



SAF-T

How Do Hungary & Poland Compare In Tackling VAT Data? 28 November 2018

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Agenda



SAF-T: an international standard adopted by European countries at different paces and in various flavours

Hungary: a recent SAF-T adopter with a focus on real-time provision of Tax data

Poland: which lessons can be drawn from the local authorities' longer track record in deploying SAF-T?

Impact of SAF-T on taxpayers:

- Systems
 - Processes
 - Relationship with tax authorities
-

Q&A

What Is SAF-T?

The path to SAF-T roll-out

An OECD initiative with local adaptations

2005

OECD publishes a standard for exchanging Tax data between taxpayers and authorities
(v2.0 introduced in 2010)

OECD members free to implement SAF-T or not

Format to be adjusted locally (e.g. file format, filing frequency, use for tax audits)

Up to 6 datasets

1. G/L
2. AR (master data, invoices)
3. AP (master data, invoices, payment records)
4. Goods movements
5. Fixed assets
6. Inventory

Objectives

Mitigate tax evasion via more granular view on taxpayers' transactional activity

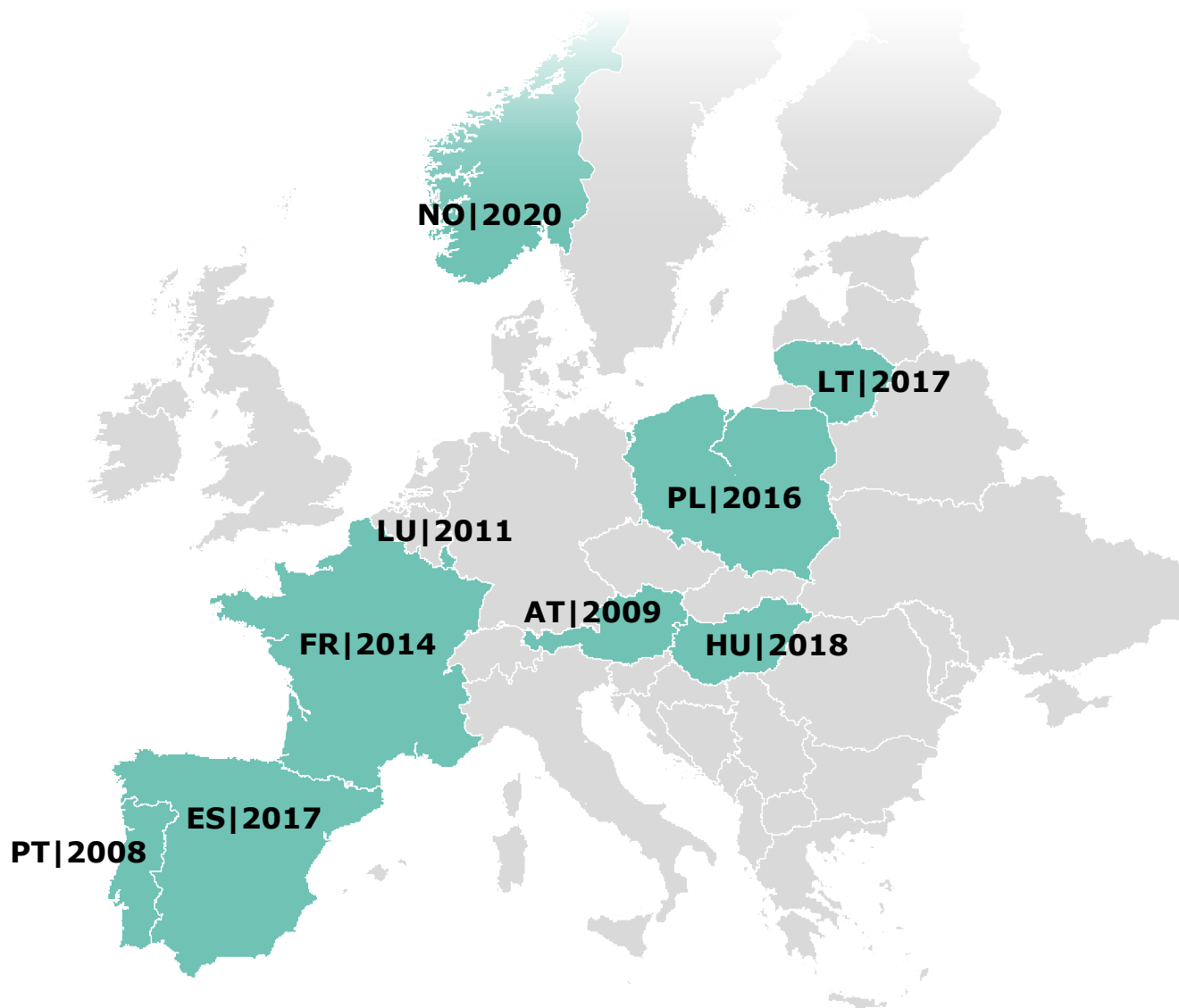
Reduce taxpayers' compliance costs

Improve efficiency of tax audits

Potentially make VAT & CIT filings redundant eventually

SAF-T in Europe

