

Concept of Supply as a VAT Chargeable Event

Via

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Introduction

In general, the chargeable event of the tax occurs when the conditions required by the tax law occur; this is where the tax debt arises from a taxpayer (a registered person). Therefore, the Egyptian Court of Cassation decides that the tax debt arises as soon as the chargeable event is available to it in accordance with the law¹. This event varies from one tax to another according to the legislator's vision of the time in which it wants the debt of this or that tax to arise.

As for the chargeable event of the VAT, it occurs, in comparative legislations, by "supply" of goods and services. but "supply point" here has a special concept that differs in goods from services. in both cases it means (sale point). In addition, the chargeable event for imported goods and services has a special concept.

The chargeable event of the VAT occurs in the domestic market for goods by transferring the right to dispose of tangible goods from a registered person to others - electric current and gas are included in the concept of tangible goods - and for services by performing the taxable service by a registered person. In the case of goods and services imported from abroad, the chargeable event of the VAT is realized for goods at the stage of release from customs and at the same time as the occurrence of the chargeable event of The customs VAT, and for services when the point of performing the service to its recipient occurs inside the country, whatever the means by which it is performed.

This means that the VAT literature differentiates between the chargeable event of the VAT according to two hypotheses:

First: goods and services that are sold in the local market, even if they are imported.

Second, imported goods and services, but before selling them in the local market.²

There is no doubt that the exact determination of the chargeable event of the VAT is of great importance; it determines when and where VAT is due. If the place of tax entitlement is of no great importance in unified countries those do not apply the idea of fiscal decentralization, its

¹ - **See in detail:** Dr. Zakaria Bayoumi, Sales Tax, without a year of printing, or a publishing house, p. 97.

² -See Article VI of the EgyVATA20\6.

importance is evident in simple countries those apply financial decentralization such as India, as well as in composite countries, where fiscal decentralization is inevitably applied, as well as its importance in the case of economic unions. In addition, the chargeable event of the tax is important for all countries if the tax is levied for the first time, and when there is a change in tax rates. It determines the date at which the tax amount becomes obsolete, and the statute of limitations, etc.¹

This research tries to ponder the provisions of the chargeable event of the VAT, whether for goods or services, and whether at the local market or when importing them from abroad, including the concept of "sale" point in the local market, the concept of taxable point for the imported goods, and the specific provisions in this regard stipulated in EgyVATA2016.

The research plan will be developed to address its main problem in two chapters:

Chapter One: Ponderations at the VAT Chargeable Event at Local Markets

Chapter Two: Ponderations at the VAT Chargeable Event at the Stage of Customs Release

- Keywords:

VAT: Value Added Tax.

EgVATA 2016: Egyptian Value Added Tax Act of 2016.

UKVATA1994: United Kingdom Value Added Tax Act of 1994.

¹ - Georges Egret, Que sais - je ? VAT. University Press of France, Second Edition, 1978. p. 56.

Chapter One

Contemplations on VAT Chargeable Event in Local Market

The chargeable event of the VAT occurs in the local market when the sale point is realized. However, the concept of sale has its own specificity in VAT legislation. Also, the VAT legislation may expand the concept of sale to include other acts away from its nature. We address these issues in two sections, as follows:

Section One

The Wide Concept for Sale as a VAT Chargeable Event

The sale has a wide concept in the VAT law that differs from its concept in civil law. This specific concept of sale must be realized by taxpayers in order to be claimed by the VAT due:

1- Expanding the Concept of Taxable Sales Point:

The meaning of the sales point in the field of civil transactions is multiple, with various provisions, but they are strictly defined in accordance with the provisions of the Civil Code. When the Egyptian VAT law determines the meaning of sale subject to its provisions, it expanded it - in accordance with comparative legislation - beyond the concept of sale in force in civil transactions.

