



Lunch & Learn

Building Tax Knowledge

Managing your end-to-end VAT process

Thursday, 20 August

Your Partner For What's Next



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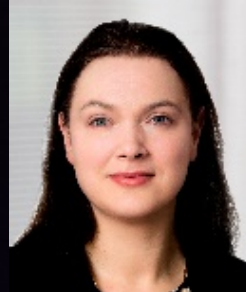
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What will we cover today?

Trends impacting VAT compliance

VAT compliance – Challenges & potential solutions

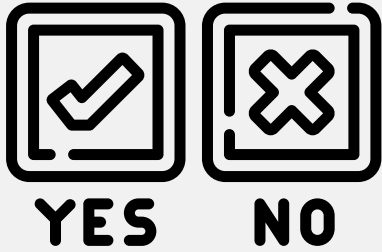
Technology – Driving & supporting VAT compliance

Current & future VAT developments impacting compliance

Questions and answers session



Poll



What do you see as the biggest VAT compliance challenge for your business?

- Technical complexity of VAT rules
- Managing foreign VAT obligations
- Systems/Data limitations
- Keeping up to date with changing requirements
- Internal challenges e.g. resource constraints



Trends impacting VAT compliance



Trends impacting VAT compliance



What's driving VAT policy?

- Significant VAT Gap / VAT fraud in EU
- New technologies available to tax authorities
- Macroeconomic environment and shocks (e.g. Covid-19)
- Aim to reduce complexity for business



What are we seeing in response to those influences?

- Significant reforms proposed at an EU level
- Many countries introducing additional VAT reporting obligations
- Extended audits/interventions using e-audit
- Changes in VAT rates



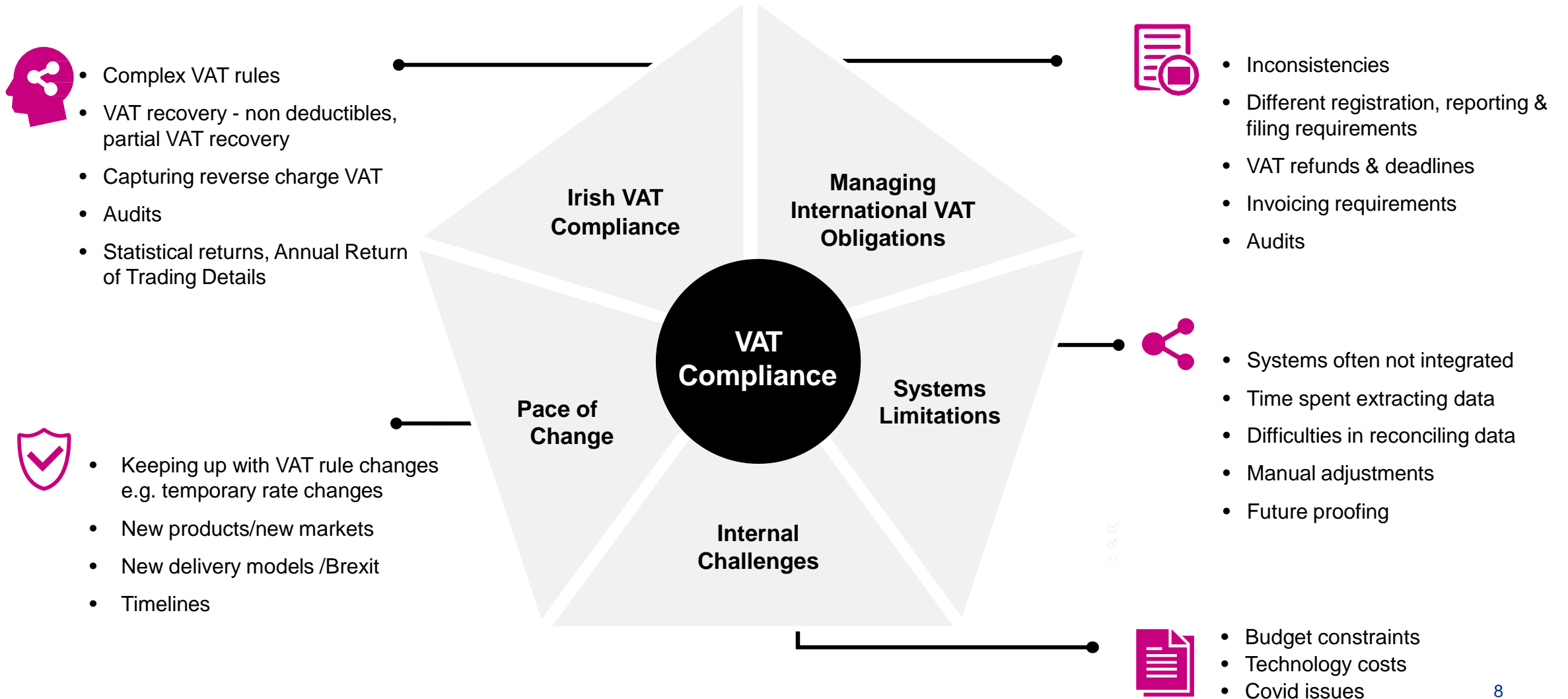
What are the impacts for business?

