

10 MOST INNOVATIVE COUNTRIES

in VAT Compliance and Reporting



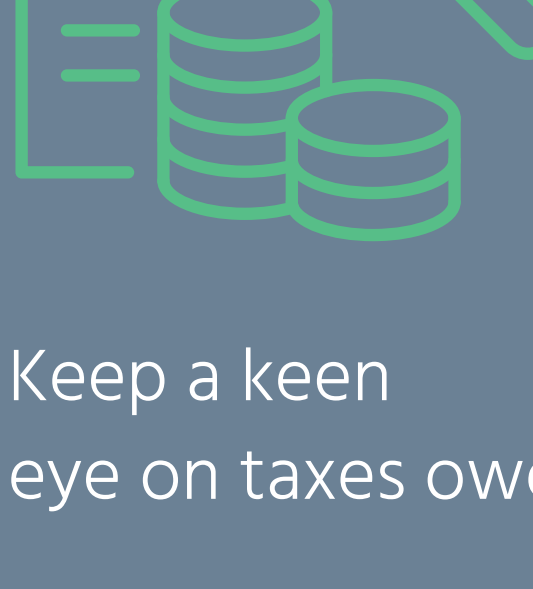
Faced with significant tax gaps and increasing globalisation, governments around the world are taking new, technology-driven approaches to VAT to:



Improve tax reporting accuracy



Gain real-time visibility into business transactions



Keep a keen eye on taxes owed

HERE ARE THE 10 COUNTRIES WITH THE MOST INNOVATIVE APPROACHES TO VAT COMPLIANCE.

1. Brazil



Claiming the top spot is Brazil, the first country in the world to implement eInvoicing in 2008.

The Brazilian government requires eInvoices to be validated in real-time, and goods can't be moved domestically without prior approval – making Brazil the most complex business regulatory environment in the world.

[BACK TO TOP](#)

2. Mexico

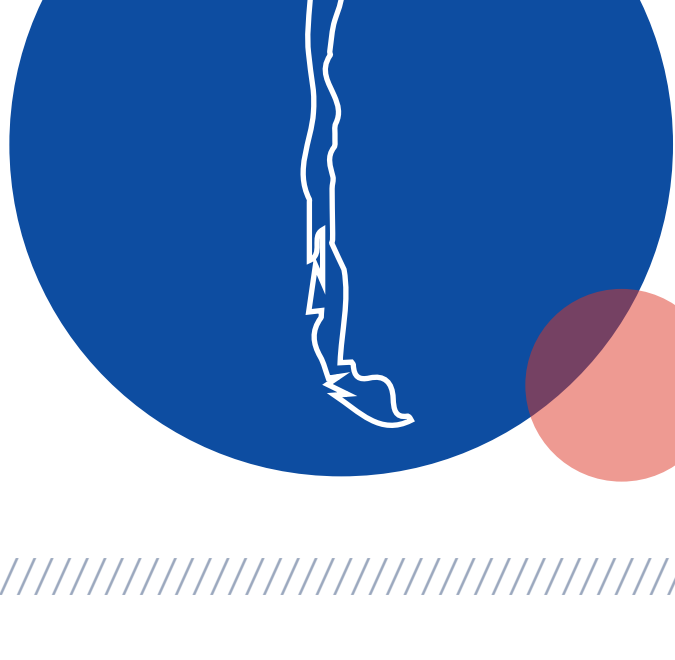
Invoicing in Mexico has become complex to the point of being daunting.

Not only must companies doing business in Mexico generate standardised eInvoices, but companies receiving invoices must validate them with the government – or risk delays and harsh financial penalties.



[BACK TO TOP](#)

3. Chile



On a quest to eliminate tax reporting errors, Chile removed human aspects of tax filings in 2017 by implementing eAssessments.

