

VAT Scan
To make things
clear



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** this subject will be further explained in the document*

1 Explanation Set-up Report

First of all, we would like to thank you for completing the VAT Scan.

Hereby, we provide you with the VAT Scan report. The VAT Scan report is a self-evaluation based on answers given by the person(s) who completed the VAT Scan.

The VAT Scan report consists of three parts. The first part is the impact/vulnerability model which describes the risks and opportunities of your company together with the accompanying impact. In the second part we will describe to which extent your company is in control with respect to the processes and internal procedures concerning VAT. This is visualized in the VAT Knowledge & Procedures model. The third part is an overview of the questions and the answers thereto used to produce the VAT Scan report.

Vulnerability/impact model

As discussed above, the first part of the VAT Scan report focuses on the risks/opportunities resulting from the current VAT treatment of the incoming and outgoing transactions in your company. These risks/opportunities are illustrated in a quadrant report with traffic light indications (colored circles), which represent the level of the risk/opportunity per subject and corresponding chapter. Green means that the corresponding topic should be monitored, but that no direct action is required. Orange means that the corresponding topic requires attention. Red means that immediate action is required.

The colored circles are located in four quadrants in the vulnerability/impact model, depending on the levels of impact and vulnerability. The impact reflects the level of possible financial impact of the respective topic on your organization. The vulnerability reflects the level of exposure of the topic. The combination of the levels of the vulnerability/impact results in dividing the model into four quadrants, Mitigate, Assurance, Evaluate and Redeploy.

The VAT Scan report starts with an illustrated overview of the total risks/opportunities in the impact/vulnerability model. The overview is followed by a more detailed description of the topics for each relevant quadrant.

VAT Knowledge & Procedures model

The second part of the VAT Scan report focuses on the question to what extent your company is in control of the processes and internal procedures involving VAT and what the level of VAT knowledge is of the personnel directly or indirectly involved in the VAT processes. The VAT Knowledge & Procedures model covers several topics, varying from Fiscal Strategy to Roles & Responsibilities to Organization & Resources.

Each topic has a description of the risk and is illustrated by (an) example(s) resulting from the completing of the VAT Scan by your company. Please note that the number behind each example corresponds to the number of the question in the VAT Scan. For example 3.1 refers to the answer given to question 3,1 in the VAT Scan.

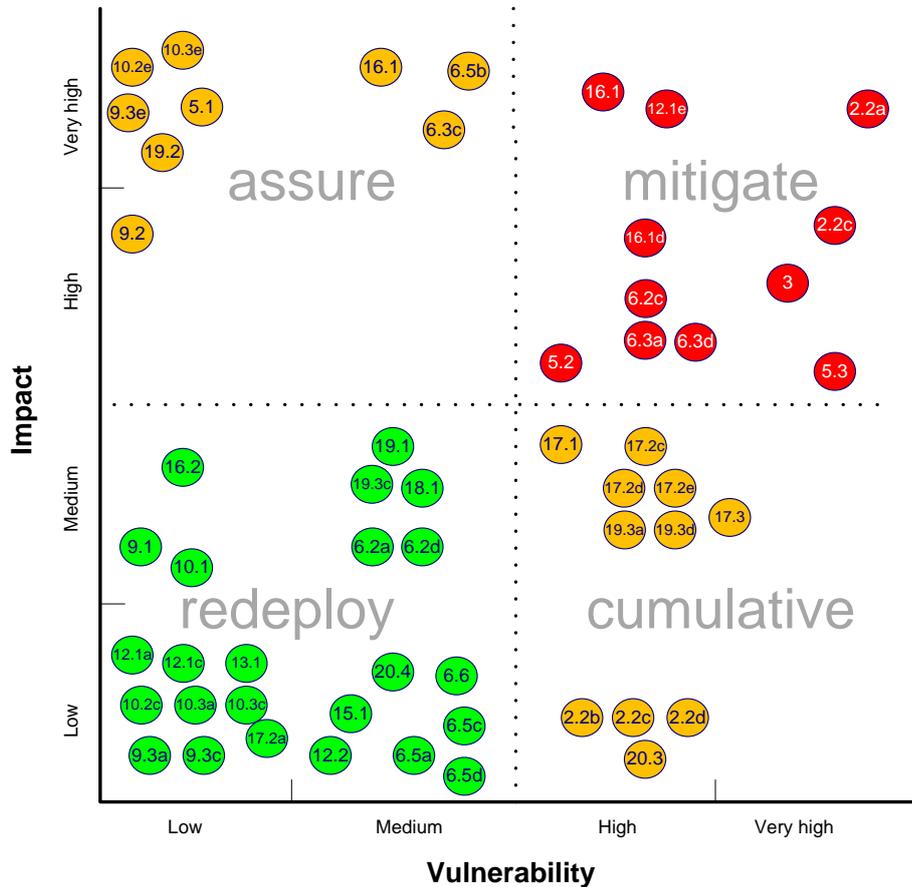
Furthermore, you will find recommendations for each topic. Each topic in the The VAT Knowledge & Procedures model is illustrated by way of a traffic light report. The colors green, orange and red represents the level of action required, similar to the impact/vulnerability model.