- Additional and more complex reporting obligations
- Increasing need for better data and systems integration
- In many cases a need to consider overseas as well as in-country obligations



VAT compliance - Challenges & potential solutions

VAT compliance challenges



Potential improvements and solutions

Inhouse solutions

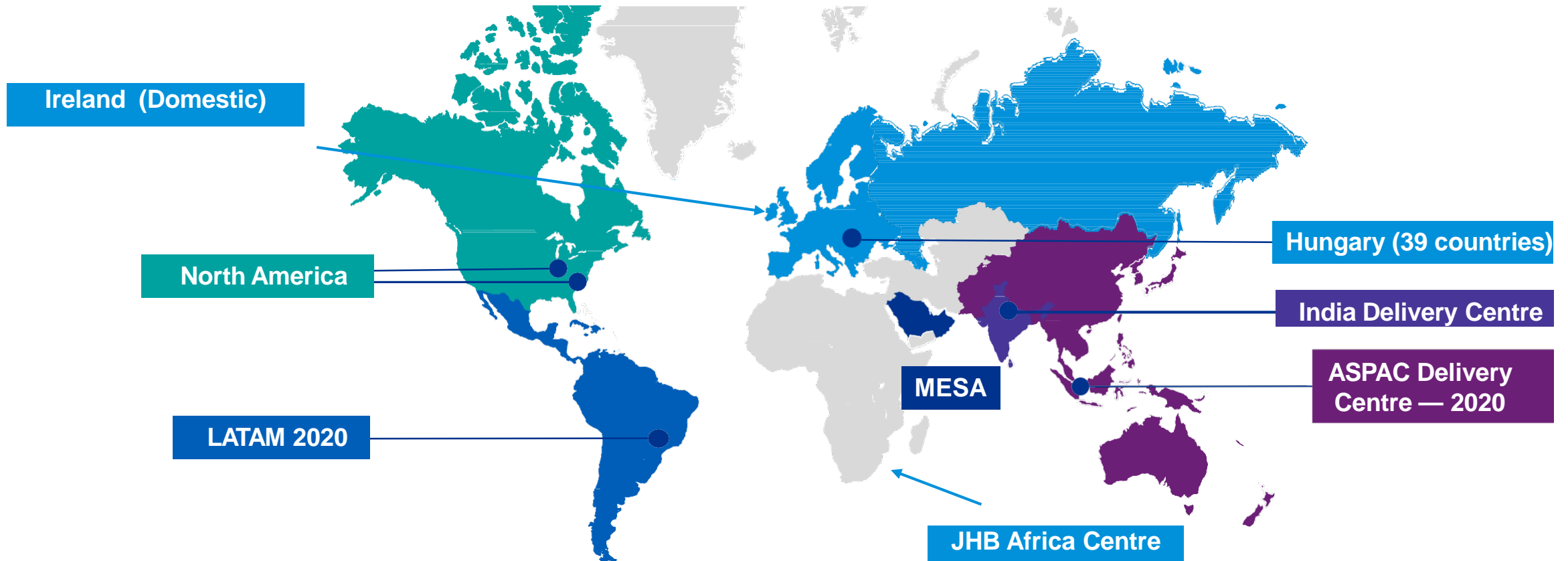
- Resource: People
- Resource: Infrastructure:
 - Improving existing systems & reporting tools
 - Control environment
 - Tax engines

Outsourced solutions

- Ongoing capability & support
 - Domestic VAT reporting
 - Multi jurisdictional VAT reporting
- Technical assurance
- Free up resources