- Concept of the Sale Point in Civil Transactions:

In jurisprudence, a sale is a two-sided binding contract, as it obliges the seller to transfer ownership of the item sold, or any other financial right over it, to the buyer, and obliges the buyer to pay the price to the seller¹. Or it is: a contract in which one of the parties, the seller, is obligated to transfer ownership of the item sold, or another financial right over it, to another person (the buyer) in exchange for the commitment of the latter (the buyer) at a monetary price.² The Egyptian Civil Code defines it as "a contract by which the seller undertakes to transfer to the buyer the ownership of an item or other financial right in exchange for a monetary price."³

¹ - Dr. Abdul Razzaq Al-Sanhouri, mediator in explaining the new civil law, sale, Dar Al-Nahda Al-Arabiya, without printing year. p. 234.

² - Dr. Khamis Khader: Large Civil Contracts, Sale, Insurance and Rent, Dar Al-Nahda Al-Arabiya, Cairo, 1984, p. 180.

³.of the Egyptian Civil Code Article 491

- Concept of Sale in both Egyptian and Comparative Tax Laws:

In fact, EgVATA2016 extended the concept of sale to other forms, stipulating in the first article that the sale includes "the transfer of ownership of the commodity or the performance of the service from the seller - even if he is an importer - to the buyer." In addition, a sale will be considered in the provision of this law as follows, whichever is earlier: " - Issuance of VAT invoice. - Delivery of the commodity or performance of the service. - Payment of the price of the commodity or the consideration of the service, whether in whole or in part, or on time or other forms of payment of the price in accordance with the different payment terms. Article V of this law also stipulates that "tax shall be payable when the point of selling the commodity or performing the service occurs by taxpayers at all stages of its circulation in accordance with the provisions of this law, and regardless of the means of sale, performance or circulation, including electronic means.... The taxpayer shall be deemed to have used the commodity or benefited from the service for the purpose of personal consumption or private use or disposed of it in any of the legal VAT measures."

If we move to comparative legislation, we find that they embrace another term for the conduct by which the chargeable event of the VAT occurs regarding goods and services together, away from the term "sale" is the term "supply", as we find the first article of the UKVATA1994, for example, stating that "1. Tax is imposed on the real or judgmental "supply" of taxable goods or services.....Thus, the VAT Act in the United Kingdom expanded the concept of "supply" in accordance with its provisions to include many forms, so that it considered gifts, grants and assignment of rights as taxable supplies, and it also granted the tax authorities there broad powers to extend the concept of supply to the taxable base as a supply of a good or a supply of a service in accordance with their convictions, and in the light of the justifications available to them.¹

- the taxable point may arise even if the buyer is not entitled to sell the taxable item:

As a rule, the contract of sale in civil transactions transfers the ownership of the soled item to the buyer immediately after the sale when the latter is specifically appointed. but in the VAT law, it is sufficient that the taxable good or service are soled by a legal behavior transferring to the

¹ - See: - Simon James and Clinton Alley, Successful tax reform: the experience of value added tax in the United Kingdom and goods and services tax in New Zealand, University of Exeter Business School, July 2008, pp. 15 – 87.

buyer the authority to use, or control it but not, necessarily, to dispose of it, i.e. even if this authority to use it by the buyer is not accompanied with his authority to transfer its ownership to the third party.¹

2- according to the VAT opinion, the meaning of sale includes behaviors away from its nature:

Tax legislation has traditionally expanded the **meaning** of legal terms in order to expand the tax base, or expand the scope of the tax, etc. In accordance with this custom, we find the VAT law expands the sale concept subjecting to its provisions to include other acts that are not of the sale nature, including:

- Personal consumption and private use:

Personal consumption is the use of the commodity or the use of the service for purposes not related to the taxpayer's activity, while private use is the use of the commodity or the use of the service for purposes related to the taxpayer's activity, without including the transfer of the commodity from one production stage to another inside or outside the taxpayer's establishment.² In light of this, the chargeable event of the VAT occurs for personal use when the taxpayer takes the taxable good and allocates it to his personal use that is far from the basic purposes of his business. Indeed, the Egyptian tax legislation attitude in this regard is not unique, but it follows many comparative legislations.