Overview Results

VAT Scan

2 Overview Results VAT Scan

Vulnerability/Impact model



The different coloured dots refer to the subjects from the VAT Scan.
 Red: urgency high
 Yellow: urgency medium
 Green: urgency low

Impact: How big is the possible impact of this topic for your company?
 This could be a financial risk/opportunity or could relate to being non VAT compliant.

Vulnerability: To which extent does the topic involved result in an exposure?

Explanation of meaning per quadrant

Quadrant	Explanation	Required actions
Assure	Assurance of preparedness	Obtain assurance that confidence in preparedness is justified. Make sure that the vulnerability is indeed low/medium as the possible impact is high.
Mitigate	Enhance risk mitigation	Identify most important and controllable improvements. Design controls where impact and vulnerability are high. Assign executive risk owners. Check progress and effectiveness of designed controls.
Redeploy	Redeploy recourses	Check effectiveness of controls.
Cumulative	Measure for cumulative impact	Assess cumulative impacts and frequency.

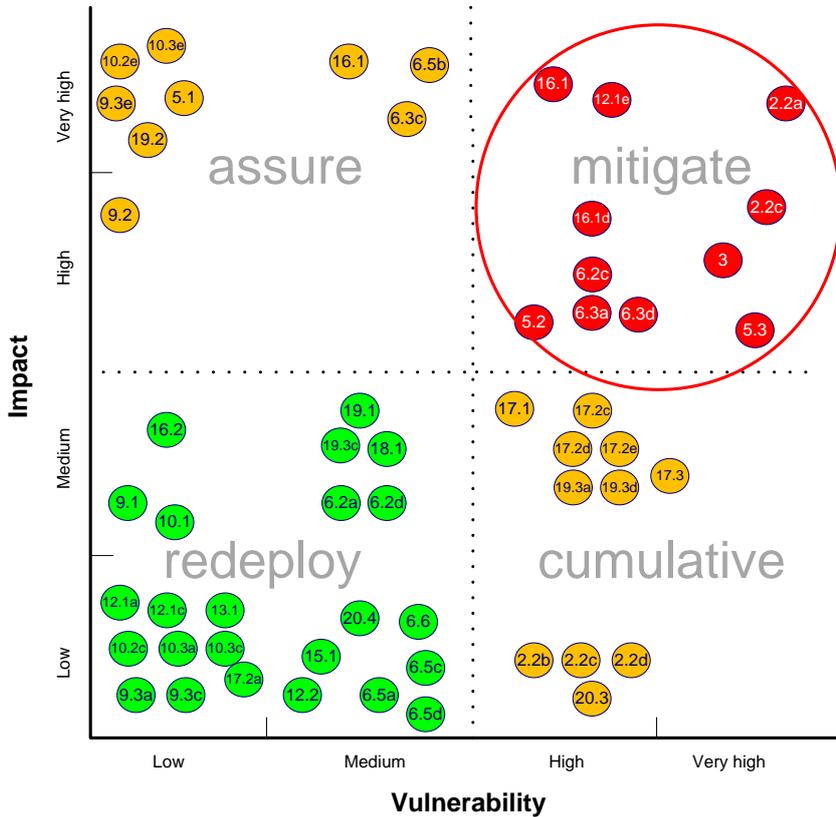
Chapter	Subject	Chapter	Subject
2	VAT Status	13	Exemptions
3	Knowledge of VAT & procedures	15	Compensation
5	Purchase of goods	16	Deduction of VAT
6	Supply of goods	17	Personnel benefits
9	Purchase of services	18	Invoices
10	Supply of services	19	Bad debts and discounts
12	Immovable property	20	Various

At a single glance you can see what tax issues are important and which should be tackled first

First Quadrant:
Mitigate

3 First Quadrant: Mitigate

Vulnerability/Impact model



For each quadrant the report contains detailed information about the VAT status of the company.

