

A woman with dark hair tied back, wearing a yellow high-visibility vest, is sitting in a warehouse aisle. She is looking at a laptop computer. The aisle is lined with tall stacks of cardboard boxes on both sides. In the background, more warehouse shelving and boxes are visible under industrial lighting.

SOVOS

VAT REVIEW SERVICE FOR YOUR BUSINESS

CROSS-BORDER SUPPLY CHAIN REVIEW AND TRANSACTION MAPPING

Our Cross-border Supply Chain Reviews provide a holistic view of your full business activity, mapping this against the changing legislative, political and economic landscape, delivering clarity to all functions within your business and allowing you to trade with confidence.



REVIEW

From differences in local VAT legislation to evolving international VAT reporting trends, if you trade cross-border you'll be subject to change. This may create new requirements for invoicing, VAT registrations and VAT reporting obligations.

A dynamic trading terrain combined with your own business growth and internal structural shifts mean that you need a robust guide to help all business functions navigate their way harmoniously through change.

The Review can be tailored to meet the exact needs of your business, creating a clear and comprehensive transaction map, helping you to:

- ▶ Understand all current VAT obligations
- ▶ Understand how external political and legislative changes and new reporting trends may impact your supply chain e.g. Brexit, Quick Fixes, Digitisation (MTD, SII, SAF-T)
- ▶ Easily implement and correct tax codes in your ERP systems
- ▶ Provide a single reference point for all teams i.e. sales, IT, finance, logistics
- ▶ Bridge the knowledge gap resulting from key staff changes
- ▶ Minimise risk and avoid fines and penalties
- ▶ Improve cash flow
- ▶ Identify VAT savings and efficiencies

OUR APPROACH

We bring clarity to the deep complexity of cross-border VAT, enabling businesses to trade confidently across Europe.

Sovos brings together experienced VAT consultants overseeing knowledgeable VAT compliance experts and country VAT specialists, all connected to a Europe-wide network of in-country advisers. Combined with our leading VAT compliance technology, our streamlined processes allow us to put the full weight of that combined expertise behind your business' VAT registration, reporting and advisory needs.

TRANSACTION MAPPING

Businesses involved in the movement of goods often have complex supply chains involving multiple parties. As a result, navigating successful VAT compliance and meeting customs requirements can be a tricky business. For organisations operating cross-border or considering scaling up operations, there's a lot to consider.

As a result, a transaction mapping review is an essential step which can assist in understanding correct VAT treatment of transactions. The best way to display all relevant information in a meaningful way is to produce a matrix that shows the transaction and all relevant considerations. This matrix can then be used as a reference document by commercial teams placing or receiving orders, by finance processing invoices and by IT when setting up new tax codes.

Businesses are in constant evolution, and how VAT is applied from both a legislative and practical perspective is dynamic. It's therefore important to review and update the matrix for new flows, changes in existing flows or changes to legislation and application.