- Personal use of Services:

Certainly, as it may be achieved in goods personal use may also be achieved in services. A car dealer who uses one of the cars displayed in his exhibition for sale for the purpose of entertainment for a day or more, and then returns it to its place in the exhibition to sell it, this dealer benefits from the service of this car for personal purposes, and this is enough to achieve the chargeable event for VAT. In this case, he is charged with this service as a renter of the car during the entertainment period³.

- Legal acts transferring the ownership of the taxable items:

The registered person may transfer the ownership of the taxable goods or service by acts other than the sale acts. Whether in return for another item, as in case of the barter system, or without consideration at

¹ - Dennis Parkinson, Value Added Tax in the EEC ... op. cit. p.162

² - Article one of EgVATA2016.

³ - Dennis Parkinson, Value Added Tax in the EEC ... op. cit. pp. 23-24.

all, as in case of grants or gifts. Here, the question arises: is the chargeable point of the VAT occurred in such cases.

(a) Barter: It is a contract by which each contracting party undertakes to transfer to the other ownership of a thing that is not money.¹ According to the provisions of the Civil Code, the provisions of sale apply to barter, but to the extent permitted by the nature of the barter system. Each bartering person is considered a seller of the thing he bartered for and a buyer of the thing he bartered.² Thus, barter is considered as the sale and is therefore considered a chargeable point for the VAT, to prevent circumvention of the law.

(b) Grants and gifts: Grants and gifts transfer the ownership of granted or gifted items but free of charge. Although either of them can occur for an indirect consideration, according to Article 486 of the Civil Code the donor may, without stripping the intention to donate, impose on the gifted person the execution of a certain obligation. Gifts may also be given as free samples for advertising, they may be given in large quantities beyond the sample limits, and they may be intended to obtain unforeseen benefits. According to the VAT provisions, they are considered as the sale, and the chargeable point of the VAT may be occurred by each of them.

- The principle of the unity of taxable treatment:

The chargeable event of the VAT may occur by selling a good or service, but the implementation of this sale - delivery of the items sold - may require some sub-services to be provided such as packaging, etc. Then, the question arises: will the VAT of the sub-services be the same as the VAT of the basic dealing? That is, are all these transactions subject to the same tax treatment as if they are one taxable transaction, in terms of the place or time of the chargeable event for VAT?

According to the purposes of VAT, the sub-transactions share the original transactions with the same VATe, i.e. the same applies to them.

¹ - Article 482 of the Civil Code.

² - Article 485 of the Civil Code.

Section Two

Specific Types for VAT Chargeable Event in Local Market

- Table Tax:

Eg VATA 2016 includes a table containing twenty-five commodity and service groups, divided into two categories: the first group subject to the table tax only, at the rates shown opposite each of them, and include thirteen commodity groups. The second category of this table includes twelve groups of goods and services, which are subjected to the table tax along with the value-added tax. The chargeable event of goods and services— if they are locally produced— is only the first sale of any. If these goods or services are sold again from the wholesaler, or from the retailer to the final consumer, then the seller is not charged again, unless there is a change in the structural of the good or service.

If the good or service is subject to the schedule tax in addition to the VAT, then the chargeable event occurs, for the schedule tax, at the first sale of the good or service only, while it occurs for the VAT with each sale occurs again of the same good or service in the local market.

–Trust goods:

In commercial life, the large enterprises may practice their activities on a large scale, producing taxable goods in large quantities, and cannot, alone, distribute them in the markets, so, they may look for who help them in this goal. Hence, they have agents in various places within the country, these major establishments deliver the goods to these agents to be sold by them after, at the prices determined by these establishments. In return, distributors receive a commission from these companies.¹

The delivery of the goods to the distributors in this hypothesis is not considered a sale. In fact, the agent here is considered an honest person not a broker. Therefore, the delivery of the goods here is not considered a VAT chargeable point.