- Obtain support when required e.g. VAT health checks, tax authority audit support
- Added value analytics e.g. cashflow saving opportunities
- Best practice benchmarking e.g. Record to Report review of processes

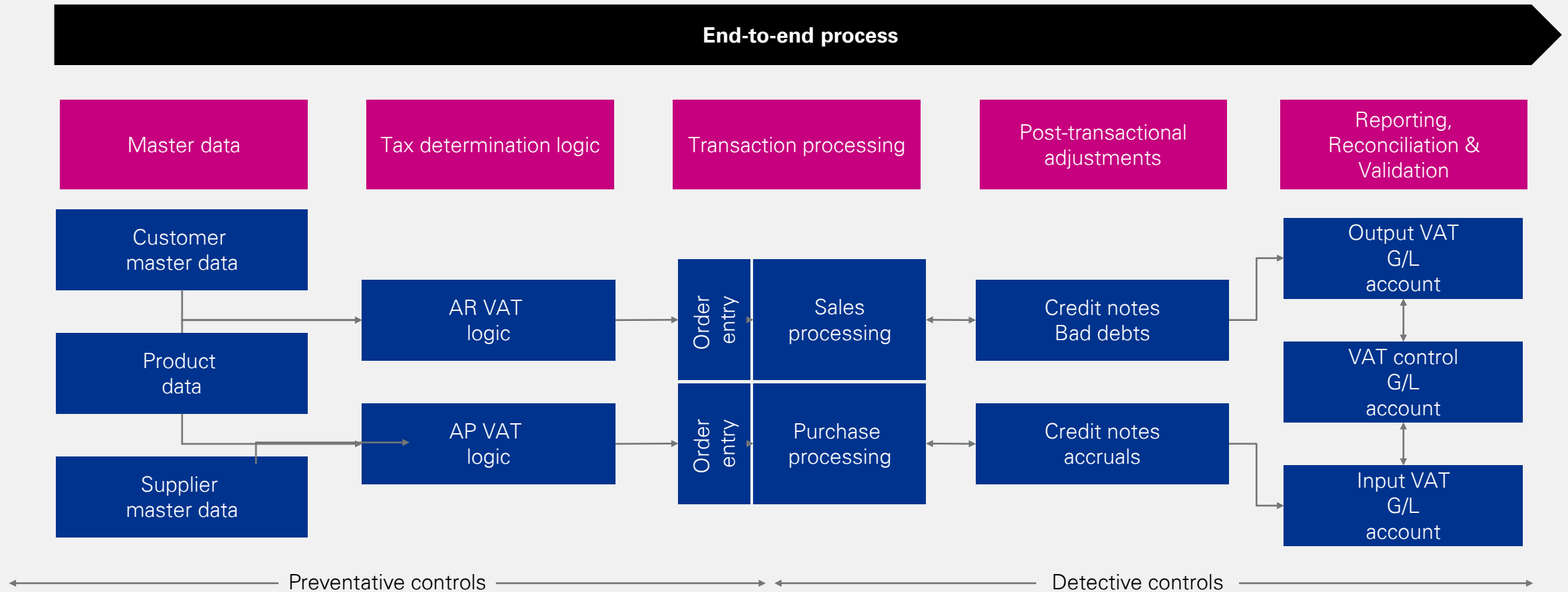
Outsourcing - KPMG's VAT compliance centres





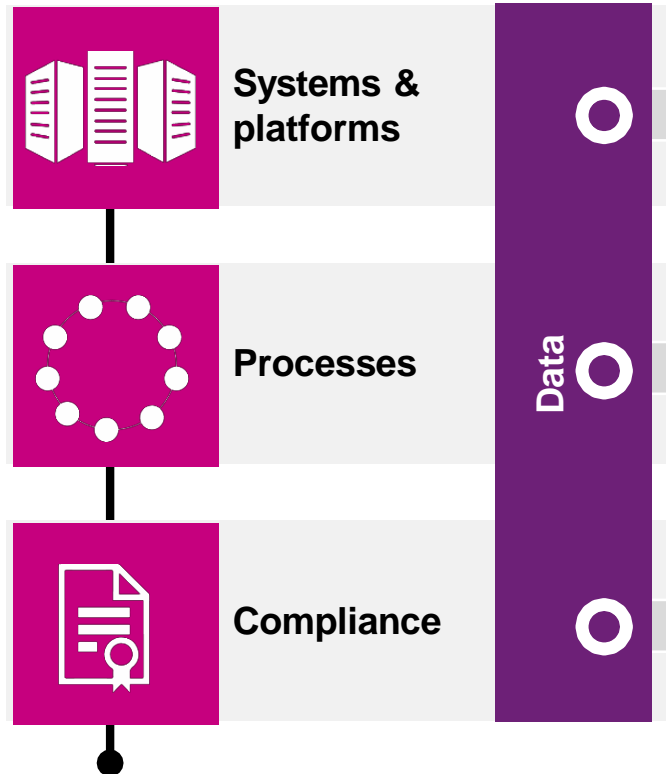
Technology – Driving & supporting compliance

