

Data Analytics for Indirect Tax

A Personal Compliance Readiness Timetable

Webcast

23 May 2017



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Team



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SII: Immediate Supply of Information on VAT



Spain - SII: Immediate Supply of Information on VAT

“...it would be a collective of 63,000 companies which amounts 80% of the total VAT invoicing in Spain...”

WHY?

INFORMATION AND ASSISTANCE TO THE TAXPAYER:

1st stage: Tax information

2nd stage: Help to prepare VAT return (Future: Draft VAT return)

IMPROVEMENT IN CONTROL:

New control model with information available immediately. Risk analysis

Deadlines/ submission frequency

Invoices issued/received → Send the record of the invoice within ***four calendar days*** (excluding weekends and national holidays) from the date of issue of the invoice

- In any case, before the 16th day of the month following the chargeable event
- In 2017, the submission deadline will be ***eight days***.

Pilot project: January to June 2017. **It will come into force: 1 July 2017**

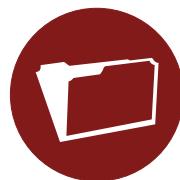
[More information: Immediate Supply of Information on VAT \(SII\)](#)

Spain - SII: Immediate Supply of Information on VAT

Information supply

DO NOT send the “invoices”

What will be supplied is **information about the invoices**:
 records book of invoices issued and received, investment assets
 and certain intra-Community transactions



2 Options:

Register Book
Issued/received
invoices



OR

Register Book
Issued/received
invoices

**“machine to
machine”**



**SII
WEB Form**



**SII
WEB Service**

“...the information is cross-referenced if both parties, customer and supplier, are included within the system...”

Completion of a “**web form**” for those who make very few transactions

Immediate sending, continuously through “**web service**”. From the invoicing system itself, the information (grouped according to process cycles) is sent with a margin of a few days from the issuance of the invoice.

