are unable to correct the identified problem. Once they achieve competency they should be allowed to operate normally and prepare their own invoices.</i></p>
109	Taxpayer	<p>When a taxpayer receives a stock of P invoices they will:</p> <ul style="list-style-type: none"> - Issue a P Invoice for the supply for each relevant

		<p>transaction;</p> <ul style="list-style-type: none"> - Provide both the original and one copy of the P Invoice to the Israeli Customer; - On a monthly basis complete the Accumulation Report Form V 12 and forward it to the VAT Unified Invoice Officer. Go to step (111). - Return any unused P Invoices if no more sales to Israel are planned for a period exceeding six months. See Note 2. <ul style="list-style-type: none"> o The Taxpayer will complete a final Accumulation Report Form in duplicate with the returned P Invoices; o This Form will include details of both the used and unused P Invoices; o Go to step (110) <p>Note 1: If a taxpayer does not issue any P Invoices during a calendar month the taxpayer should issue a "Nil" Accumulation Report Form V12.</p> <p>Note 2: A longer period will be allowed if a business only trades beyond Palestine on a seasonal basis.</p>
110	VAT Unified Invoice Officer	<p>When a taxpayer returns a stock of P invoices the VAT Unified Invoice Officer will:</p> <ul style="list-style-type: none"> - Verify that all P Invoice issued are accounted for; - Stamp the returned P Invoices to cancel them; - After stamping the duplicate of the P Invoice and Accumulation Report Form are returned to the Taxpayer. Go to step (112). - After stamping the original of the P Invoice and Accumulation Report Form are returned to the Taxpayer. - Details are updated in the BISAN system; - BISAN is then used for data matching purposes. Go to step (111).
111	VAT Unified Invoice Officer	<p>Once data matching in BISAN is complete:</p> <ul style="list-style-type: none"> - If no discrepancies are found; - The originals of the P Invoice, the Accumulation Report Form and a copy of the BISAN report are filed and sent to Archives. - Go to step (35). - If discrepancies are found go to step (113).
112	Taxpayer	<p>The Taxpayer retains the returned, stamped documents for their records</p>
113	VAT Unified Invoice Officer	<p>The VAT Unified Invoice Officer:</p> <ul style="list-style-type: none"> - Prepares an adjustment form with the outstanding balance to be paid. And transfer to the VAT audit manager for auditing and determine the final value - A copy of this adjustment is provided to the taxpayer for payment. Go to step (20). <p>After fifteen days the Audit Team will confirm details of</p>

		<p>the payment have been made.</p> <ul style="list-style-type: none"> - Once payment is confirmed the File is closed. <p>Note 1: No further recovery action can be taken on this matter once the file is closed.</p>
114	Payment for P Invoices	<p>There is an administrative charge of 2.5 NIS per P Invoice issued.</p> <ul style="list-style-type: none"> - This money is paid in cash at the time that the invoices are picked up by the taxpayer. - The taxpayer is issued a receipt for the amount of money paid at the time the money is received. - The cash receipts are balanced each night and kept in the safe. - Once each week the transactions for the week are balanced and a deposit slip prepared. - All monies are banked and the stamped copy of the deposit slip is returned to the office. - The deposit slip is attached to the last receipt for the period. - Once each month, on a randomly selected day, the Regional Manager directs an officer to check and balance the account. The Checking Officer provides a report of the outcome to the Regional Manager;
<p>1.13: Unified Invoices I: Invoices</p> <p>Unified Invoices are used for sales between Palestine and Israel and the reverse. P Invoice (V9): For sales into Israel from Palestine I Invoice (V10): For sales into Palestine from Israel</p>		
120	Taxpayer	<p>The taxpayer will:</p> <ul style="list-style-type: none"> - Retain all I Invoices received for purchases; - On a monthly basis report all I Invoice transactions on the Accumulation Report Form V13 - Attach the copy of each I Invoice to the Accumulation Report Form V13. - Deliver the documents to the Regional VAT Office. - Go to step (121) <p>Note 1: If a taxpayer does not receive any I Invoices during a calendar month the taxpayer should issue a "Nil" Accumulation Report Form V13 if they expect I Invoice transactions to re-commence in the future.</p> <p>Note 2: All I Invoices must be declared and delivered within 45 days of the date of issue.</p> <p>Note 3: All I Invoices considered invalid after six months since the date of issuance expire 6 months after the month in which</p>