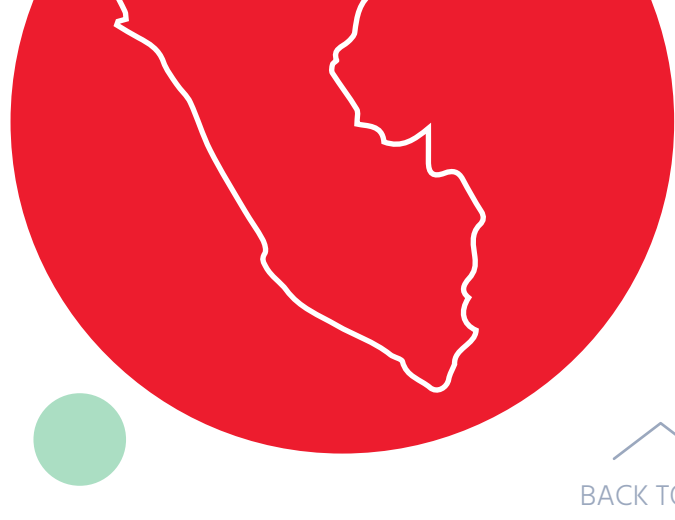
Additionally, even small businesses must now acknowledge invoices within 8 days of issue, or they are automatically assumed accepted and accurate.

[BACK TO TOP](#)

4. Peru

Coming in at No. 4, Peru went from being complicated to extremely complex in 2018 when the Peruvian government modernised the technical infrastructure of its eInvoicing and eReceipts system.

Peruvian taxpayers must adapt their IT systems to comply with the new stringent standard or risk severe penalties.



[BACK TO TOP](#)

5. Spain



Spain is leading the way throughout Europe in obtaining visibility into business data... in real-time.

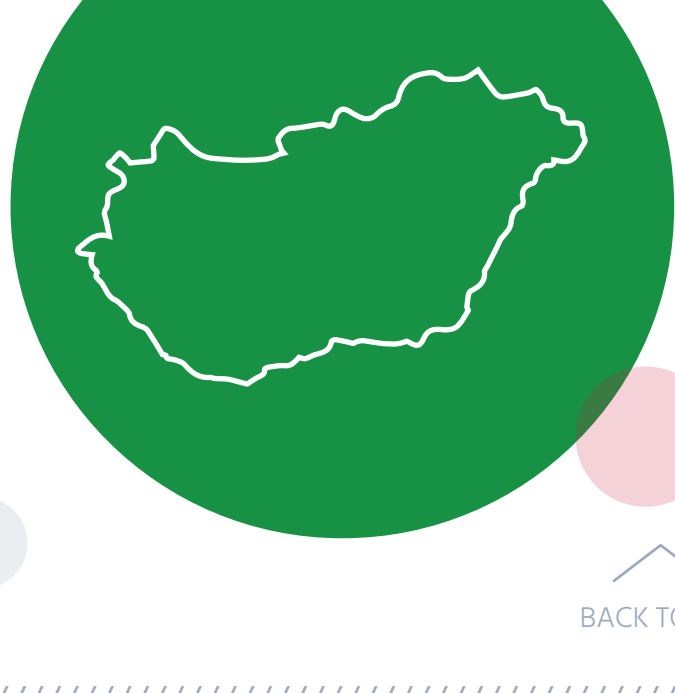
Businesses reacted to Spain's 2017 mandate saying the real-time platform was designed only for tax authorities, requiring companies to adopt new technology and make painful changes to common practices.

[BACK TO TOP](#)

6. Hungary

The Hungarian tax authority has long been a leader in tracking B2C transactions at the point of sale.

But bumping this country up to No. 6 on the list is Hungary's new real-time reporting mandate tracking B2B transactions, which is unlike any other country – requiring no human or manual intervention.



[BACK TO TOP](#)

7. Italy



Italy is taking it a step further than Hungary by requiring eInvoicing.