Co-Operative Compliance Framework

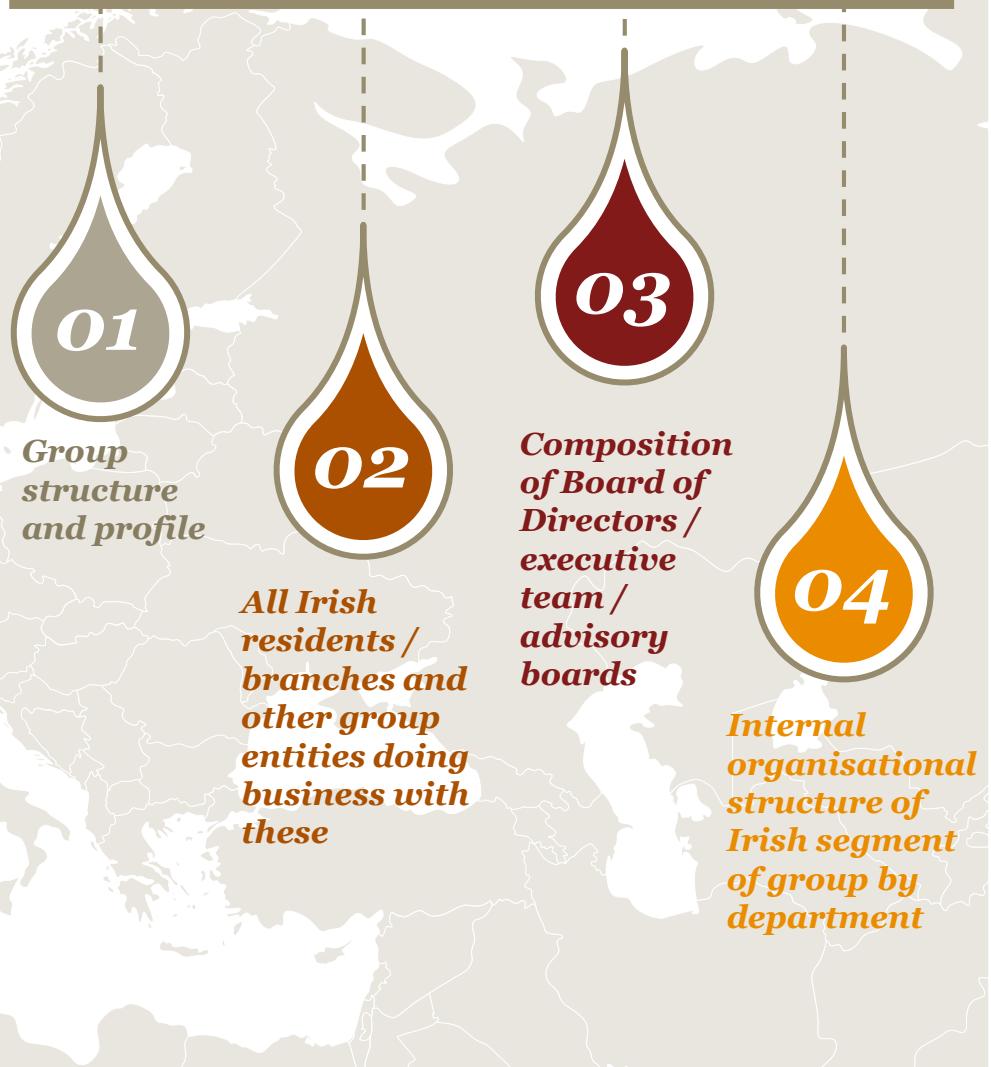


Co-Operative Compliance Framework- Ireland Overview

- Re-launch of Co-Operative Compliance Framework (CCF)
- **Inviting clients to apply to join 'newly reformed' CCF**
- Response deadline - two months from date of letter after which the client is treated as being outside of the CCF
- **Questionnaire to assess 'qualification'**
- **Based on tax compliance and Revenue audit record over the past three years and existence of a tax control framework**
- Can apply at later date if criteria is currently not met



Submit with application detailed information on:



Co-Operative Compliance Framework- Ireland

“Entry Test”

Meet all tax obligations in accordance with legal requirements

Entry test - required to ‘qualify’ for CCF



Tax Strategy established



Applied comprehensively



Responsibilities assigned



Governance documented



Testing performed



Assurance provided

Co-Operative Compliance Framework- Ireland

“In” vs. “Out”

<i>IN</i>	<i>OUT</i>
Revenue recognition that the Corporate Group has met the compliance criteria for entrance into CCF.	Not applicable.
A reduced level of compliance interventions for the Corporate Groups in CCF.	Normal Audit and Intervention Programme.
A verification Programme to verify, compliance with the obligations and commitments under the CCF.	Normal Audit Programme.
Interventions mainly, profile interview and aspect query, if required. Audit only in exceptional cases e.g. transfer pricing.	Normal Audit and Intervention Programme.
Annual face to face meetings. Customs and transfer pricing staff at annual meetings, as relevant.	No formal meeting Programme.
Annual Risk Review Plan agreed by both parties.	Not applicable.
A streamlined process for approval of Corporation Tax and VAT refund claims to apply to Corporate Groups in CCF.	Normal customer service levels.
In the main, self review disclosure will be reviewed by way of aspect query or profile interview. An audit will only arise should the findings of the initial intervention indicate that it is required.	Normal Review Programme including the possibility of audit.

Co-Operative Compliance Framework- Ireland

If Not Participating

FEARS

- **Increased likelihood of Revenue Audits.** But:
 - ✓ significant resourcing constraints on Revenue will be limiting factor for them
 - ✓ if participating, will be undertaking annual Self-Review in any case
- **Level of Customer Service may be sporadic**
 - ✓ having a dedicated case manager important for many clients
 - ✓ ensures efficient process of administration matters such as obtaining CG50s
 - ✓ lack of access could be problematic
- **Timely issue of Opinions/Confirmations may be affected**
 - ✓ Revenue Operational Manual for LCD rulings states that LCD will make every effort to reply before transaction deadlines
 - ✓ *“This will apply particularly in the case of a taxpayer who participates in the CCF.”*

FEARS Being Realised

- ✓ The most immediate impact on our clients of being out has been the loss of a dedicated caseworker to contact regarding refunds, and having to deal with call centre phone service
- ✓ Arranged meetings cancelled
- ✓ Large refunds significantly slowed