		<p><i>they were first issued to a taxpayer in Israel by the Israel VAT office.</i></p> <p>Note 4: <i>If the date on the I invoice exceed 6 months from the date of issuance, the invoice cannot be used to establish a tax credit in Palestine.</i></p>
121	VAT Unified Invoice Officer	<p>When a VAT Unified Invoice Officer receives an Accumulation Report Form V12 and supporting invoices the VAT Unified Invoice Officer will:</p> <ul style="list-style-type: none"> - Verify that the registration numbers for the Taxpayer and all Israeli suppliers are correctly declared; - All I Invoices received are accounted for; - Stamp the duplicate I Invoices and Accumulation Report Form (Form V12); - Return the stamped copies to the taxpayer. - The original I Invoices and Accumulation Report Form are sent to Head Office. Go to Step (122).
122	VAT Unified Invoice Officer (Head Office)	<p>The VAT Unified Invoice Officer:</p> <ul style="list-style-type: none"> - Enters data on original of I Invoices into BISAN database. - Reconciles information on the document against the database; - If no errors are found; <ul style="list-style-type: none"> o Archive originals of I Invoices and Accumulation Report Form. Go to step (35). - If errors are found all documents and the BISAN report are returned to the Relevant Regional Officer. <ul style="list-style-type: none"> o Go to step (123).
123	Office Manager	<p>The Office Manager receives the Report from Central Office along with any additional information. The Office Manager may:</p> <ul style="list-style-type: none"> - Choose to contact the taxpayer directly to resolve the outstanding matters, Go to step (124); or - Endorse the Application Form and refer the matter to the Audit Manager for action. Go to step (50).
124	Office Manager	<p>When the Audit is completed and if appropriate the Office Manager has discussed the matter with the taxpayer to clarify any outstanding matters.</p> <p>The Office Manager will review the material available and may:</p> <ul style="list-style-type: none"> - If problems are only of a technical nature: <ul style="list-style-type: none"> o Authorize closing the file. o Go to step (122); or - If there is revenue outstanding: <ul style="list-style-type: none"> o Endorse the file and send it to the VAT Unified Invoice Officer. o Go to step (125). - If there is evidence of Fraud: <ul style="list-style-type: none"> o Review all documents to ensure evidence is

		<p>adequate and complete;</p> <ul style="list-style-type: none"> o Prepare a report summarizing all evidence; o Forward the report and documents to The Regional Manager. <p>- The Regional Manager will forward all documents to the Director General for consideration after further investigation with an overview report.</p>
125	VAT Unified Invoice Officer	<p>The VAT Unified Invoice Officer prepares an adjustment form with the outstanding balance to be paid. And send to the VAT Audit Manager</p> <ul style="list-style-type: none"> - A copy of this adjustment is provided to the taxpayer for payment. Go to step (20). - After fifteen days the VAT Unified Invoice Officer will confirm the payment has been made. - Once payment is confirmed the File is closed and returned to Central Office.
1.14: Technical Advice		
130	Taxpayer	<p>A taxpayer or accountant may seek advice on VAT related matters at any time. The information may relate to an earlier transaction or a future potential transaction.</p> <p>To take advantage of this service, the taxpayer will:</p> <ul style="list-style-type: none"> - Prepare two copies of an application for review in type-written form; - There is no specific form provided for this application but it should include: <ul style="list-style-type: none"> o Full descriptive details of the contract for supply of goods to be considered; o A detailed description of the transaction; o Any appropriate documentary evidence such as a contract, advertising leaflet, price lists, write-up or proof of industry practice; o Sign the application. - Lodge both copies of the application for review at the regional customs office; - Go to step (131).
131	VAT Office Manager	<p>A taxpayer or accountant may seek advice on VAT related matters at any time. The information may relate to an earlier transaction or a future potential transaction.</p> <p>If a taxpayer or accountant makes a written request for information the Office Manager will inform the applicant in writing of the information requested.</p> <p>The points taken into account may include:</p>