Record to Report



Tax transformation through data-driven solutions

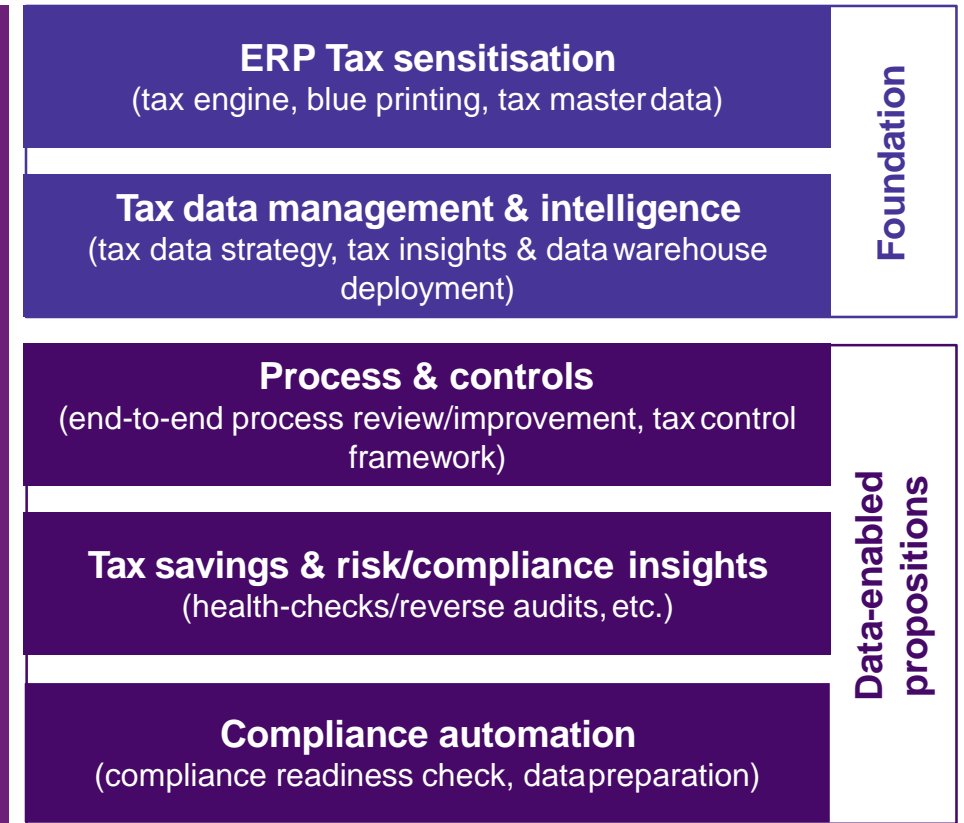
Indirect Tax function enablers



Technologies










































Data-driven improvement areas



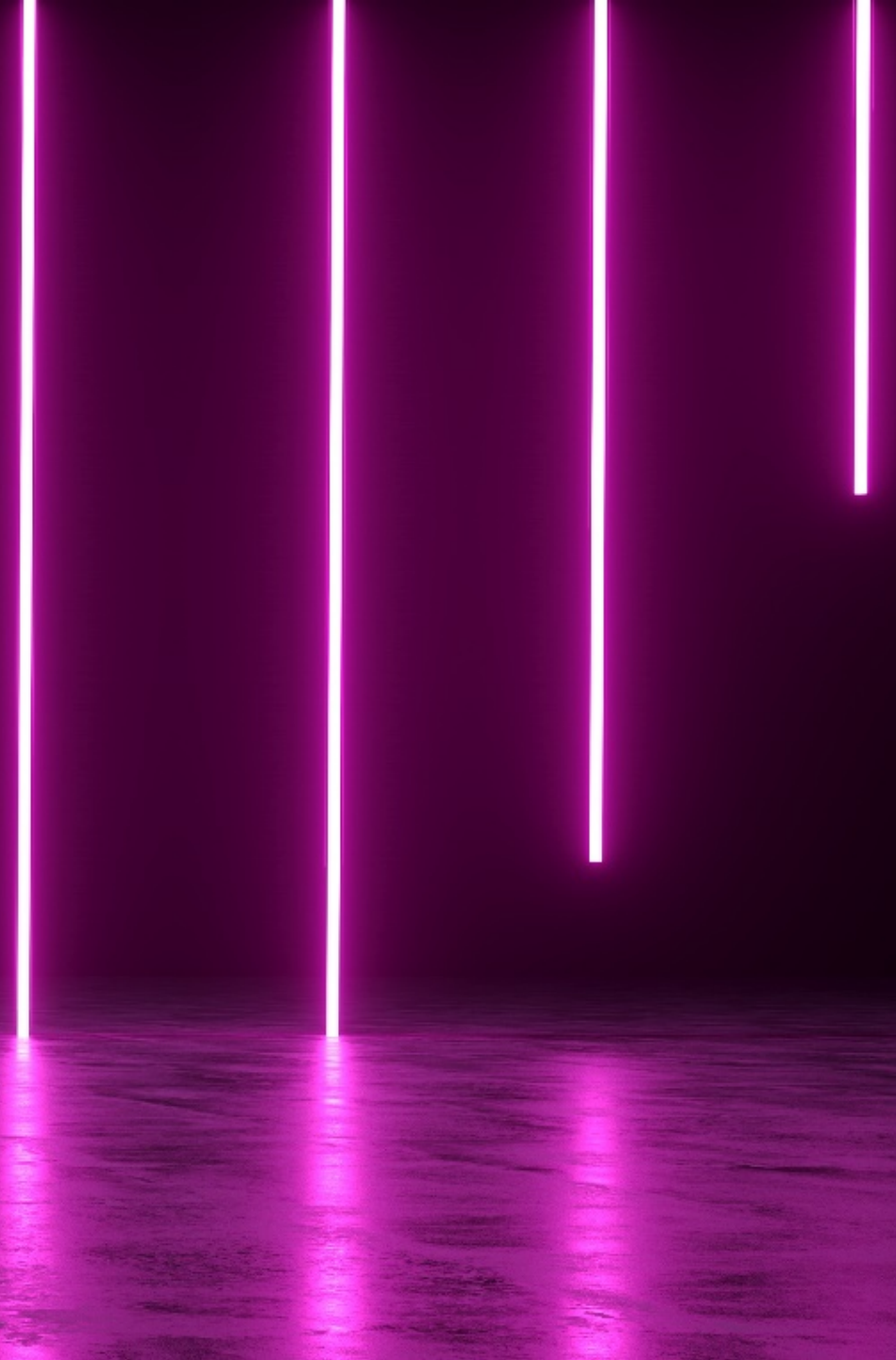
Tax transformation

Overseas developments - Pace of change

		2001	2002		2007	2008	2009	2010	2011		2013	2014	2015	2016	2017	2018	2019	2020
Audit files (standard Audit File-Tax VAT books)	Periodic						 							  				
	On demand																	
Real-time Reporting															  			
Making Tax Digital																		
E-invoicing	B2G										 				 			
	B2B										 							
Other																 		



Future developments impacting compliance

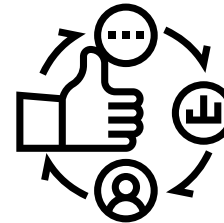


Brexit – VAT & Customs compliance issues



Compliance

- EORI number, filing customs declarations – inhouse or customs broker
- Dealing with import VAT
- Consider classification rules, valuation and origin, potential tariffs, import/export controls etc
- Reliefs and simplifications - customs warehousing etc



Supply chains & systems

- Impact on your ERP/finance systems
- Review supply chains, customer agreements, Incoterms, master data

Managing overseas VAT compliance



Do I need to register for VAT/GST overseas?

- Map supply chain
- Check customer status (business or consumer, VAT registered if EU based?)
- Registration threshold?