- Free samples:

In commercial life, the large establishments, for the purpose of advertising and promoting their products, give some free samples of their products to customers. Though such samples are considered gifts, and consequently subject to the VAT as if it were a taxable sale, but the conditions of dealing in commercial life forced the VAT not to consider the gift of these samples as a VAT chargeable event provided that the

¹ - See Interest Instructions No. 6 of 1992, Instructions and Publications Manual issued by the Sales Tax Authority for the year 1992.

main purpose of such samples is to promote the taxable activity of the registered person.

- Secondary commodities:

It may happen that some secondary commodities are sold with essential commodities because of the nature of dealing with essential commodities. Their value is often minimal for essential commodities. It is well established in the VAT literature that if this happens and the value of non-essential commodities does not exceed a certain percentage of the value of the accompanying essential commodity, often 15% of this value, then both commodities are subject to the VAT at the time of selling the essential commodity, even if the delivery of the non-essential commodity occurred after the delivery of the accompanying essential commodity. The prescribed VAT rate of the essential commodity is also applied. If the value of non-essential commodities exceeds the percentage considered in the relevant legislation, which is often within 15%, as we have alluded to immediately, then the chargeable event of the VAT occurs by selling these commodities without any link between them and the essential commodities. So, if they are sold later, the chargeable event of the VAT relating to them occurs when they are sold.

- Industrial samples:

Industrial producers may send some of their products, before they are ready for final use, to some research centers for testing, or to customers to conduct market research on them. Such behaviors do not create the chargeable event of the VAT, as long as the purpose is to poll the opinion of others only, even if this third party is a consumer¹. The only condition for this preferential treatment is that these samples are not fit for final consumption.

- Selling in the coupon system:

If the taxpayer attaches to the goods, he sells to his customers some coupons that allow the customer to obtain additional purchases in exchange for these coupons, and the customer - the buyer - has already obtained additional goods in exchange for these coupons without paying any money for them, then the chargeable event of the VAT does not occur for them. If the coupon is attached to a newspaper or magazine, and it is necessary to send it from the buyer with a cash amount to the taxpayer to obtain the commodity shown in this coupon, then the chargeable event of the VAT for this transaction occurred. The tax base in

¹ - Dennis Parkinson: Value Added Tax in ... op. cit. p.189.

this case is the biggest of the two values: the amount of cash sent with the coupon, or the cost of the item sold.

– **Selling by Mail:**

Selling by mail occurs when a merchant sells some of his products by retail to his customers at their request after reviewing a form - catalog - showing the nature of the sold commodity, the buyer sees it in the absence of the seller, and takes his time to accept purchasing or not, with his right to return the commodity back within a certain period - often a week - of receiving it, if he deems it to be a defect that justifies it. Electronic sales are also a chargeable tax event, as long as the result is the transfer of ownership of the good or service from the taxpayer to the buyer.

- **Promotional offers:**

Promotional offers mean: "offers that are provided based on sales policies used by companies and establishments to motivate customers to prefer the good or service provided by them, or to enhance their loyalty to the brand in accordance with the nature of each activity."¹ Such offers occur in respect of the chargeable event of the VAT as soon as the sale is made, but the taxable value is determined in this case by the fair price. "... according to market forces and dealing conditions....".² However, when the sale is made at a low price in the usual commercial framework, as in the case of liquidations, the chargeable event of the VAT occurs by selling, and the real price of the transaction is considered as the taxable base.

¹ - Article (49) of the Executive regulation of the Law.

² of the Executive (٤٩)Article - regulation .of the Law

Chapter Two

Contemplations on VAT Chargeable Event on Imports

In the first section, we will deal with the general provisions for the chargeable event of the tax on imports, while we will deal, in the second section, with the provisions of the chargeable event for this tax on some specific imports.

