Invoice Submission

A guide for MPM's suppliers

Overview

MPM endeavours to process and pay valid tax invoices received from suppliers within our contractually committed payment terms or within our standard payment terms from date of valid tax invoice in the absence of any formally agreed contractual payment terms.

In order to help us to achieve our aim, we need the help of our suppliers to raise and submit invoices containing correct information / references and in a manner aligned to our processes, so that we can then process the invoice for checking and approval in a timely and efficient manner. Invoices that do not contain the correct information / references and that are submitted outside of our processes (outlined below) are liable to be returned to you, or require additional effort and investigation, which can easily be avoided by adhering to the process outlined below.

The intention of this guide is to provide effective guidance to suppliers on our invoice payment process in order to enable our suppliers to help us to prevent any avoidable delays in processing their valid tax invoices.

1. <u>Data required on ALL tax invoices</u>

A valid tax invoice for VAT purposes should contain the following information:

- The word "tax invoice" is clearly displayed
- The name, address and TRN of supplier
- The name, address and TRN of recipient (if recipient is registered for VAT)
- Sequential tax invoice number, or a unique number which enables identification of the Tax invoice and the order of the tax in any sequence of invoices
- Date of issuance
- Day of supply (if different from date of issuance)
- Description of goods or services supplied
- The unit price, quantity or volume, rate of tax and amount payable expressed in AED for each goods or services
- The amount of discount offered
- Gross amount payable in AED
- Tax amount payable expressed in AED together with rate of exchange applied
- Where the recipient is required to account for tax, a statement that this is the case and reference to the relevant provision of the law.

Apart from the above, set out below our additional requirements for tax invoice:

- ➤ Tax invoice is addressed to the correct Property and Landlord if applicable.
- ➤ Pro-forma invoices will not be regarded as valid tax invoices.

- Supplier to clearly state the currency of the invoice amount. The currency should be the same as that agreed on the purchase order or contract. However, to be compliance to the VAT requirement on issuance of tax invoice, the amount payable shown in the tax invoice shall be in AED.
- Shows VAT amount payable, where applicable, and which must be at the correct rates, and must be clearly shown.
- Must bear the appropriate data required locally in order to make it a legally compliant tax document, where applicable (e.g. company name / VAT identification / Registration number / Trade License number)
- Is NOT generated or dated earlier to accelerate payment.
- Must quote an MPM provide customer reference number (P.O. reference number, contract reference number) in order to assist with order or contract matching
- Must clearly show your company's full name (i.e. the correct legal entity name) and address.
- Must clearly show your company's bank account details (account name, account number, bank name, and swift code, IBAN, correspondence bank if applicable).
- The payment term will be those agreed in the contract, purchase order, or in the absence of any formal order or contract, the payment terms will be MPM standard payment terms.
- Submitted in accordance with the agreed pricing and on the agreed dates / milestones, based on any formal purchase order, contract or call-off schedule provided by MPM.
- The unit price of the supply where it can be broken down into units, otherwise, the total VAT exclusive price. The VAT amount payable expressed in UAE Dirham together with the rate of any exchange applied and the source of that exchange rate applied

2. Invoices relating to formal MPM Purchase Orders

A valid tax invoice relating to a purchase order should:-

- Clearly state MPM Purchase Order number – Taken from MPM's formal Purchase Order generated from MPM Purchase Order system.
- Tax invoice lines should match the purchase order lines. Do not bundle multiple order lines to create a single invoice line.
- Unit prices on the invoice should equal the relevant unit prices quoted on the purchase order. In the event that you don't agree with any price shown on a purchase order received from MPM, the pricing should be discussed with the relevant buying / purchasing department prior to any invoice being raised.
- Unit price should be exclusive of Tax (VAT, Sales Tax, etc.)
- NOT contain additional items NOT quoted on the purchase order (e.g. do not add delivery charges or post and packing if these have not been agreed with MPM in advance).
- NOT cover more than one purchase order, unless specifically agreed with the MPM in advance.

3. Invoices relating to formal MPM Contracts

- Where MPM has entered into a formal contract (including any schedules or statement of works thereto) with your company and provides a formal contract ID / Reference, then the following procedures should be followed in addition to those set in section 1 above:-

- ➤ Quote the formal Contract ID / Reference number provided by MPM.
- ➤ Tax invoice lines must match the items agreed in the contract.
- ➤ Prices must match that agreed in the contract for the appropriate payment / milestone / instalment date.
- ➤ Additional items NOT quoted in the contract should not be added to the tax invoice (e.g. do not add expenses, delivery charges, etc.… if these have not been specifically agreed with MPM in advance within the relevant contract).
- ➤ Tax invoices should not cover more than one contract.

4. **Tax Invoices Not relating to a formal Purchase Order or Contract**

In the event that there is no formal Purchase Order or Contract, you need to be entirely satisfied that the request for goods / services by MPM has come from a duly authorized individual who is entitled to commit to external spend. Any invoice raised under such circumstances should contain:-

- ➤ MPM reference number – this may be an MPM staff email address. This should be shown on the tax invoice as customer order number or customer reference number.
- ➤ Invoice lines should be sufficient to explain what the goods / services being invoiced for are, and what time period / date of supply it covers.
- ➤ Prices on the invoice must agree with those agreed with MPM at the time of accepting to supply.

5. **Timely submission of tax invoices**

Tax invoices submitted 30 days after the delivery of the services will not be accepted or paid. Vendor must ensure timely submission of their tax invoices.

6. **Supporting material**

In a number of instances, tax invoices may be supported by additional material, such as a detailed breakdown of the components, inventory or consumption that makes up the summary values shown on the tax invoices. Such summary details should be provided to the relevant MPM business area / department that manage the service delivery with you, and that will be validating the details on such supporting material. Such details should reference the tax invoice that they relate to.

7. **Payment methods**

The most efficient and reliable method for us to settle your invoices is through payment directly into your specified bank account, even better to your ADIB bank account if possible.

Requiring payments by cash or cheque is discouraged and is on an exceptional basis as it brings additional processing efforts and costs.

8. **Credit Notes**

Where credit notes are issued to MPM by your company, the information to be included in the credit note shall follow the requirements as specified in the VAT Executive Regulations. In addition the credit note

should clearly reference the Purchase Order / Contract ID and where applicable the invoice to which they relate.

Where a credit note is issued in respect of a payment already made, MPM will seek a payment by cheque or wire transfer from your company if there are no payments due to your company by MPM in the next 30 days against which we can offset the full value of the credit note. Such cheque must be made out to the correct legal name.

9. Queries

Queries on the status of invoices for payment should be made to the relevant MPM business area / department that manage the service delivery with you. Queries on the status of invoices for payment made to MPM Payment team should be limited to the cases where the relevant MPM business area / department has confirmed back to you that the invoice has been forwarded to MPM Payment team for processing the payment.

Queries should be made only in respect of invoices becoming overdue based on the agreed payment terms between MPM and your company. Avoid making queries relating to invoices that have only recently been submitted and remain within the tax invoice payment period.

Invoices or Credit Notes that do not meet the criteria in sections 1 – 5 above may be returned to your company to seek clarification. Please help us to help you by providing a complete and valid tax invoice in the first instance.