



THE FOUR EMERGING MEGATRENDS IN VAT

Driving change in the way organizations manage regulatory reporting and compliance

Four megatrends have emerged with the potential to drive change in the way organizations approach regulatory reporting and manage compliance. These trends will play a significant role in how governments across the globe enact new policies to enforce VAT mandates and close revenue gaps.

Continuous transaction controls (CTCs)



Countries with existing CTC regimes are seeing improvements in revenue collection and economic transparency. Now, other countries in Europe, Asia and Africa are moving away from post-audit regulation to adoption of these CTC-inspired approaches.

A shift toward destination taxability for certain cross-border transactions



Cross-border services have historically often escaped VAT collection in the country of the consumer. Due to a large increase of cross-border trade in low-value goods and digital services over the past decade, administrations are taking significant measures to tax such supplies in the country of consumption or destination.

Aggregator liability



With the increase of tax reporting or e-invoicing obligations across different taxpayer categories, tax administrations are increasingly looking for ways to concentrate tax reporting liability in platforms that naturally aggregate large numbers of transactions already. E-commerce marketplaces but also business transaction management cloud vendors will increasingly be on the hook for sending data from companies on their networks to the government, potentially even inheriting liability for paying their taxes.

E-accounting and e-assessment



Combining CTCs with obligations to synchronize entire accounting ledgers makes onsite audit necessary only in cases showing major anomalies across these rich data sources. Over time, the objective is for VAT returns and other tax reports to be prefilled by the tax administration based on taxpayers' own, strongly authenticated source system data.

Governments across the globe are enacting complex new policies to enforce VAT mandates, obtain unprecedented insight into economic data and close revenue gaps. Tax authorities are steadfast in their commitment to closing the VAT gap and will use all tools at their disposal to collect revenue owed. This holds especially true in the aftermath of COVID-19, when governments are expected to face unprecedented budget shortfalls.

For a more comprehensive explanation of these trends

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