		<ul style="list-style-type: none"> - Method by which the tax liability was determined; - Facts and reasons considered in determining that liability; and - Calculations used and the information on which those calculations were based. <p>Go to step (132).</p> <p>Note: If any information is considered strictly confidential it shall not be disclosed except in the context of judicial proceedings.</p>
132	Office Manager	<p>The Office Manager will:</p> <ul style="list-style-type: none"> - Accept the application if all requirements for the applicant have been met; - Register, date and sign both copies of the application; - Register samples or other materials if provided; - Prepare an initial report on the subject raised; and - Direct the original of the application to the relevant authority in the Central Office along with any supporting materials or samples immediately; - Return the endorsed copy to the applicant as a receipt for the materials. - Go to step (133).
133	Relevant Technical Section in Central Office	<p>The Relevant Section, in Central Office, upon receipt will:</p> <ul style="list-style-type: none"> - Register samples if provided; - Research and investigate the application; - Seek further information or evidence if required; - Decide on the decision that is appropriate and advise the applicant in writing within thirty days; or - Advise the applicant within fourteen days of any delay anticipated in completing the classification. <ul style="list-style-type: none"> o Such delays may be due to the need to wait for information to come from overseas or for confirmation of suggested industry practice. - Store samples and copies of original documents safely under Customs control until a decision has been made; - Return the samples and supporting documentation if provided to the applicant when they are no longer required for classification purposes; <p>The advice, once issued is valid for all transactions by all applicants until it is formally revoked in writing by VAT.</p> <p>Note 1: Advice in writing may be by letter, facsimile or email.</p>

2.15.1: Refunds of VAT (Diplomats and Donors)

This section covers refunds of zero rated VAT for Diplomats and for International Institutions.

Legal References:

- Customs Tariff Annex Article 3
- Customs Exemptions Decree
- VAT Law Article 7.Exemption / Zero Rate

All international donations to International or Local Institutions have a right to Zero Rating but this is only after an agreement is executed between the Donating Body and the Palestinian Authority. Agreements may be made either to cover:

- All transactions from a single recognized body (like the Government of Egypt, The European Union or the Red Crescent Society); or
- Transactions related to a specific project (like the construction of a new school in a village by a charitable society).

Diplomatic exemption is normally granted on a reciprocal basis. So if a country recognizes the diplomatic rights of the PA then the PA will recognize its diplomatic rights.

140	Diplomatic Mission or Donor	<p>If a Diplomatic Mission or a Donor Body has not been granted a zero rating on goods or services purchased in Palestine then it may:</p> <ul style="list-style-type: none"> - Request in writing such a refund supported by: <ul style="list-style-type: none"> o A list detailing dates and amounts and descriptions of the relevant purchases; o Details of a bank account into which the refund (if approved) will be paid; o Letter from the relevant bank confirming the authenticity of the account. o Originals of all invoices claimed; o Certification from the Mission or Donor Body's Chief Executive Officer or their delegate that the listed goods and services fall within the terms of their exemption or concessions as appropriate. - The above documents are lodged with the Tax Refund Officer in VAT Central Office. - Go to step (141). <p>Note 1: <i>The Bank Account must be with a Palestinian bank and in the name of the mission or the relevant person within the mission only.</i></p> <p>Note 2: <i>The maximum period allowed for a refund claim to be lodged is normally six months from the date that the original invoice was first issued. Only in exceptional cases will a longer period of up to twelve months be allowed. Any such request must be made in writing by the Palestine CEO of the Mission or Donor. The application must explain why the refund application could not be lodged in the normal time frame.</i></p> <p><i>Any such application will be forwarded to the Director General VAT through the Office Manager for consideration before any action is</i></p>
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		<i>taken.</i>
141	Refund Officer	<p>The Refund Officer:</p> <ul style="list-style-type: none"> - Receives all Documents and associated material as listed above. - Reviews that the information is complete - Records the materials into the Exemption Refund Register. - Obtains the applicants current file or - Creates a new file for the refund application - Checks the client files on ASYCUDA, SHAAM and MALAM. - Prints a copy of the output reports for the client and attaches them to the file. - Checks the compliance performance of the applicant and prepares a written summary of the available materials. - If there are no outstanding compliance matters go to step (142). - If there are previous compliance problems recorded go to step (143).
142	Refund Officer	<p>The Refund Officer:</p> <ul style="list-style-type: none"> - Prepares a Notice of Refund (Form V5) <ul style="list-style-type: none"> o This notice advises the diplomat or mission that they are eligible for refund and that the money will be paid into the nominated Account in due course. - Stamps all claimed invoices to identify them as "refund paid"; - Photocopies the invoices; - Attaches the original invoices to the original of the advice letter. - Attaches the copies to the file. - Forwards the file to the Office Manager for checking. - When the file is returned from the Office Manager. <ul style="list-style-type: none"> o Contacts the mission or donor to arrange for pick up or delivery of the finalized Notice of Refund. - Records finalization into the Refund Application Register. - Go to step (144).
143	Office Manager	<p>The Office Manager checks the file and letters for correctness.</p> <ul style="list-style-type: none"> - If the file summary and letter are complete and correct the Office Manager: <ul style="list-style-type: none"> o Signs the letter and endorses the file summary report. o Returns the file to the Validation Officer for finalization. o Go to step (142). - If the file summary and letter are incomplete or incorrect the Office Manager: <ul style="list-style-type: none"> o Endorses the file summary report with advice on extra actions required. o Returns the file to the Validation Officer for correction. o Go to step (141).
144	Refund Officer	<p>The Refund Officer:</p> <ul style="list-style-type: none"> - Checks the file to ensure that all relevant materials are attached. - Prepares a summary of the file for the manager of Post Entry Audit. - Prepares a Payment Authority for signature. - Sends the file to the Office Manager for final checking. - When the file is returned from the Office Manager. <ul style="list-style-type: none"> o The summary of the file for the Manager of Post Entry