Registration process

- Fiscal representative required?
- Bond/security?
- Local bank account needed?



Filings

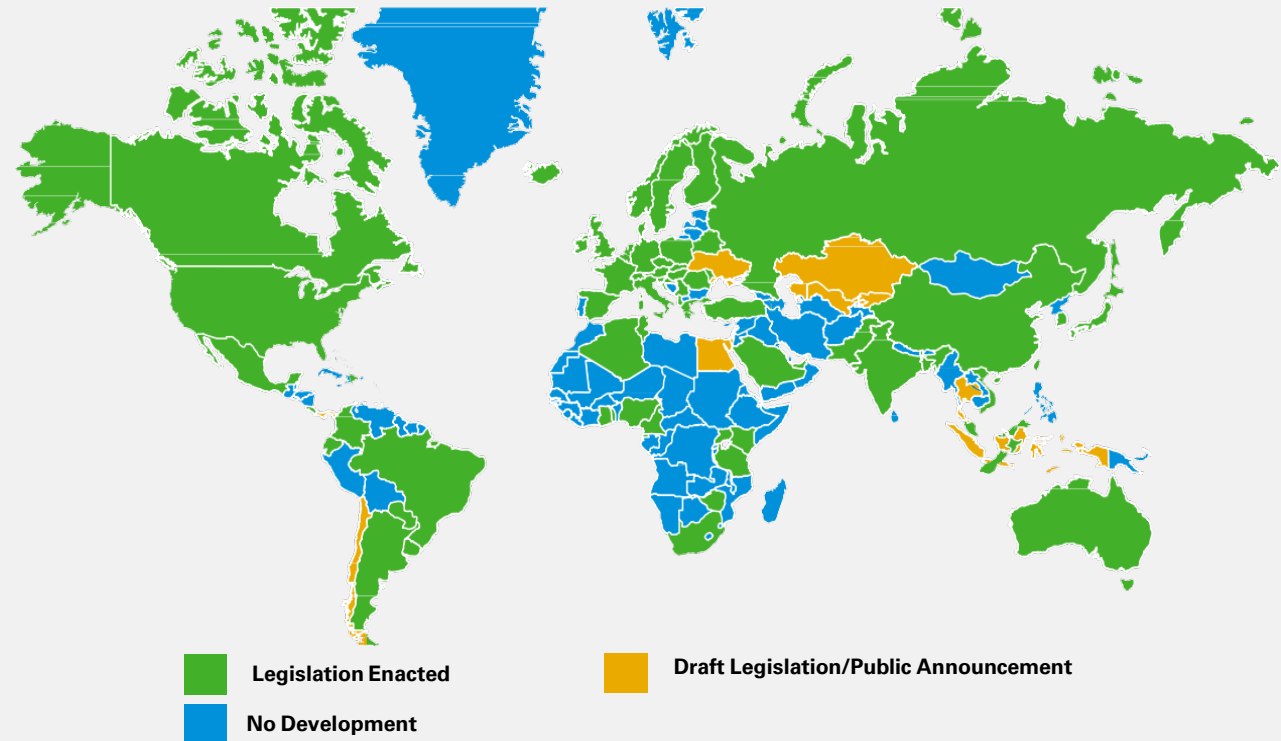
- Frequency
- Online/real time
- Interactions with local tax authorities
- Records