Road transport reporting obligation



Road transport reporting obligation

Introduction date

1 January 2003
(2013- major amendments)

Scope of goods under the reporting obligation

all goods

Type of transport under the monitoring obligation

domestic transports

Operating system for transport registration

PT file (SAF-T)
(The transport documents must be issued by a certified software and be included in the company's SAF-T (PT) file)

Validity length of the number, which confirms the transport registration

n/a

Parties responsible for transport registration

owner of the goods (several exceptions apply)

Max. penalties

several penalties may be applied for not complying with this legislation, depending of the infringement made

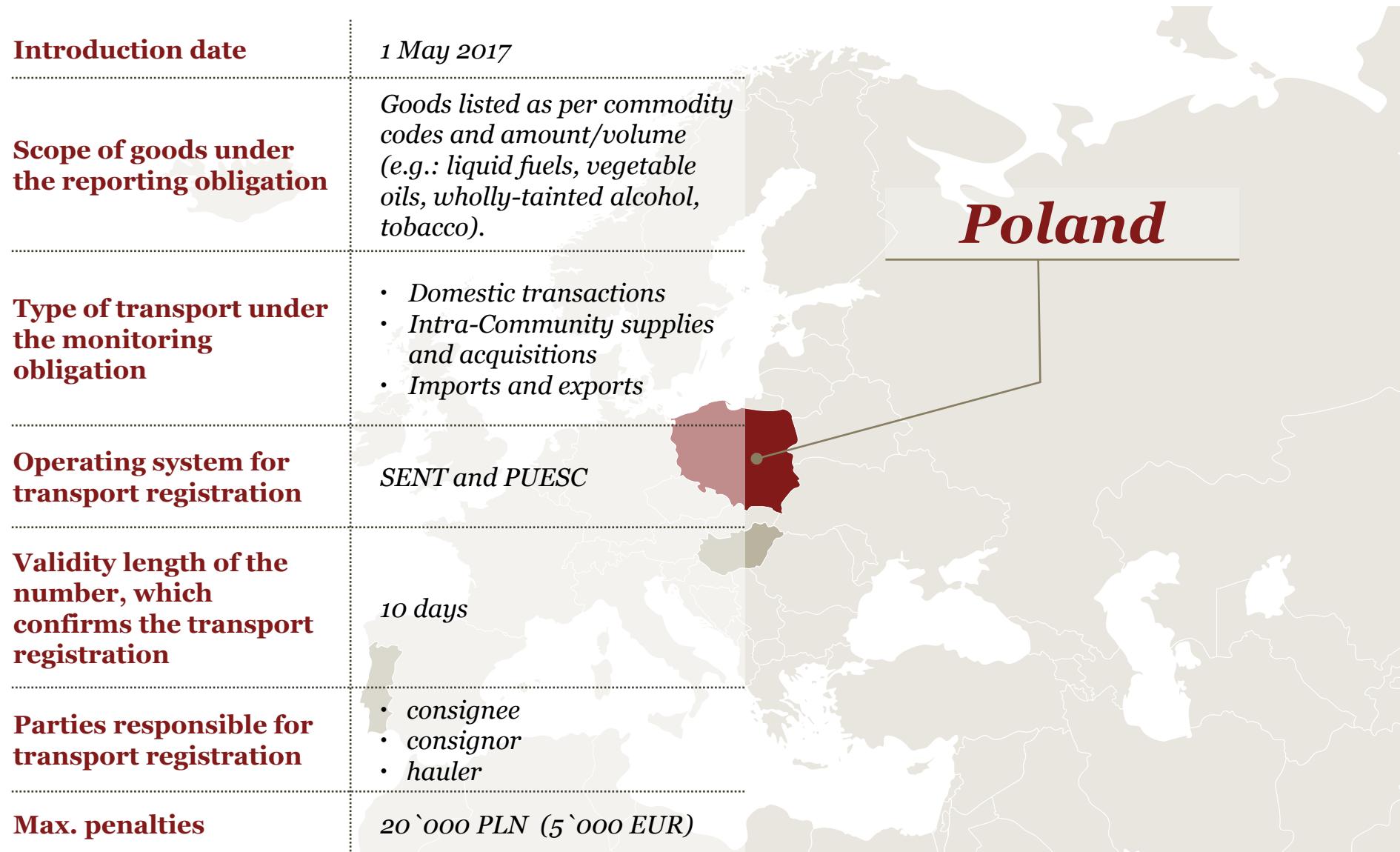
Portugal

Road transport reporting obligation

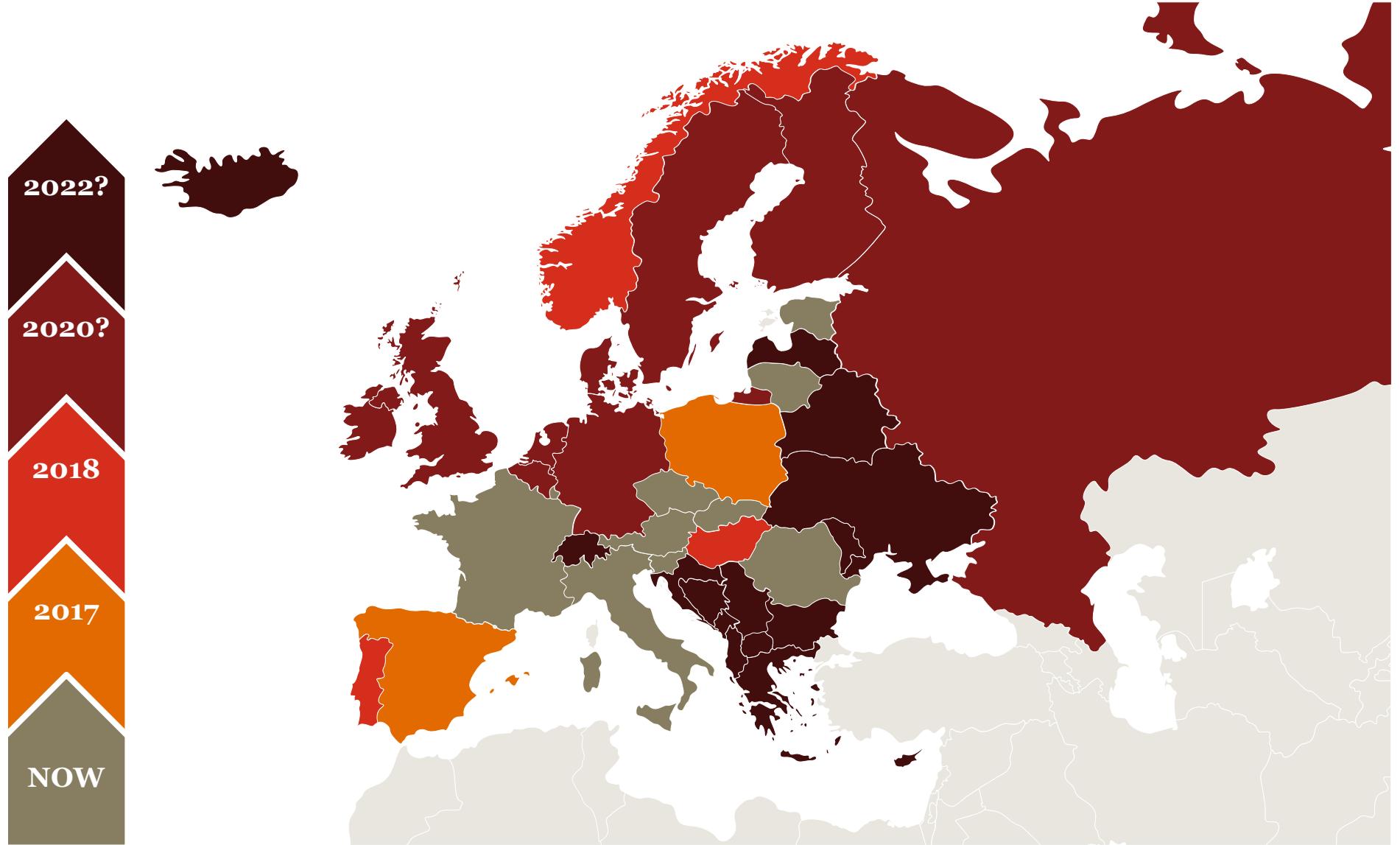
Introduction date	<i>1 January 2015</i>	
Scope of goods under the reporting obligation	<i>All goods if the value exceeds HUF 5 Million (EUR 16'200) or the weight exceeds 2500 kg</i>	
Type of transport under the monitoring obligation	<ul style="list-style-type: none"> <i>First domestic taxable supply</i> <i>Intra-Community supplies and acquisitions</i> <i>Intra-Community movement of goods from/to Hungary</i> 	
Operating system for transport registration	<i>EKAER</i>	
Validity length of the number, which confirms the transport registration	<i>15 days</i>	
Parties responsible for transport registration	<ul style="list-style-type: none"> <i>consignee</i> <i>consignor</i> <i>recipient</i> <i>loader</i> 	
Max. penalties	<ul style="list-style-type: none"> <i>40% of the value of the unreported goods</i> <i>Seize the goods</i> 	

