

Top Tips for Improving VAT Compliance

10 actions you can take to protect against audits and penalties, and maximise your profitability

Did you know?

- Some countries – including the Czech Republic, Spain, Mexico, Portugal, and Poland among others – require the buyer's company VAT ID to be on the invoice to be valid for VAT reclaim.
- In Denmark and some other countries, the amount of VAT eligible for reclaim is dependent on the circumstance. Dining in qualifies for 25% VAT recovery while 100% of catering expenses for office meetings, seminars and so forth can be reclaimed.
- In Germany, different VAT rates apply for public transportation and taxis within and beyond a trip of 50 km.

The global market potential for Value-Added Tax (VAT) reclaim is nearly **£57.1 billion¹**, but constant change in country-specific tax regulations and demands for digitisation of tax reporting have made reclaiming VAT increasingly complex and difficult to manage. It's no wonder that **42% of employee expense transactions do not meet requirements for VAT reclaim** due to incorrect information or missing data.²

Errors, such as late submission of VAT, incorrect VAT charges, or invalid claim documentation, may lead to penalties. There are steps you can take, however, to protect your organisation against audits and fines, so you can put more money in the bank.

Here are our top 10 tips.

1



Introduce and enforce a carefully structured companywide policy for expenses covering what can and cannot be reimbursed to an employee.

2



Inform employees that they must submit original invoices complete with the date, supplier's name and VAT number. Insist that they ask for digital invoices or receipts, and that they attach the images to expense claims as evidence for reimbursement.

3



Introduce a mobile app to capture expenses in real-time to avoid lost or forgotten spend.

4



Make sure you have the right people and processes in place to audit all expenses, look out for fraudulent claims, and manage a fully traceable audit trail.

5



Assess your existing systems to ensure your compliance framework is up to date. What technology solutions have been implemented to help manage your organisation's VAT, and how do these systems communicate with each other? Identify any gaps between the systems and lay out a plan for managing those gaps.

6



VAT is everywhere, so be sure to include HR, IT, and other departments in the adoption of your VAT program. Even your CEO should be aware of the VAT decisions being made and how important VAT is to the business.

7



Look for duplicate receipts and invoices, as these will cause your VAT claim to be disqualified. Other culprits include missing dates, incorrect currency, and incomplete company name.

8



One receipt cannot be submitted for transactions with differing VAT rates. Be sure to separate items such as food and parking – or invest in technology that will optimize that data for you.

9



If you receive an inquiry from a tax authority, reply in his/her language and within the timescale required.

10



Embrace technology and invest in an automated solution to oversee and streamline the compliance and recovery process end-to-end.

54% of VAT is left unclaimed by businesses.³ We can help you take back what's rightfully yours.

By combining leading edge technology with global tax expertise, Concur® Tax Assurance by VATBox provides the data clarity and integrity needed to remove compliance risk and maximise your VAT recovery. To learn more, contact your SAP Concur representative or call +31 (0)736457500.

¹"Navigating the Complex World of International VAT Reclaim," Bloomberg Tax, October 2019

²VATBox 2018 Data Benchmark

³Vanson Bourne: Connecting the Dots on Travel, Expense and Invoice Spend

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