

# V.I.S – Manage VAT ID numbers without errors



**The importance of correct VAT identification numbers (VAT ID numbers) continues to grow. Modern technology supports the retrieval of VAT ID numbers, ensures error-free data records and thus helps to avoid negative consequences such as additional payments, fines or loss of reputation.**

## **The challenge**

Within the EU, intra-Community, cross-border deliveries and other services between companies are exempt from VAT or the tax liability is shifted. In order to claim the tax exemption, entrepreneurs must present a valid VAT ID number. This serves as proof of the customer's entrepreneurial status for cross-border (EU) services.

Since January 2022, the VAT ID number of customers must also be entered when reporting foreign trade statistics (Intrastat). This increases the pressure on companies to know the correct VAT ID numbers of their customers. Manual queries and documentation (e.g. by screenshot) via the website of the Federal Central Tax Office (BZSt) are not very practical. Address errors often lead to inadequate query results.

If the VAT ID number of the service recipient is invalid at the time of an alleged intra-Community supply, the conditions for tax exemption have no longer been met since January 1, 2020, as the substantive legal requirements are not met. This can lead to a tax liability. All entrepreneurs are legally obliged to regularly check the correctness and validity of the VAT ID number and to document this. In addition, the BMF letter of October 28, 2020 stipulates, among other things, that in the case of querying foreign VAT ID

numbers via the electronic interface of the BZSt (mass data query), proof of the response file received must be provided since January 1, 2021. With an extensive customer base, the verification and documentation obligation pose an enormous challenge. At the same time, there is a threat of fines, loss of reputation and, especially against the backdrop of increasing company insolvencies, the risk of a 19 % loss of margin.

## **Our service**

Our VAT Identification Number Information System (V.I.S.) ensures that small errors do not become expensive. It checks and documents your customers' VAT ID numbers and helps to eliminate address errors.

If an incorrect VAT ID No. is only discovered years later, there is a risk of additional VAT payments, fines, loss of reputation and interest surcharges. There should therefore be no way around regularly checking your customers' VAT ID numbers for intra-Community deliveries and services.

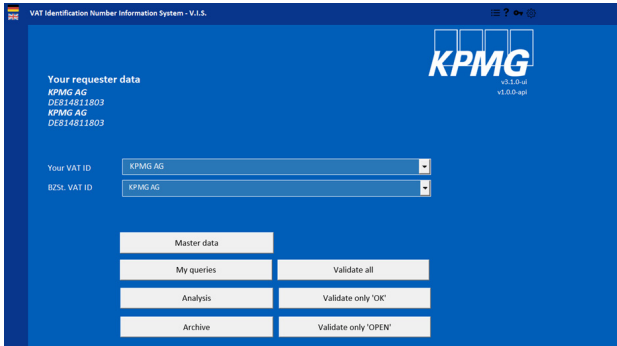
A correct data pool is essential in order to be able to invoice VAT-exempt. V.I.S. supports you in updating the customer base in your database based on the BZSt database and the European VAT Information Exchange System (VIES), thus ensuring smooth tax planning and processing.

With V.I.S. the response files from the tax authorities can be documented via a new archive function directly when queried via the BZSt interface and recorded in the software solution as proof of VAT exemption. This meets the requirements of the tax authorities since January 1, 2021.

By using cloud technology, the data load is transferred to a KPMG service; queries can be used without utilizing the user's Microsoft Excel version. V.I.S. is available as "Software as a Service". For users, this means no effort at all when adapting the interfaces, as updates are provided automatically.

In addition, V.I.S. also has a connection to the Austrian tax authorities' "Finanzonline" interface. If you have access to this, you can also check company data from German companies.

Furthermore, V.I.S. allows you as a registered marketplace provider to perform a qualified check of German VAT ID numbers and archive the corresponding queries.



### The advantages at a glance

- Early warning system for invalid VAT ID numbers and incomplete or incorrect (essential) customer master data
- Quick and convenient check of your customer base for the correctness of stored VAT ID no. and address data

- Detailed error information in the event of an invalid VAT ID no. or incorrect address
- Query and automatic correction of address data of German entrepreneurs via the Finanzonline interface (Austrian VAT registration required) or as a registered marketplace provider
- Specification of correct registration addresses
- Easy orientation about the verification status using a traffic light system
- No software installation required, only Microsoft Excel is needed
- No login for online services
- Legally compliant archiving of results
- Easy retrieval of results via the archive, for example in the event of an external audit
- Language options German/English
- Cloud-based technology for outsourcing system utilization
- Offer of a software-as-a-service package including ongoing maintenance

### Ideally positioned for you

We are happy to support you with our consulting team, which is made up of experienced specialists from the fields of tax, law and IT. We can also draw on the expertise of our global KPMG network. We will be happy to provide you with further information. Get in touch with us.

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