Road transport reporting obligation

Introduction date	<i>1 May 2017</i>
Scope of goods under the reporting obligation	<i>Goods listed as per commodity codes and amount/volume (e.g.: liquid fuels, vegetable oils, wholly-tainted alcohol, tobacco).</i>
Type of transport under the monitoring obligation	<ul style="list-style-type: none"> <i>Domestic transactions</i> <i>Intra-Community supplies and acquisitions</i> <i>Imports and exports</i>
Operating system for transport registration	<i>SENT and PUESC</i>
Validity length of the number, which confirms the transport registration	<i>10 days</i>
Parties responsible for transport registration	<ul style="list-style-type: none"> <i>consignee</i> <i>consignor</i> <i>hauler</i>
Max. penalties	<i>20 `ooo PLN (5 `ooo EUR)</i>



The changing face of Europe



How Advanced Analytics can Help?

A short overview of solutions you can adopt to help you cope

 **Healthcheck**

Dashboard



90
Code uniqueness



90
Rate accuracy



66
Cash flow



75
Data completeness



70
Previous codes

Input VAT

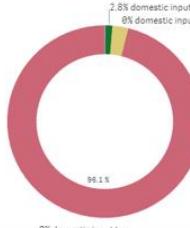
493,7k

Annual input tax base



Year	Absolute input tax base
2012	4.5M
2013	3.5M

Absolute tax base and input tax codes

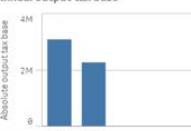


Tax Type	Percentage
7.6% domestic input tax	2.8%
2.8% domestic input tax	8%
0% domestic input tax	96.1%

Output VAT

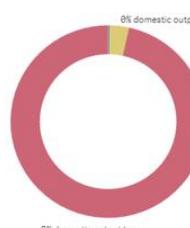
-412,1k

Annual output tax base



Year	Absolute output tax base
2012	3.5M
2013	2.5M

Absolute tax base and output tax codes



Tax Type	Percentage
7.6% domestic output tax	0%
2.8% domestic output tax	0%
0% domestic output tax	100%

Input

Description	Absolute tax base	Tax	Comment
8% domestic input tax	CHF 6.148.816,40	VN	-
0% domestic input tax	CHF 168.084,22	V0	-
2.8% domestic input tax	CHF 74.308,82	VA	-
7.6% domestic input tax	CHF 8.166,66	VD	Old tax code

Output

Description	Absolute tax base	Tax	Comment
7.6% domestic output tax	CHF 171.293,00	AO	-
2.8% domestic output tax	CHF 4.500,00	VA	-
0% domestic output tax	CHF 168.084,22	V0	-

VAT Healthcheck is our entry level tool for client-led analytics.

With this solution set we provide the framework for ITX data analytics with a variety of visualisations and KPIs. However, the focus is also on providing a custom experience, including training for the client, to create and manage their own testing requirements

Data Analytics for Indirect Tax
 PwC

Webcast

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How Advanced Analytics can Help?