Section One

General Provisions of VAT Chargeable Event on Imports

As a rule, the chargeable event of the VAT on imports occurred upon customs release. However, some exceptions to this principle may be realized. We will discuss all these provisions in detail as follows:

First, Customs release as a VAT chargeable event:

The general rule for imported goods is that: the chargeable event of the VAT on imports occurs at the stage of their release from customs, i.e. it is the same chargeable event as the customs tax.

- The chargeable event of the VAT in case of deferred accounts:

There are some countries that apply what is called accounts suspended. They delay the due date of VAT on imports until it is collected from taxpayers upon submission of their first tax return, following the import event. Such countries do this to avoid refunding this tax again when selling imported goods in the local market - as a deductible input tax - in a short period, as it became clear to these countries that refunding the input tax in that short period does not allow the state to benefit from its proceeds, and at the same time the state incurs large administrative ¹

- the chargeable event in case of reverse charge mechanism:

Many comparative legislations apply what is called the "Reverse Charge Mechanism". The philosophy of this system revolves around finding a legal means to collect the VAT in the event of tax transactions between persons residing in a country and the other persons those are residing abroad, when the residents are not subject to provisions of the VAT. In Belgium, for example, if the nature of the activity of the taxpayer residing abroad is to supply taxable goods and services in Belgium and he does not have a permanent residence or a representative office for VAT affairs in Belgium, then the consumer who purchases the goods or service in Belgium is considered to have sold them to himself,

1- Alan A. Tait, Value Added Tax ... op cit. p. 561.

and Belgian VAT law requires him to collect the tax from himself and pay it to the tax administration there. According to Belgian law, cultural services are most likely to be the subject of the reverse charge rule, such as services provided by lawyers, consulting engineers, accountants, and movable asset rental services. The Egyptian VAT law applies, also, this rule.¹

Secondly, the possibility of separating between the customs release and the chargeable event of the VAT:

It may happen that imports coming to the free zones from abroad are subject to VAT. Here, the chargeable event of the VAT occurs as soon as these goods cross into the free zone. Then the chargeable event of the VAT occurs for these goods again when the same goods are traded inside these free zones, for local consumption. In both of these cases, the chargeable event of the customs tax is delayed until the goods charged with the customs tax cross into the country; this is because the customs law see the free zones as if they are outside the territorial scope of the state, and does not extend its provisions to them, waiting for them to cross the free zone into the country, and then treats them as if they were imported from abroad. This means that there is no connection in this case between the time at which the chargeable event of the customs tax occurs and the other time at which the chargeable event of the VAT occurs.

Specific Customs Systems:

The customs law may stipulate the possibility of releasing imported goods with the suspension of the claim for taxes (customs tax, value added tax, etc.) and due fees until a later stage, which occurs when the importer violates the controls and conditions imposed on him by the law in this context. If the importer adheres to these controls and conditions, then the chargeable event of the VAT does not occur at all. It may happen that the chargeable event of the VAT occurs on imported goods immediately after the customs release event occurs. However, in order to encourage some activities, the legislator allows preferential treatment for taxpayers within the framework of what is known as special customs systems. Again, there is no connection, then, between the time at which the chargeable event of the customs tax occurs and the other time at which the chargeable event of the VAT occurs.

1 - Ernst & Young: International VAT, A guide to practice and procedures ... op. cit. pp.50 -51.

Section Two

Provisions of VAT Chargeable Event on Some Imports

Here, we will deal with the provisions of the chargeable event of the VAT on intra-imports of the countries of the economic unions, and its provisions for capital goods, as follows:

First, provisions of VAT chargeable event on intra-imports of economic unions countries:

With the spread of the phenomenon of economic unions in the modern era, and the prevalence of the application of VAT in most countries of the world, the question arises about the place where the chargeable event of the VAT occurs when the taxpayer resides in one of the countries of the economic union and the place of consumption of the commodity or benefit from the service is in another country within the same union; that is, when a commodity or service is acquired from another country of the economic union.

In the European Union, for example, a taxpayer who is a resident of one EU country and buys taxable goods from another EU country is liable for the tax payable on that commodity in his country of residence, if he transports it by car to the country in which he resides.