Increased use as governments are eager to leverage technology



SAF-T for Indirect Tax in Hungary

SAF-T in Hungary

A real-time reporting scheme focused on financial data



Real-time reporting obligation introduced on 1 July 2018



Scope: sales invoices with VAT amount from HUF 100k



Both established & non-established companies subject to the requirement

Authorities plan to reconcile periodical Local Purchase Listings with suppliers' real-time reporting of sales



Data to be submitted based on Hungarian invoicing requirements



Electronic token number issued for data transmission



SAF-T for Indirect Tax in Poland

SAF-T in Poland

A multi-faceted standard with a wider scope



"JPK_VAT": mandatory monthly filing of VAT ledger (regardless of VAT return filing periodicity)

Applies to established and non-established taxpayers alike

Since July 2016

MONTHLY

YEARLY

"JPK_SF": mandatory e-filing of financial statements

Since October 2018

"JPK_KR": trial balance, G/L & subsidiary ledgers.

"JPK_WB": bank account balances with detailed information

"JPK_MAG": warehouse movements

"JPK_FA": VAT Invoices (overview of all invoices along with applied VAT rates)

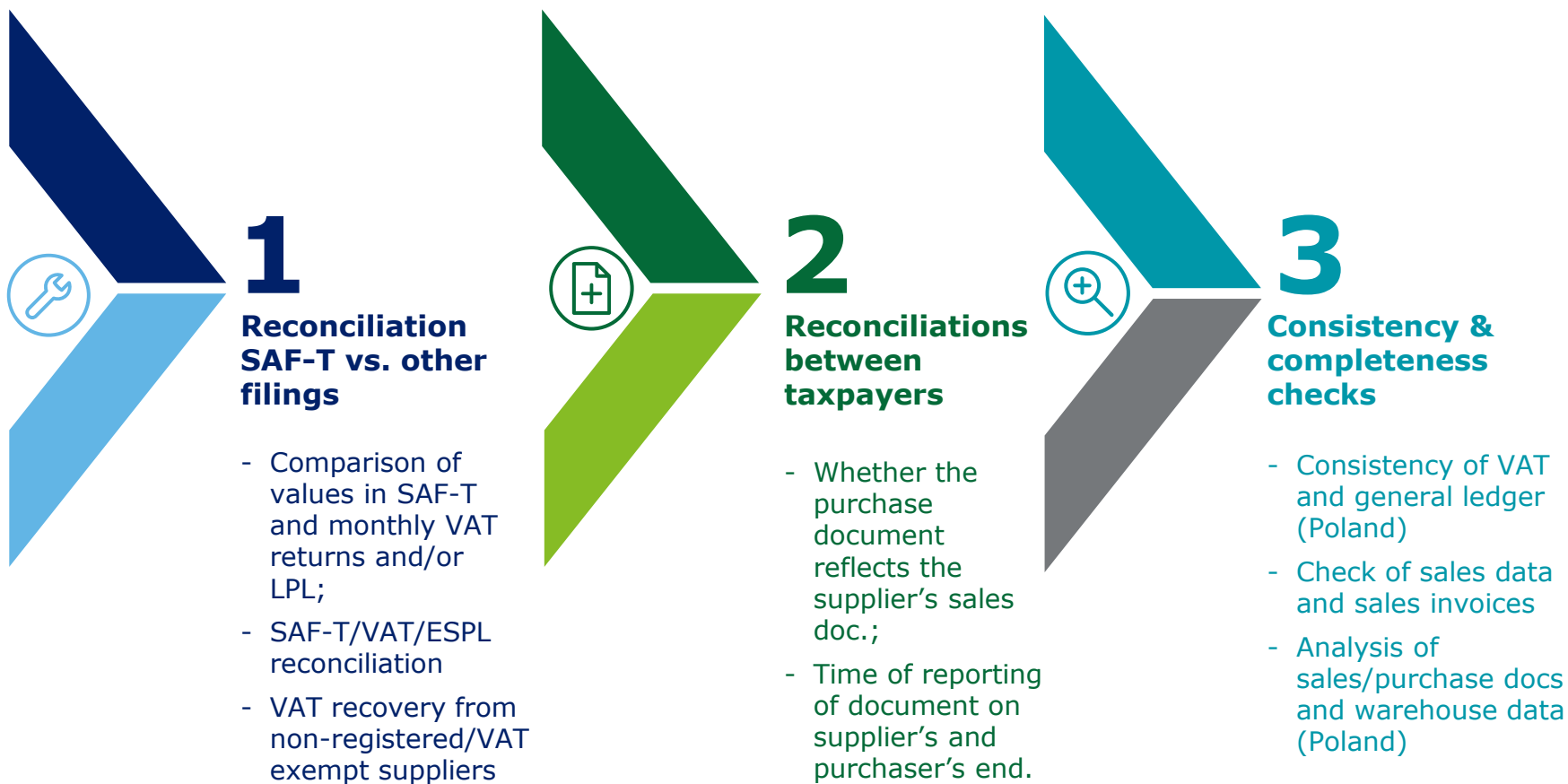
Further data provision standards tailored for small businesses