A short overview of solutions you can adopt to help you cope

Healthcheck



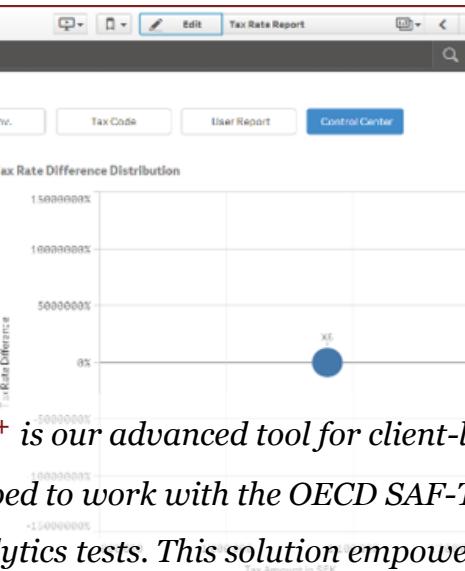
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Account.Doc. **Sales Inv.** **Purchase Order** **Customer** **Supplier** **Sales Inv.** **Tax Code** **User Report** **Control Center**

Tax Rates vs . Tax Rates Applied

CompanyCode	Tax Co de	Tax Descrip tion	Tax %	Tax Calc	Tax Rate	Tax Amount In loc. Curr.	Expected Tax Amt based on correct Tax %	Difference based on expected Tax Amt and Tax Amt calculated	Tax BaseIn Local Currency
Accounting Document Nr					0.08%	1079247.50	1079247.50	0.00	-4316900
Tax Code	X5	Input VAT services SE with reversed tax	-2%	-2%	0.08%	1079247.50	1079247.50	0.00	-4316900
Period									
Transaction Key									
Condition Type									
TransactionCode									
User Name									
Supplying Country									
VAT Number (Supplier)	X5	Tax Descri.	Accounting Document Nr	Condition Type	Tax Percentage	Transaction Key	Tax Amt In Local	Tax Base Amt In	GL
VAT EU/Non EU (Supplier)			1107203718	NLXA	0.19	ESA	133771	115984	0360321415

