



Workshop: VAT Aspects

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The better the question. The better the answer.
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VAT Aspects

What to look at?

- ▶ Taxable persons with full VAT deduction right
=> Potential risks mainly on output VAT
- ▶ Taxable persons with limited or no VAT deduction right
=> Potential risks on both output VAT and input VAT

What are the areas where data are frequently missing or errors can be made?

Analysis using FAIA

- ▶ FAIA opens up many new possibilities for analysis
 - ▶ Access to broader range of data
 - ▶ Data in digital form facilitates data analytics
 - ▶ Standardized data and format allows automation of:
 - ▶ Comparison between entities
 - ▶ Matching of data between entities
 - ▶ Comparison between years

Items to consider - turnover

- ▶ Has the turnover reported in the VAT return been reconciled with the accounts?
 - ▶ Accruals ?
 - ▶ Indemnity ?
- ▶ Has the sale of capital goods reported in the VAT return reconciled with the depreciation table?
 - ▶ Sales vs scrapped ?
 - ▶ Sales price / net asset value ?
- ▶ Private use of goods? ex. Company cars

Items to consider - turnover

- ▶ Is the application of exemptions on outgoing transactions justified and documented:
 - ▶ Proper tax invoice
 - ▶ Complete EC Sales Listing – storage of VAT numbers
 - ▶ Certificates for VAT exemption applicable to Int'l Organisations
 - ▶ Customs documents
 - ▶ Transport documents

- ▶ Real estate renting exempt from VAT, unless option form has been submitted and approved in advance by the VAT administration. Approved form available?

Items to consider - purchases

- ▶ Have the purchases of goods vs services correctly been distinguished? Has VAT correctly been self-assessed where required?
- ▶ Have the importations vs intra-EU acquisitions correctly been distinguished?
- ▶ Are you jointly liable for VAT on domestic purchases?
- ▶ Did you perform a consistency check of costs for which VAT has been reported in the VAT return compared to costs as per P&L?

Analysis using FAIA - Example

- ▶ Have the purchases of goods vs services correctly been distinguished? Has VAT correctly been self-assessed where required?
- ▶ Analysis of Purchase Invoice data
 - ▶ Who is the supplier?
 - ▶ Where is the supplier located? Inside/outside EU?
 - ▶ Type of service/goods
- ▶ Analysis of General Ledger data
 - ▶ What accounts are costs booked to?

Analysis using FAIA - Example

- ▶ Have the importations vs intra-EU acquisitions correctly been distinguished?

- ▶ Analysis of Movement Of Goods
 - ▶ Shipped from where to where?
 - ▶ Triangular transaction?
 - ▶ Do line items have different ship to or ship from addresses?

- ▶ Analysis of Purchase Invoices
 - ▶ Shipped from where?
 - ▶ All line items shipped from same place/country?

Items to consider – VAT deductibility

- ▶ Deductible input VAT?
 - ▶ Are all expenses for which VAT is claimed back been incurred for business purposes?
 - ▶ Are all these expenses supported by proper tax invoices?
 - ▶ Are all these expenses in relation to an economic activity giving right to deduct input VAT?

- ▶ Accounted separately

Analysis using FAIA - Example

- ▶ Is VAT deductible ? Analysis of Sales Invoice data
 - ▶ Are costs recharged?

- ▶ Are expenses supported by proper tax invoices?
 - ▶ Summarise basis and tax amount from Purchase Invoices in FAIA
 - ▶ Compare with Amounts in VAT Return
 - ▶ In case of access to Supplier's FAIA, comparison between Suppliers Sales Invoices and Customer's Purchase Invoices

- ▶ Possible findings
 - ▶ Differences in amounts between the VAT Return and FAIA
 - ▶ Inconsistencies in invoices between Customer and Supplier
 - ▶ Absence of supporting tax invoice

ANY QUESTIONS ?

THANK YOU,

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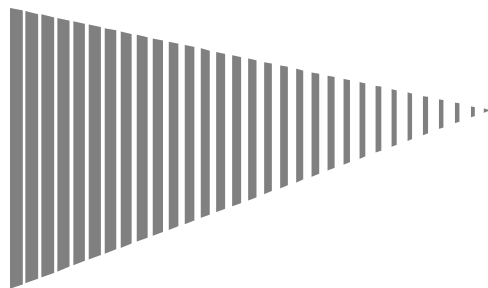


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