VAT analytics
An introduction
Global VAT management of the 21st Century
An Introduction to VAT analytics

What we are seeing around the world

In today’s fast-moving economy, companies are increasingly challenged to meet their multiple VAT obligations around the world, often using limited resources. Challenges include the large number and different type of transactions performed.

Tax authorities around the world are also becoming more active and sophisticated in their methods and frequency of auditing large multinational companies. These trends make managing indirect taxes more important than ever. Managing indirect tax requires proper knowledge of and control over:

- Data quality
- ERP set-up issues
- Supply chain visibility
- VAT risk monitoring
- Partial manual reporting processes
- Cash flow management
- Performance measurement

Program

EY has introduced a VAT analytics program to support global indirect tax management.

VAT analytics helps local and multinational companies in any industry to manage their indirect tax positions using the company’s data to analyze, reconcile and display risks and opportunities.

VAT analytics allows companies to improve their working capital and cash flow and achieve a high level of VAT assurance.

Our VAT analytics team combines our experience in accounting, auditing, information technology and VAT legislation, to handle the complexity of indirect tax providing companies with higher visibility, control and assurance over their global VAT position.

We have built this program around multiple service offerings. Companies have different needs and levels of complexity and corporate functions have different objectives. Each service offering can be deployed stand-alone or in combination with others. Our experience shows that the services suite can be adapted for any company’s circumstances.

Data extraction

All services are built around solid processes for data extraction and data quality testing - which are key for success.

We understand data and can support companies with selecting the method of data extraction. For companies that do not have access to data extraction specialists, we have built a data extraction tool for our suite of services.
Dashboards

All our service offerings work with interactive dashboards that give users overall insight into the company’s indirect tax footprint, while allowing users to zoom in on certain risks or opportunities and to review the nature of anomalies at transaction level.

Services suite

EY offers a wide range of services as part of the VAT analytics methodology, all built around data diagnostics.

Effectively managing indirect taxes globally has never been more important. Companies want to avoid exposures and to improve cash flow and working capital. What is driving this trend?

Indirect tax regimes are expanding, rates are rising, rules and regulations are becoming more complex. Multinationals are also building complex supply chains and implementing constant changes in their business models. At the same time, indirect tax assessments are increasing as tax authorities use sophisticated tools to collect data and carry out tax audits.

- Data from VAT return report (SAP: RFUMSV00)
- Invoice and master data record combinations
- Standard analytical scripts

Intake

- High level analytical scripts

Standard

- ‘All transactions matter’ principle
- Scenario modelling
- Root cause analysis

Advanced

- Active controls
- Audit trail options
- Interactive management
- Cash impact forecasting

Reconcile VAT returns to:

- Invoice and master data record combinations
- Standard analytical scripts

Reconcile

Monitor
3 | Why VAT analytics matters

In this 21st century environment, every transaction impacts on a company’s indirect tax position (including sales, cross border transactions and intercompany transactions). Multinationals cannot afford to mismanage any part of their global indirect tax position. The stakes are just too high.

VAT analytics helps businesses to better structure the vital data and to quantify and assess the areas where opportunities and risks are.

Results
- Strong insights into the global indirect tax footprint
- Identification of potential cash tax savings
- Improvements in working capital and cash flow
- Root cause analysis for errors and remediation plan
- Business case for supply chain enhancements
- Ability to use data to understand indirect tax drivers of business
- Improved business processes

Business drivers
- Understanding the VAT footprint for group companies under control of a central VAT function
- Cash optimization initiatives driven by company management
- Risk management target set for tax function
- Identify risks and opportunities for selected group companies
- Performance measurement outsourced processes

Contacts South Africa:

Redge de Swardt
redge.deswardt@za.ey.com
**Cell:** +27 82 776 3287

Tshifhiwa Mathivha
tshifhiwa.mathivha@za.ey.com
**Cell:** +27 81 836 2100