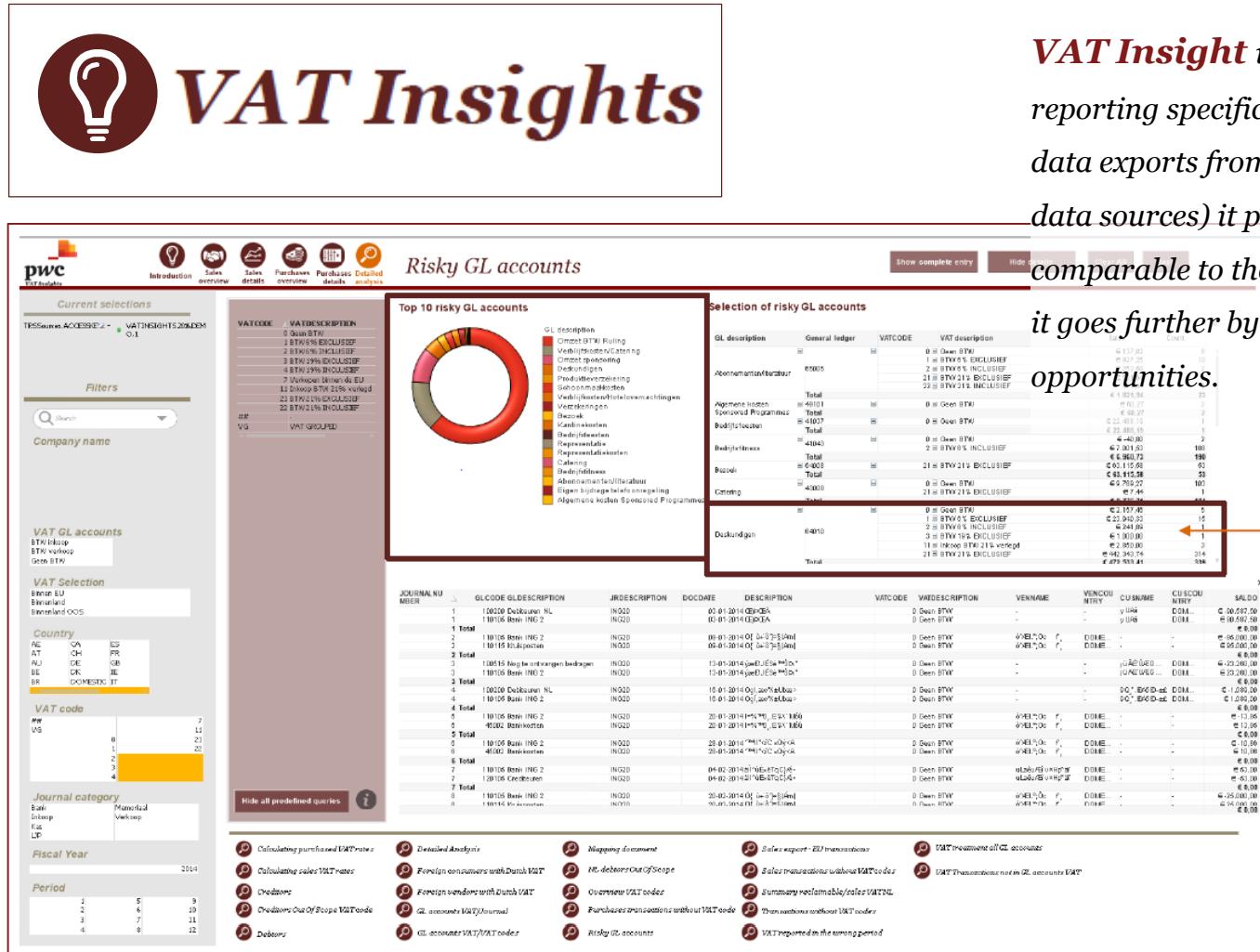
Tax Rate Difference Distribution



Healthcheck ++ is our advanced tool for client-led analytics, and has been specifically developed to work with the OECD SAF-T standard and the OECD recommended analytics tests. This solution empowers clients to re-calculate rates, perform a cross-check of VAT return entries to ERP or SAF-T derived totals, and run other bespoke analytics for ad-hoc & periodic monitoring.

For further peace of mind, **Healthcheck** ++ can be integrated with our traditional Swiss VAT reconciliation service to show a full proof of VAT.

How Advanced Analytics can Help? A short overview of solutions you can adopt to help you cope