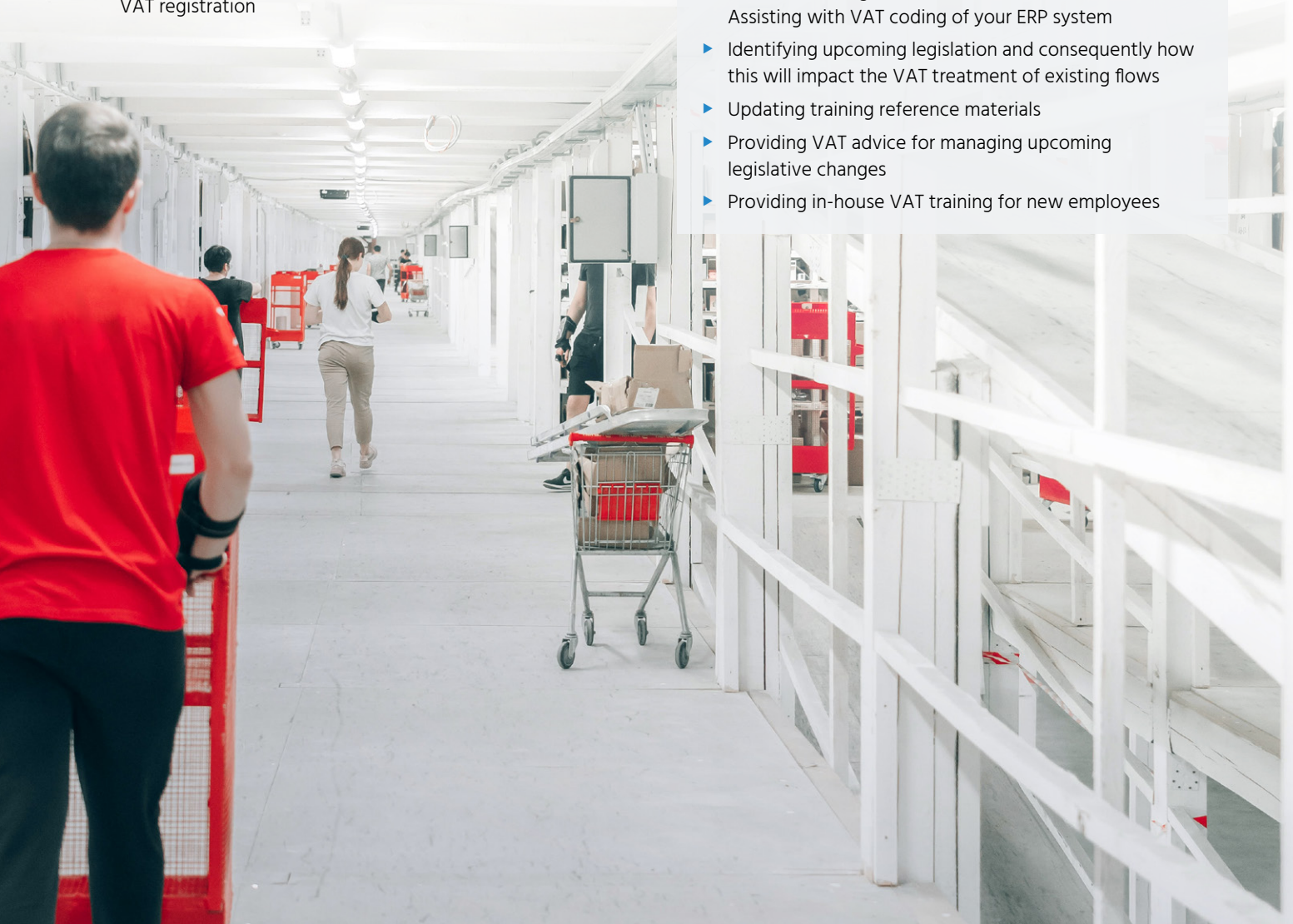
WHY CARRY OUT A TRANSACTION MAPPING?

- ▶ Helps to understand the VAT implications of proposed transactions which helps when setting processes
- ▶ Informs the activities of commercial teams
- ▶ Assists in processing AP and AR invoices
- ▶ Investigates existing tax codes or sets up new ones
- ▶ Identifies all transactions requiring an additional VAT registration to be in place in another country
- ▶ Outlines alternative ways of structuring the transaction to remove the need for the additional VAT registration

OUR APPROACH

Our Transaction Mapping Review consists of:

- ▶ Understanding existing and proposed transaction flows from a VAT point of view
- ▶ Identifying changes for advantageous VAT consequences
- ▶ Identifying whether there is a VAT Registration need in a different Member State
- ▶ Reviewing the application of the VAT reverse charge to improve cash flow
- ▶ In-house training to ensure correct VAT treatment
Assisting with VAT coding of your ERP system
- ▶ Identifying upcoming legislation and consequently how this will impact the VAT treatment of existing flows
- ▶ Updating training reference materials
- ▶ Providing VAT advice for managing upcoming legislative changes
- ▶ Providing in-house VAT training for new employees



CHECKLISTS

REVIEW

Before starting a new business activity, you need to ask the following questions:

- ✓ Can you describe the flows in a transaction?
- ✓ Are you aware of the VAT implications?
- ✓ Do you know if your suppliers should charge you local VAT for a particular transaction?
If, yes, how will you get this back?
- ✓ Will you be required to charge VAT or will reverse charge/acquisition tax apply?
- ✓ Will your finance staff/accounting system be able to generate compliant VAT invoices?
- ✓ What proof do you need to apply an exemption?
- ✓ Will your finance team know whether suppliers have applied the correct VAT treatment to their invoices?
- ✓ Are you required to get a local VAT number?
- ✓ What happens when a new goods flow is introduced to your business activity?
- ✓ If any suppliers invoice VAT incorrectly, how do you convince them to correct this?
- ✓ What happens when staff key to the process change?
- ✓ How does your business deal with rule changes?
- ✓ How is your ERP system updated?
- ✓ Have you correctly adjusted for Brexit and VAT?

TRANSACTION MAPPING

Questions before a business starts a new activity

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ONGOING QUESTIONS

- ▶ What happens when a new goods flow is introduced to a transaction?
- ▶ If any suppliers invoice VAT incorrectly, how do you convince them to correct this?
- ▶ Will your finance staff know whether suppliers have applied the correct VAT treatment to their invoices?
- ▶ What happens when staff key to the process change?
- ▶ How does your business deal with rule changes?
- ▶ How is your ERP system updated?



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