

Digitalization of indirect taxes : what does this mean concretely for businesses?



Luc Dhont, iTx COE Europe @ P&G
EU VAT Expert Group towards the European Commission



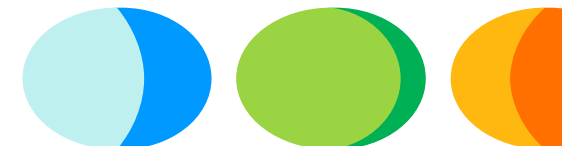
Vienna, September 30, 2019



Agenda

Digitalization of indirect taxes : what does this mean concretely for businesses?

- Digitalization of indirect tax : a great opportunity for compliant companies
- Digitalization of indirect tax : a bumpy road driven by both internal and external factors
- Expected vs. actual benefits of currently implemented e-invoicing and e-reporting in the EU
- Practice Principles of digitalization of iTx processes



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Digitalization of indirect tax : a great opportunity for compliant companies

Nothing new,
but
Businesses need

Standardization

Harmonization

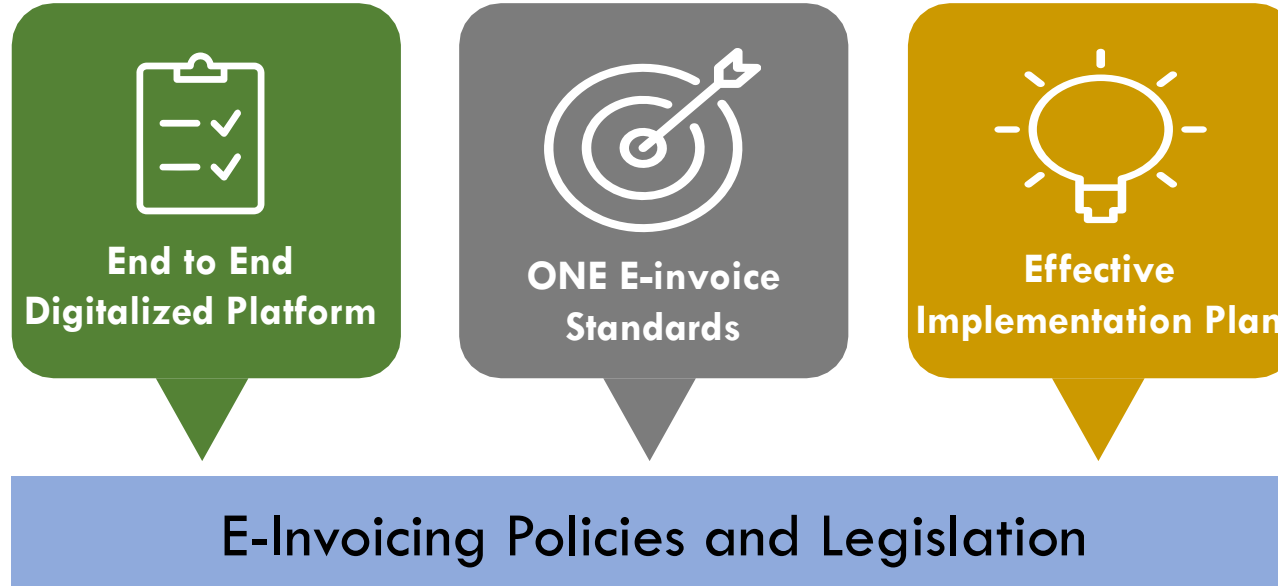
Certainty

Simple rules

Cost efficient



Digitalization of indirect tax : a great opportunity for compliant companies



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Digitalization of indirect tax : a bumpy road driven by both **internal** and external factors

Processes – manual to automatic – business process transformation

Capabilities – other skill set required

Controls

Integrity of data – quality of master data

Commercial aspects – Know your business – Mapping transactions

Archiving



Digitalization of indirect tax : a bumpy road driven by both internal and **external** factors

No consistent approach by authorities

Different standards

New requirements

Additional reporting

Short leadtimes – stretch deadlines

Continuous legislative changes

Availability and reliance of Technology

Availability and expertise of Technical suppliers

Cost

Interconnectivity - Local vs. global

Security of data

Commercial aspects – suppliers/customers



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Achieved benefits of currently implemented e-invoicing and e-reporting in the EU

Combat fraud and tax evasion – reduce VAT gap – create level playing field

Simplify tax collection

Enhanced compliance

Productivity gains – redirect resources to complex transactions

Leverage and accelerate digitalization

Eliminate paper/paper archives

X-checks of data gathered through different reports

Faster audits



Further opportunities of currently implemented e-invoicing and e-reporting in the EU

Standardization - One single invoice lay-out/integrity (option for digital signature)

Extra data points => potential for online coding

E-invoicing (and E-reporting) is a starting point for further automatization & digitalization

Incentives

Reduction of unnecessary reports

Reduce statute of limitation

Businesses do not see the advantage of mass e-reporting



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Principles of digitalization of iTx processes

An “e”model that creates value for both Tax authorities and Tax Collectors

- Invoice certification: Automatically performed in the platform; Certifies supplier authenticity and accuracy of VAT rate and amount
- Tax return simplification process
- E-invoice valid for all purposes
- Limit cost via the use of globally known technical standards e.g XML
- Limit the cost via allowing for direct connections between Business ERP systems and Tax authorities portal – Ensure conversion XML to PDF from tax authorities portal
- Allow a broad range of third party globally operating intermediaries
- Leverage technology to allow efficiencies and eliminate redundant reporting



Principles of digitalization of iTx processes

Quality End to End implementation via timely definition of rules and proper tools

- Early consultation with the business community at the stage of the draft law
- Allow for long enough deadlines for quality implementation (suggestion is 9 months)
- Provide clear implementation guidelines & supporting documentation, also in English
- Ensure a fast feedback loop with Tax collectors at time of implementation. Run tests
- Incentives for Early Movers



Principles of digitalization of iTx processes

A design that can cope with business realities and constraints.

- Reliability and security of government portal & service providers – certification
- Model to be compatible with all other legislations businesses must comply with e.g. GDPR
- Ongoing dialogue with businesses on improvements – allow additional data points
- Data Security: Guarantees integrity of the content of invoice



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