UPON REQUEST

**How do the authorities leverage
SAF-T data?**

Data Analytics

How do tax authorities use transactional VAT data?



Corporate readiness for SAF-T expansion

SAF-T readiness

How can taxpayers best anticipate the requirements?



Fit/gap analysis of ERP data with SAF-T requirements

Advanced implementation of tax determination engines

Technological readiness for SAF-T data transmission to authorities

Mind shift from periodical tax reporting to internal Data Analytics

Evolution in relationship with authorities & business partners

SAF-T compliance

Risk exposure grows in proportion with data quality



What's next?

Next steps

What does SAF-T pave the way for?



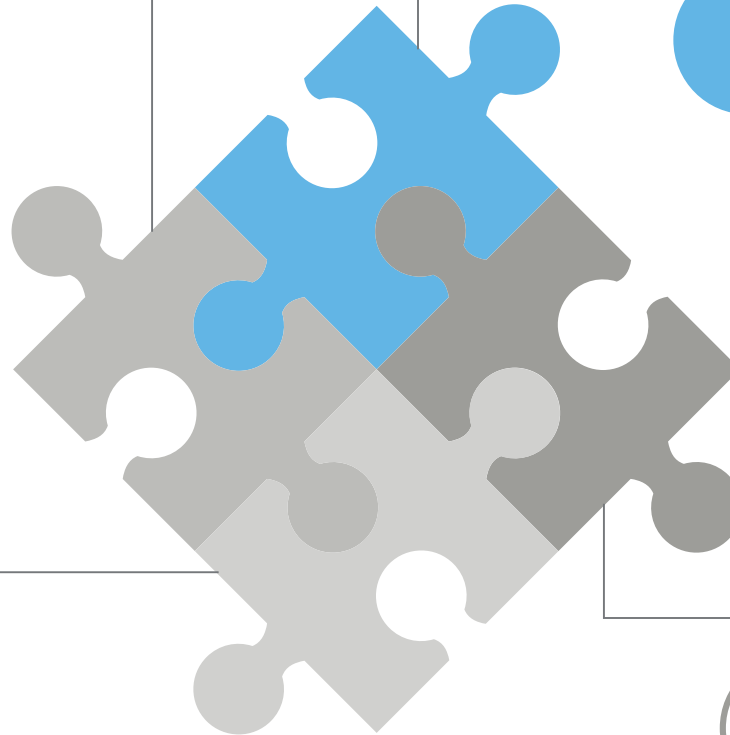
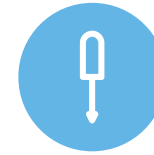
End of VAT returns?

Periodical summary filings are made redundant by more granular/frequent data submissions (let alone by authorities' plugs directly into the taxpayer's ERP)



Full potential of VAT's self-policing nature

Greater transparency also means taxpayers' greater dependency on each other (e.g. input VAT deduction blocked until corresponding output VAT is paid by supplier)



Ever more targeted tax audits

Tax authorities are becoming more agile & efficient in how they drill down through transactional data



A single SAF-T framework at EU level?

Commission launched a pilot project for a common EU SAF-T scheme within the context of MOSS



Q&A

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