		<p style="text-align: center;">Audit.</p> <ul style="list-style-type: none"> - Go to Step (145) <p>Note 1: <i>Duty Exempt Goods are considered a high revenue risk and should always be referred to Post Entry Audit for inclusion in the National Risk Plan.</i></p>
145	Director General	<p>The file is sent to the Director General for final approval.</p> <p>The Director General checks the file and letters for correctness.</p> <ul style="list-style-type: none"> - If the file summary and letter are complete and correct the Director General <ul style="list-style-type: none"> o Signs the letter; and o Endorses the Payment Authority. o Sends the file to the Minister for finalization. o Go to step (146). - If the file summary and letter are incomplete or incorrect the Director General: <ul style="list-style-type: none"> o Endorses the file summary report with advice on extra actions required. o Returns the file to the Officer Manager for correction. - Go to step (143).
146	Minister	<p>The file is sent to the Minister for final approval.</p> <p>The Minister checks the file and letters for correctness.</p> <ul style="list-style-type: none"> - If the file summary and letter are complete and correct the Minister: <ul style="list-style-type: none"> o Endorses the Payment Authority. o Returns the file to the Validation Officer for finalization. o Go to step (147). - If the file summary and letter are incomplete or incorrect the Minister: <ul style="list-style-type: none"> o Endorses the file summary report with advice on extra actions required. o Returns the file to the Validation Officer for correction. - Go to step (145). <p>The file is sent for archiving.</p> <ul style="list-style-type: none"> o The summary of the file for the Manager of Post Entry Audit. <p>-</p>
147	Refund Officer	<p>The Refund Officer:</p> <ul style="list-style-type: none"> - Checks the file to ensure that all relevant materials are still attached. - Sends the Payment Authority to the Treasury Office. Go to Step (148). - Sends the file to Archives. - Updates the Exemption Refund Register.
148	Treasury Office	<p>The Payment Authority is sent to the Treasury Office for payment to the registered bank account.</p>

1.21: Sample Documents

In this section there are two groups of documents shown.

In part 1 there are copies of the standard VAT forms required. These documents may be copied and used as required by the public and by staff.

In part 2 there are examples of the various documents referred to in this chapter. These documents

Part A VAT Documents.

Form V1: Request to open VAT file (Form should be developed that will include accounting undertaking on it?)

Form V2: Notice of Errors in VAT Application

Form V3: Notice of Registration for VAT (includes rules and sample documents)

Form V4: Monthly Statement (for Calculation and Declaration of VAT).

Form V5: Application for Re-Payment of VAT (Refund Application).

Form V6: What a taxpayer needs to know about VAT audits. (to be developed)

Form V7: Debit note for payment of excess VAT or penalties.

Form V8: Letter covering penalties and appeals processes.

Form V9: P Invoice for sales from Israel to Palestine

Form V10: I invoice for sales from Palestine to Israel

Form V11: Request form for issue of P Invoices

Form V12: Monthly Report on use of P Invoices

Form V13: Request Report on receipt of I Invoices

Form V14:

Part B: Example Documents

1: ID Card

2: Property Lease Document

3: Bank Account Document

4: Certificate of Registration of Partnership

5: Certificate of Registration of Business

6: Certificate of Registration of Association