NB. Numbers in coloured dots refers to chapters in the VAT Scan.

Impact: How big is the possible impact of this topic for your company?
This could be a financial risk/opportunity or could relate to being non VAT compliant.

Vulnerability: To which extent does the topic involved result in an exposure?

Quadrant	Explanation	Required actions
Mitigate	Enhance risk mitigation	Identify most important and controllable improvements.
		Design controls where impact and vulnerability are high.
		Assign executive risk owners.
		Check progress and effectiveness of designed controls.

Chapter	Subject	Risk Description	Impact	Vulnerability	Risk	Recommendation/ Comment
2.	VAT Status		High	Very High	High	
2.1	VAT status	General fact finding, no specific risks.				
2.2a	Holding activities	The VAT relating to the holding activities may not be deductible.	Very High	Very High	High	Your company has holding activities
2.2b,c,d	Holding activities	The VAT relating to the holding activities may not be deductible.	Medium	High	High	
2.2e	Holding activities	The VAT relating to the holding activities may not be deductible.	High	Very High	High	
3.	VAT Knowledge & Procedures		High	High	High	
		With regard to the risk description of this chapter, we refer to the report VAT Knowledge & Procedures.	High	High	High	
5.	Purchase of goods		High	High	High	
5.1	Local purchased goods	Non or incorrect VAT deduction. Furthermore, the reverse charged VAT may incorrectly not be reported.	Very High	Low	High	
5.2	Import	Import VAT may incorrectly or not be reported in the VAT return. Importing without an import VAT deferment license can result in a cash flow disadvantage.	High	High	High	Considering the value of the yearly imports, we recommend that your company should request an article 23 license (import VAT deferment license).
5.3	Intracommunity acquisitions	Not reporting or incorrectly reporting (fictitious) intracommunity acquisitions.	High	Very High	High	Your company does not report the intracommunity acquisitions in the VAT return.
16.	Deduction of VAT		High	High	High	
16.1	Deduction of VAT	Limited or no right to deduct the VAT.	Very High	High	High	Your company does not incur input VAT. Your company can claim 100% input VAT, also on catering expenses.
16.1d	Deduction of VAT	Limited or no right to deduct the VAT.	High	High	High	As your company recharges bank costs, it should be further investigated what the exact percentage is as the 1% is important for the application of the pro rata
16.2	Reclaim of foreign VAT	Limited or no right to deduct the foreign VAT. If the VAT is not claimed in time, the VAT may not be deductible / refundable.	Medium	Low	Low	Your company incurs foreign VAT. The VAT is claimed in the respective EU and non-EU countries.

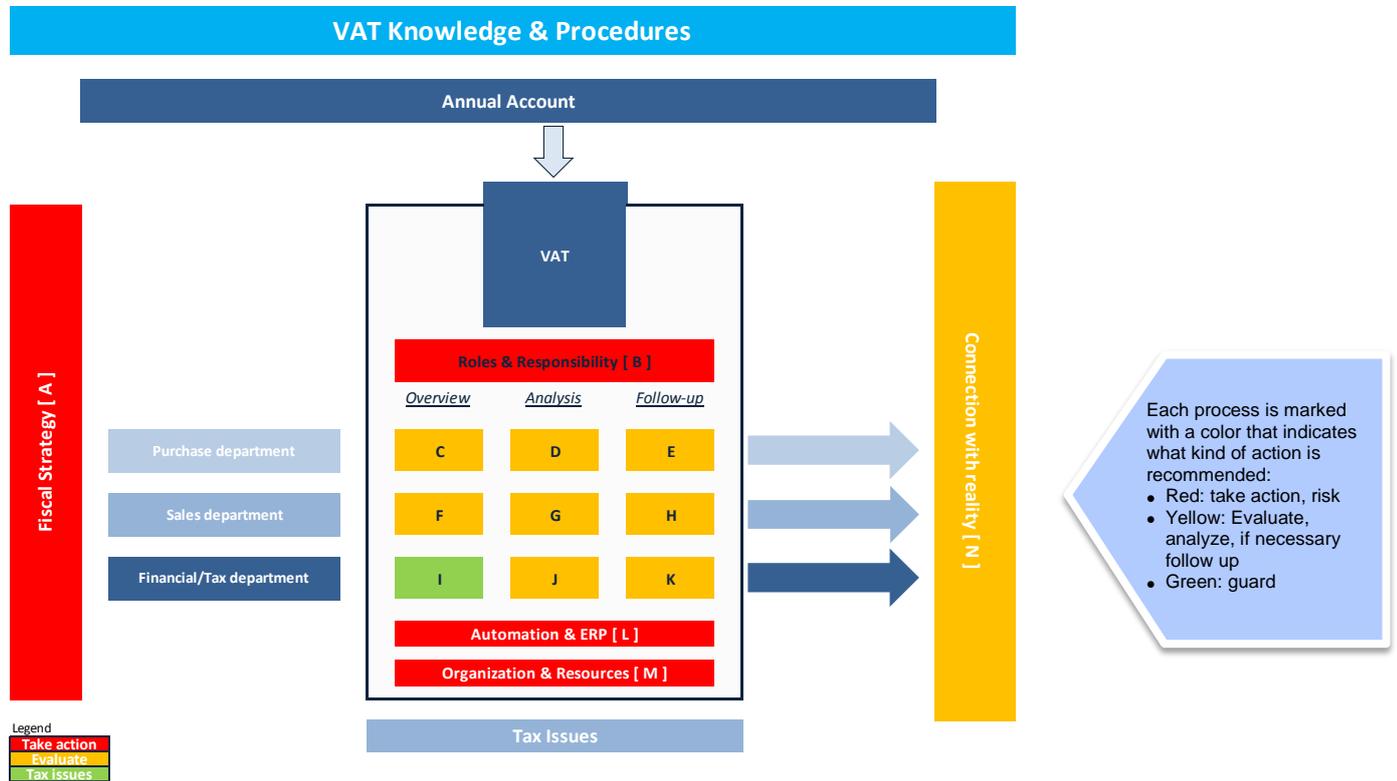
Per subject:
- Risk description.
- Impact and weakness: very high, high, medium, low.
- Recommendations by subject

