



Indirect Tax Logic (ITL): VAT number validation

Every company trading within the European Union is required, by law, to ensure that the VAT numbers of its customers are correct (for supplies within the EU). Failure to provide proof, for example via an extract of the VIES database, could have serious consequences for your company's VAT position.

Creating and checking master data

When master data is created in SAP, the master data team typically visits the VIES website to check VAT numbers manually. An extract is stored in the master data back-up files, which concludes the process. However, tax authorities may request that you provide proof of the accuracy of the VAT numbers entered into your SAP system—at any time. For most companies, the time, resources, or processes to check all the master data records manually, multiple times a year, can be prohibitive.

What is VAT Number Validation?

VAT Number Validation is an SAP add-on which enables users to execute the VAT number check within the master data. This eliminates the need to access the VIES website separately when you are required to check the VAT numbers of your customers.

Use VAT Number Validation to:

1. Check VAT numbers “live” at master data creation

The tool has been designed to check the VAT numbers at the point of adding it to the master data, vendors, customers and billing documents. A real-time link to VIES is made to validate the number.

2. Check VAT numbers periodically

The tool is capable of running a validation report at any time. Select a range of customers and vendors, and the tool will check the data in SAP against the VIES database to validate the accuracy of the numbers, the company names, and the legal addresses. Should the VAT number be correct but the address data differs, the tool can update the master data immediately with the correct details. Merely conducting a check is unlikely to satisfy a tax authority, so proof of the check and its outcome will be required. The result of your check is therefore stored in SAP for a comprehensive audit trail. The results can also be downloaded (for example to Excel) for further work processes. The relevant data, including date/time stamps and the response numbers from the VIES website are

stored in SAP, ready to be provided to the tax authorities. The data is collected from the standard FI, SD and MM tables, which is then filed as XML into a selected report and offered to your secure middleware (e.g. PI/PO). If the tax authorities respond, the information will be fed back to the extractor via your middleware. In addition, the extractor's easy-to-use log file shows you the status of your filing, whether it was successful or not.

3. Check numbers during a transactional process









The tool can also check numbers during the transactional process, for example during invoice creation. If a valid VAT registration number is required, but not found in the VIES database, the process can be amended. For example, you can charge domestic VAT, or block the invoice.

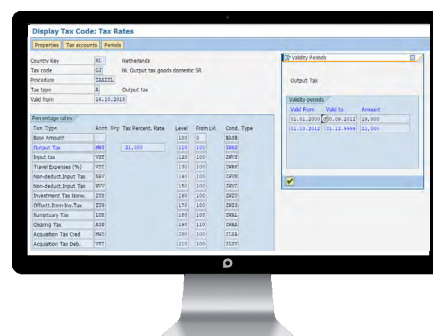
Why Deloitte?

Deloitte in the Netherlands acquired Tytho, a consulting and software company that provides its clients with sustainable tax automation and tax technology solutions. The combination created a team of highly skilled tax technologists with strong relationships in the broader tax technology community, and also Tytho's product suite of unique SAP add-on tax solutions.

Deloitte can provide a fully-integrated solution with ITL for the whole process around VAT number validation, making your process run more efficiently, and ensuring total compliance.

Deloitte can use the ITL suite to help clients with:

-  Tax automation (ERP)
-  ERP/tax health checks
-  Tax engine implementation and optimization
-  Supply chain redesigns
-  Transfer pricing
-  Training
-  Tax technology selection
-  Tax technical support



Contact us

For more information or a demonstration of any of the Deloitte ITL suite of SAP add-ons, call your usual Deloitte contact or:



Dave Keijzer
Senior manager
Deloitte Tax Netherlands
+31 621 563 912
dkeijzer@deloitte.nl



Eliza Alberts-Muller
Partner
Deloitte Tax Netherlands
+31 651 477 630
ealberts@deloitte.nl

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 286,000 people make an impact that matters at www.deloitte.com.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms or their related entities (collectively, the "Deloitte network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.