The German taxpayer, for example, who resides in Germany, buys a machine manufactured in France and then transports it by car to Germany, is charged for the VAT due on this machine in Germany, as if the purchase took place within Germany;

As for the French taxpayer in the presented hypothesis, he is not responsible for the collection and supply of VAT in France, as dealing in this imposition is exempt from the VAT applied in France.¹

As for the time of the chargeable event of the VAT within the borders of the European Union countries, the date of the issuance of the VAT invoice by the taxpayer shall be considered. If the date of issuance of the VAT invoice is delayed, or if the VAT invoice is not issued for the transaction, then the tax is due no later than the end of the month following the month in which the sale takes place.²

1 - ٢٦٥ in Tax Law, ... Ibid., pp. Gabriela Hofretcher and Dhal Udo Muker: Training - ٢٧٤p. , ٢٦٦

- Ricardo Fenochietto and Carola Pessino: The Shared Value Added Tax. How it works and why it is the Best Tool for Optimal Fiscal Federalism In Countries with Consumption Based Taxes,... op. cit. . pp. 10 - 22.

2 - Ibid., p. 269.

Determining where the chargeable event of the VAT occurs within economic unions is, certainly of great importance, as it determines which country has the right to claim the tax due.

Secondly, provisions of VAT chargeable event on capital goods:

Capital goods are "the assets used by companies and business establishments in their production processes"¹ and they are investment expenditures that can be used by more than one investor in more than one productive project, they are not required to be newly manufactured, but can be reused, whether after renewal, or even without renewal.² The common denominator of all these goods in all their forms is that they are "productive". The investor may buy them from the local market, or import them from abroad, or even manufacture them himself and then use them in his production activities.³ Also, its nature does not change whether the purpose for which they are used, as they may be used in the production of goods offered for direct consumption, such as consumer goods, and may be used in the performance of services, such as means of transport used in the transport of passengers or goods, etc⁴. They may even be used to produce other capital goods.⁵

If we deal with the concept of these goods in the VAT literature, we find Article IV of the Executive Regulations of the EgVATA2016 adding to the capital goods in its previous concept "... The complete production lines with all their inclusions, even if they are fragmented." As well as its spare parts. Thus, EgVATA2016 adopts an expanded approach in defining the concept of capital goods.

The chargeable event of the VAT due on capital goods is the same as the chargeable event of the VAT for all other goods and services subject to the VAT, namely it is the sale, in the local markets, or the customs release, for imported goods. Therefore, the tax administration in Egypt asks for the VAT due on these goods in the first case with the first tax return following the sale point in the local market. However, in the case of importing capital goods, the VAT is not due at the same time as the customs tax, as EgVATA2016 allows the tax administration to temporarily release these goods and grant specific facilities to taxpayers

¹ - Dr. Amin Lotfy, Advanced Studies in Tax Accounting... , op. cit., p. 193.

² - Dr. Abdel Moneim Abdel Ghani, Value Added Tax (VAT)... , op. cit., p. 335.

³ - Ibid. Loc. Cit.

⁴ - Dr. Amin Lotfy, Advanced Studies in Tax Accounting... , op. cit., p. 108.

⁵ .٢٥٣Dr. Abdel Moneim Abdel Ghani, Value Added Tax (VAT)... , op. cit., p. -

that allow them to pay the tax due on them in installments according to specific controls.

Article (40) of the Executive Regulations of EgVATA2016 stipulates that: "... The head of the Authority may temporarily release the machinery and equipment received for the production of a commodity or the performance of a service in accordance with the payment conditions, limits, rules and guarantees issued by a decision issued by him, and the final release of such goods may not be made before the payment of the due VAT or schedule tax or both in full... The payment of the due VAT and/or schedule tax for machinery and equipment used in the performance of a service or production of a commodity exempt from VAT or schedule tax or both shall be as follows:

1. 5% of the value of the due VAT or schedule tax or both on machinery and equipment shall be paid upon the temporary release of them at the competent customs.
2. The rest of the amount of VAT due or schedule tax due shall be paid in four equal annual installments, the first installment of which shall be paid after two years from the date of temporary release. In case of late payment of any of these installments, the remaining installments shall be due at once in addition to the additional tax, which shall be calculated from the date of temporary release of this commodity until the date of payment.