Recommendations will also be discussed with you during a personal meeting.

Results VAT

Knowledge & Procedures

7 Results VAT Knowledge & Procedures



Overview: Awareness, observe, cross department information exchange.
Analysis: Availability relevant information & technical analysis.
Follow-up: Procedures, checks & documentation.

3.1 Risk	Fiscal strategy (A)						
Description	If there is no fiscal strategy or if there is no alignment between tax and the corporate strategy of the company, it will not be clear for the employees how to deal with VAT issues. This could result in VAT policy which is not in line with the corporate strategy.						
Examples	There is no fiscal/VAT strategy (see chapter 3.1 answer 1).						
Recommendations	Formulate, lay down in writing and communicate the fiscal strategy as part of the corporate strategy.						
3.2 Risk	Roles & Responsibilities (B)						
Description	If the VAT responsibilities are not clearly laid down and if it is not clear who should replace the responsible VAT persons in case they are absent, it is possible that certain VAT aspects are overlooked or not dealt with correctly or efficiently. This could lead to incorrect VAT treatment and on VAT reporting and possibly in non or late payment of VAT.						
Examples	<table border="1"> <tbody> <tr> <td>Your company</td> <td>The responsibility matrix is not documented in writing and the responsibility matrix for VAT does not indicate replacements in case of absence. (see chapter 3.2 answers 2 and 4 for Your company).</td> </tr> <tr> <td>Your company</td> <td>The responsibility matrix is documented in writing and indicate replacements in case of absence (see chapter 3.2 answers questions 1,2 and 4)</td> </tr> <tr> <td>Your company</td> <td>There is no responsibility matrix (see chapter 3.2 answer 1).</td> </tr> </tbody> </table>	Your company	The responsibility matrix is not documented in writing and the responsibility matrix for VAT does not indicate replacements in case of absence. (see chapter 3.2 answers 2 and 4 for Your company).	Your company	The responsibility matrix is documented in writing and indicate replacements in case of absence (see chapter 3.2 answers questions 1,2 and 4)	Your company	There is no responsibility matrix (see chapter 3.2 answer 1).
Your company	The responsibility matrix is not documented in writing and the responsibility matrix for VAT does not indicate replacements in case of absence. (see chapter 3.2 answers 2 and 4 for Your company).						
Your company	The responsibility matrix is documented in writing and indicate replacements in case of absence (see chapter 3.2 answers questions 1,2 and 4)						
Your company	There is no responsibility matrix (see chapter 3.2 answer 1).						
Recommendations	Clearly lay down the different roles and responsibilities for the person(s) working with VAT and indicate who will take over these roles and responsibilities if the concerning person is absent. By clearly indicating which person(s) can hold responsible for the different VAT tasks, the VAT knowledge and the commitment with the VAT aspects of the business will increase.						

Each process indicates:

- Risk description.
- Examples
- Recommendations