



Crowe Global Value-Added Tax Services

Enhancing Indirect
Tax Management
Processes and Controls



Approximately 160 countries impose some form of global indirect tax as a principal source of public finance. Although a value-added tax (VAT) is not currently imposed in the United States, U.S. companies involved in cross-border trade are likely to encounter VAT. A comprehensive understanding of VAT and related matters is imperative to confirm compliance, mitigate risks of overpayment and underpayment, and help avoid penalties and interest charges.

How Crowe assists its clients

Crowe VAT specialists help multinational organizations reduce uncertainty in measuring and reporting the tax implications of transactions in and across diverse jurisdictions. Our services focus on maintaining compliance and enhancing efficiencies through assessment, control design, process improvement, refund and recovery, and implementing sophisticated planning strategies.

Why is VAT important to U.S. companies?

A VAT is levied at all stages of the supply chain on applicable business-to-business and business-to-consumer sales of goods and services. Businesses have to account for VAT due on their sales but usually can claim a credit for VAT paid on purchases. The total tax charged on sales and incurred on purchases and imports – the so-called VAT “through-put” for which a company is ultimately responsible – is typically about 30 to 35 percent of gross non-U.S. revenue. For example, a 1 percent overall error rate on \$1 billion of foreign turnover could result in \$3.5 million of overpayment or exposure.

Although VAT regimes around the world share common features, variations exist in structure and implementation. Differences can create uncertainty for businesses, resulting in potential double taxation and unintentional noncompliance.

Regulatory pressures, including the Sarbanes-Oxley Act and accounting for loss contingencies (ASC 450) in the U.S. and senior accounting officer legislation in the U.K., add to the operational and financial risks associated with VAT.

General VAT advisory services

Strategy and management

- Designing an indirect tax strategy to align with business initiatives and corporate tax objectives
- Designing and implementing a tax assessment framework
- Developing a tailored model for indirect tax management
- Analyzing big data both locally and globally to understand VAT efficiencies

Supply chains

- Proactively identifying risk associated with setup and modifications of supply chain
- Providing root cause analyses of systemic inaccuracies in current processes
- Optimizing indirect tax efficiencies in the existing supply and distribution chain
- Assessing VAT and Customs aspects of transfer pricing adjustments

Overhead costs

- Evaluating policies related to VAT incurred on real estate, telecommunications, company cars, professional services, pension funds, and other costs unrelated to supply chains
- Providing recommendations to address identified issues and opportunities
- Calculating VAT recovery on overhead costs
- Developing bad-debt management strategies

Training

- Providing customized training for in-house tax and compliance staff

Mergers and acquisitions

- Analyzing the VAT implications
- Performing tax due diligence
- Advising on acquisition and disposition structure
- Identifying refund opportunities
- Advising on post-merger issues
- Integrating VAT processes

VAT recovery services

Foreign expenses

- Uncovering hidden VAT refunds related to travel, conferences, lodging, services from foreign vendors, and importation of goods

Quantifying credits on VAT inputs

- Confirming that eligible credits are properly captured in ERP systems to verify that VAT is not overpaid

Filing of refunds

- Preparing and filing local refund claims and negotiating settlements with (foreign) tax authorities

VAT compliance services

Compliance

- Registering with local VAT authorities
- Preparing and filing VAT returns and other VAT-related reports, such as intrastate reports and sales listings in the European Union

Audit defense and conflict prevention and resolution

- Preparing voluntary disclosure
- Assisting with indirect tax audits and related audit defense processes
- Supporting tax litigation and VAT appeals procedures



Learn more

For more information on Crowe global value-added tax services, visit www.crowe.com/VAT or contact:

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