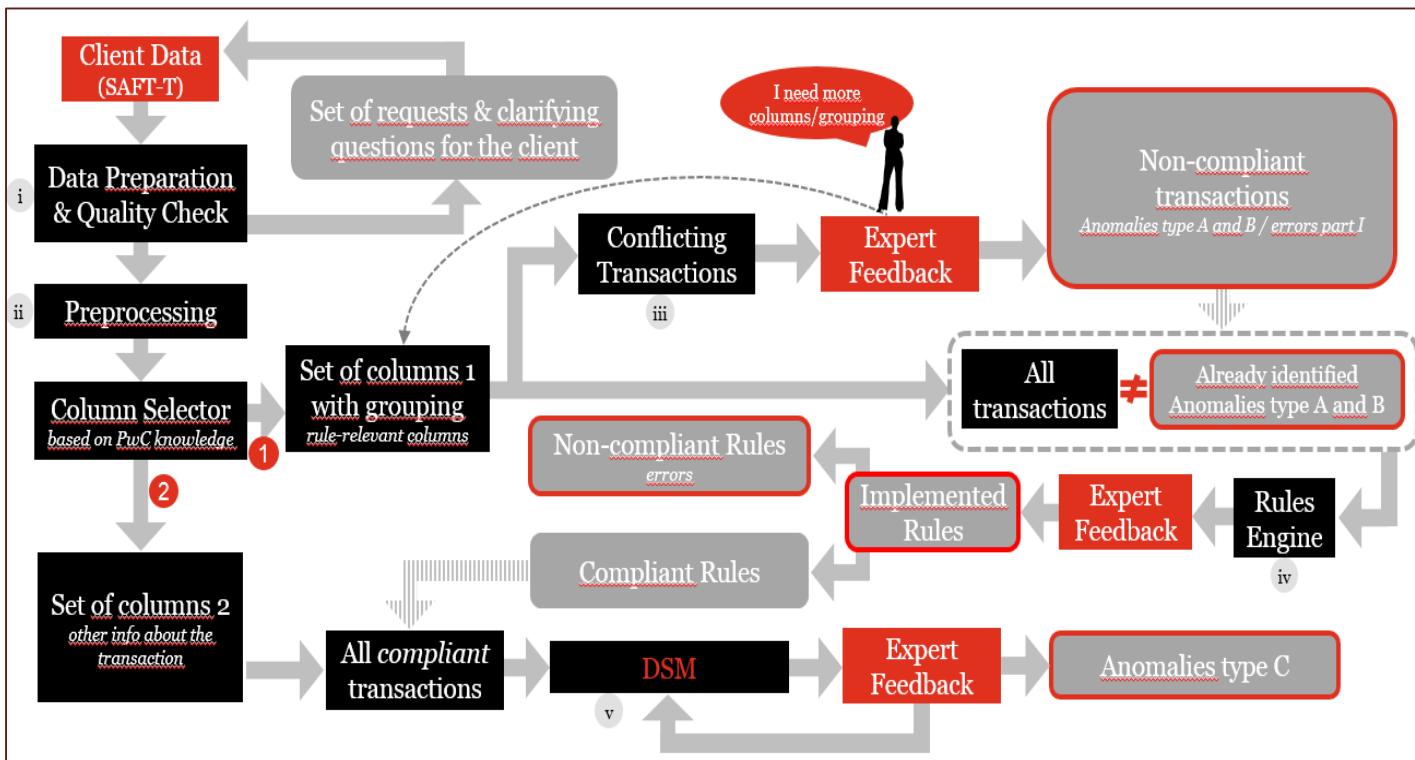


VAT Insight is our solution for testing and reporting specific ITX irregularities. Working from data exports from your current ERP solutions (or other data sources) it provides you with analytics comparable to those run by taxing authorities; however it goes further by providing you with potential opportunities.

How Advanced Analytics can Help? A short overview of solutions you can adopt to help you cope



Since 2016 we have been developing an **ITX specific ML program**, and this year are launching the product as **“Ada”**. It works by applying advanced data analytic techniques to customer ERP data (X-SAF-T) and is providing exceptional accuracy in tax coding, whilst also highlighting anomalies to the learnt rules for further investigation.



Currently “**Ada**” is used within PwC as a service to create informed reports on ITX compliance (and ERP system reviews). In the second half of 2017 we will also begin providing “**Ada**” to clients as a monitoring solution. Once an initial client machine has been built and trained in PwC, it can then be installed into the customer environment to continually check for anomalous VAT coding.

Readiness calculator

Operations		Yes/No	Annual volumes / ready	Do you operate in?...		Yes/No	Annual volumes / ready
Are you involved in the supply of goods?		Yes		Austria		No	N/A
Are you involved in the supply of services?		Yes		Luxemburg		Yes	up to 1'000'000
Do you operate Globally?		No	N/A	France		No	N/A
Do you operate across Europe?		Yes	up to 10'000'000	Portugal		No	N/A
Do you operate in North America?		No	N/A	Lithuania		No	N/A
Do you operate in Latin America?		No	N/A	Poland		Yes	up to 1'000'000
Do you operate in China?		No	N/A	Norway		No	N/A
Do you operate in the Middle East?		No	N/A	Hungary		Yes	up to 10'000'000
Do you operate in the UK?		No	N/A	Spain		No	N/A
Do you operate in the Rest of the World?		No	N/A				

Your Corporate Readiness is: **26%**

Your Most Immediate Issue is: **Europe**

Your Personalised Activity Plan

	Medium Risk	High Risk
Budget Approval by	22. Jul 17	22. Jun 17
Activity Begins by	05. Sep 17	22. Jul 17
Initial Deployments start	07. Mrz 18	21. Okt 17
Deployments completion	15. Jan 27	30. Aug 23
External assistance required	93%	7%



Thank you!