- Recovery of VAT paid for capital goods and its impact on its due date:

EgVATA2016 introduced a new provision in Article 30 that allows the recovery of previously paid VAT on machinery and equipment used in the production of a taxable good or service, upon submission of the first tax return.¹ EgVATA2016 excludes buses and passenger cars only from this privilege, unless their use is the licensed activity of the taxpayer who has the right to ask for recovering the VAT, in which case the taxpayer

¹ - For more details about the VAT recovery, see:

- Lect. Mihail ANTONESCU & Radu BUZIERNESCU, THE RECOVERY OF THE VALUE ADDED TAX PAID IN ANOTHER COUNTRY BY TAXABLE PERSONS, PhD, University of Craiova, 2010. pp. 169 - 173.

- Yumai Nishiyama, Main issues for a good Value Added Tax system, Policy Research Institute,... op. cit. pp. 683- 695.

- Ricardo Fenochietto and Carola Pessino: The Shared Value Added Tax. How it works and why it is the Best Tool for Optimal Fiscal Federalism In Countries with Consumption Based Taxes,... op. cit. pp. 4 -31.

benefits from this right. However, if the importer of one of these goods wants to benefit from this right, he must pay all the tax due on the capital goods, without having the right to benefit from any deadlines allowed by the tax installment system. Thus, the deadline is dropped, and the VAT is due immediately to the imported capital goods when the taxpayer announces his desire to recover the VAT paid on them with the first tax return, which he submits to the tax authorities.

EgVATA2016 agrees with many comparative legislations in developed countries that the taxpayer's right to recover the VAT paid on capital goods with the first VAT return submitted by this taxpayer to the tax administration, after using these goods in production, it is conditional that all VAT due on these goods has been paid in full to the tax administration. If there are some remaining unpaid installments, this prevents the taxpayer from having his right to recover what he has already paid, even if he was committed to all payment rules and provided all required guarantees.

Conclusion

This research has considered the chargeable event of the VAT, as it has shown its nature, the effect of its realization, and its special subjectivity. In first chapter one, it presented the detailed provisions for it when it is realized in the local market, for all tax transactions that occur in this market, whether these goods and services are produced locally, or imported from abroad but were sold in the local market afterwards.

The research also presented the special provisions that the VAT has monitored for some legal transactions, the nature of which is not related to the concept of sale, and yet the VAT applied the ruling of sale to them. The research revealed that the Egyptian legislator was keen to keep pace with the circumstances imposed by commercial life, whether when the transaction is related to goods that the taxpayer sends to his agents who help him distribute them in exchange for a commission they receive from him in exchange for distributing them, or when the transaction is related to free samples of goods owned by the taxpayer that he gives to his customers as a gift for his products, or in the case of promotional offers, etc.

In chapter two, the research addressed the provisions of the chargeable event of the VAT on imports, at the stage of their penetration into local markets only. Without tracking their movement in the domestic market; because their movement in the domestic market puts them in the same position as locally produced goods and services sold in this market. Therefore, the provisions of the chargeable event of the VAT previously discussed in chapter one applies to them. The research confirmed that customs release is the event relied upon when determining the chargeable event of the VAT. The research also monitored the special provisions for the chargeable event of the VAT in some cases, whether when taxable goods generally move between countries that are united by one economic union, or when the chargeable event of the VAT is related to goods that are of some importance to the national economy of the country, such as capital goods.

These ponderations revealed the contemporary treatment for the chargeable event of the VAT in Egyptian Act No. 67 of 2016 and clarified the compatibility of this treatment - in most cases - with the similar treatment in comparative legislation.

God Grants Success

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