Digital economy – Indirect Tax developments

Increase in Indirect Tax
registration & compliance
obligations

B2C digital
services

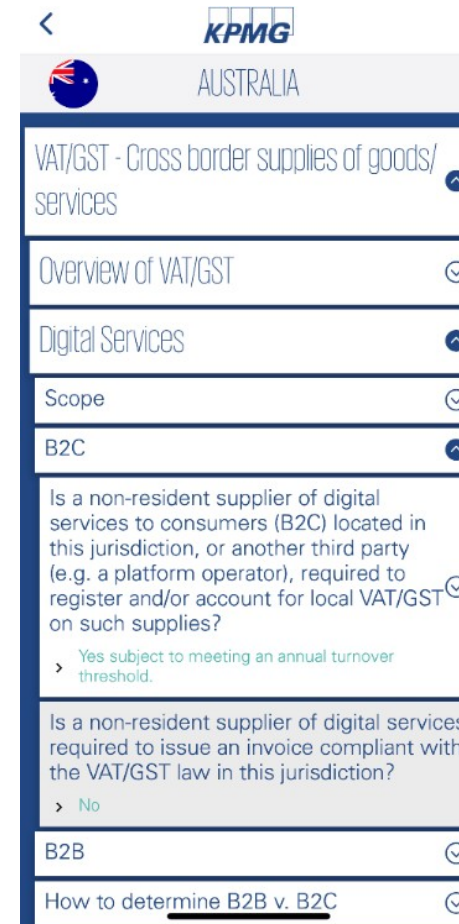
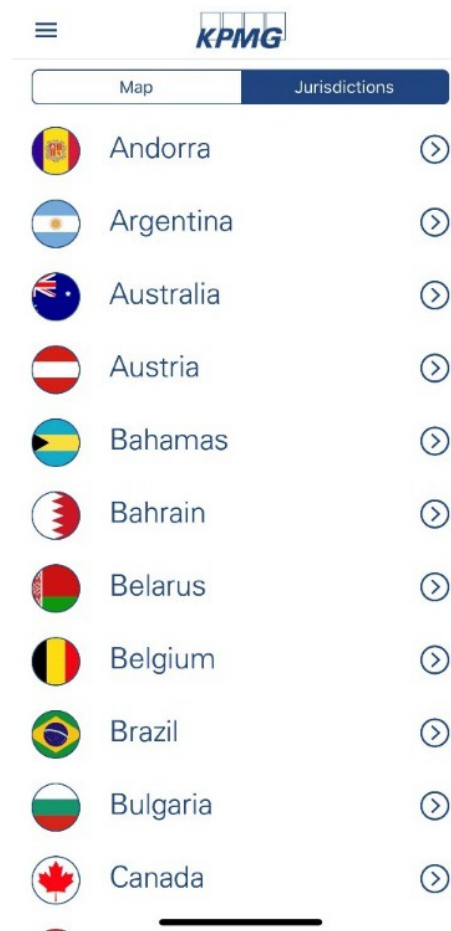
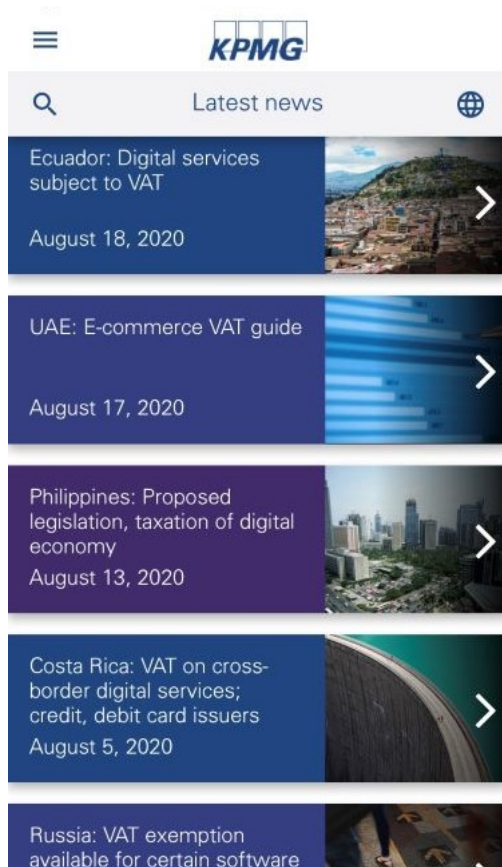
Online sales of
goods



Source - KPMG LLP "Taxation of the digitalized economy" – updated 11 August 2020

Keeping up to date

App Store/Google Play: “KPMG Digital Economy Tax Tracker”



Forthcoming EU VAT changes



July 2021 - Changes affecting online sellers & marketplaces

- B2C sales of goods to consumers within the EU & B2C sales of goods to consumers imported from outside the EU
- Obligation to charge VAT in consumer's country and/or additional VAT reporting requirements
- Platforms facilitating B2C sales of goods



2024 – Payment Service Providers (PSPs)

- Rules regarding collection and analysis of data from PSPs in effort to detect and eliminate VAT fraud



Impact on Compliance

- Simplification?
- Increased obligations and complexity?
- Systems Issues – charging VAT in multiple jurisdictions, VAT rates, different VAT treatment depending on goods value, filing & record keeping requirements



Q&A





Next in lunch and learn series –
Maximising R&D Tax Credits on
1 September 2020



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