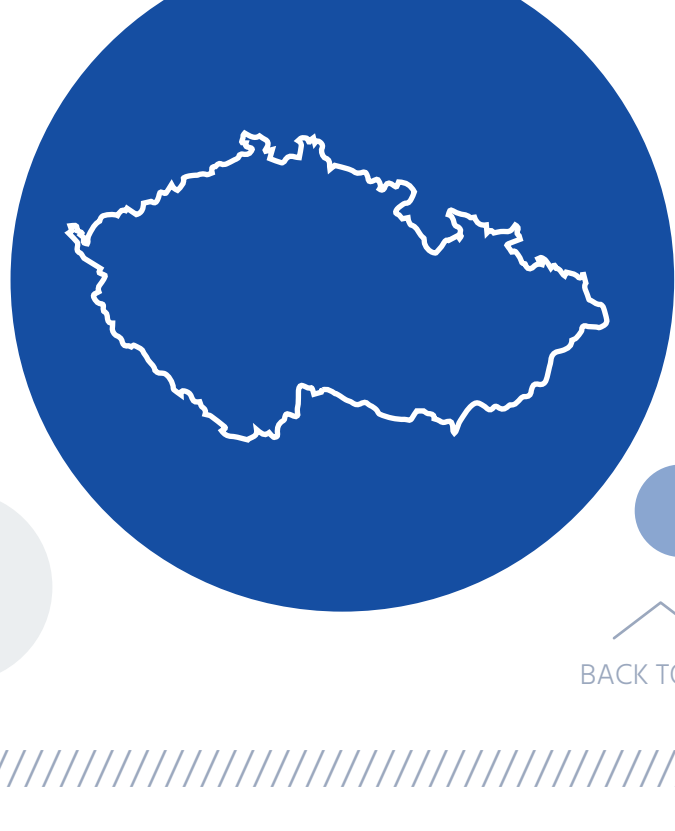
To achieve this, Italy is moving to a so-called clearance model where invoices are required to be cleared through the government platform in the mandatory eInvoice format.

[BACK TO TOP](#)

8. Czech Republic

In 2016, the Czech Republic introduced eReceipts to crack down on suspicious transactions.

Today, every cash transaction (including card payments) are recorded in a central data repository managed by the tax authority.



[BACK TO TOP](#)

9. Romania



Romania has one of the EU's largest VAT gaps to conquer.

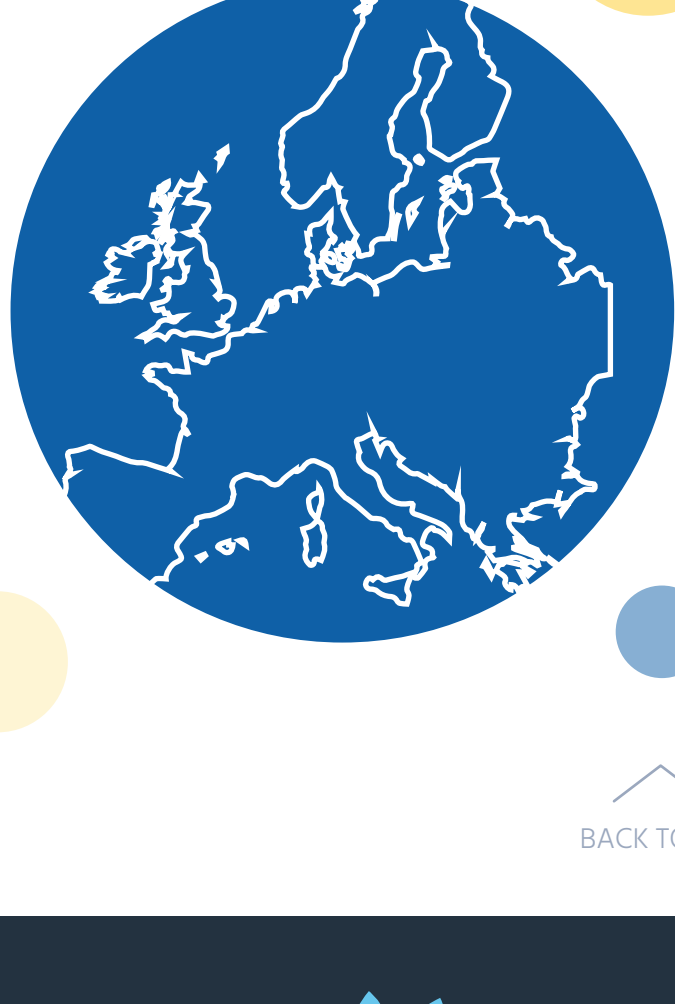
In 2018, the country mandated split payments which require businesses to establish entirely separate bank accounts to collect the VAT component of their sales invoices.

[BACK TO TOP](#)

10. European Union

OK, we know this is technically a region rather than a country but it takes the spot at number 10! Countries within the EU have lost billions of Euros in VAT every year because of fraud, evasion, avoidance and inadequate tax collection systems.

In response, EU member states have worked together in unprecedented ways to mandate a consistent way to collect tax data, giving full transparency into business transactions across the entire continent.



[BACK TO TOP](#)

With deep roots in the most challenging tax compliance environments in the world, Sovos supports companies in 60 countries around the globe easing the burden and risk of VAT compliance, including these 10 pacesetters.

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