



VAT package
Are you ready
for 2010?

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VAT package

On 1 January 2010, a number of important VAT rules will change following the implementation of various European Directives and Regulations (the "VAT Package"), mainly concerning the place of supply rules for services. In this framework, Deloitte proposes an integrated service offering addressing the changes in a comprehensive way: from impact analyse of the VAT treatment of your operations, to assessing the changes in your VAT reporting obligations and in your (ERP) systems' set-up.

New rules

As from 1 January 2010, a number of changes in EU VAT legislation will come into force, namely:

- New rules with respect to the place of supply of services and the debtor of VAT. As from 2010, an initial assessment should be made as to whether the recipient of the service is a business (B2B) or a private consumer (B2C).
B2B services will be taxed where the customer is established, or where the establishment is based for which the services are provided. Some exceptions will however remain applicable, i.e. leasing of means of transport, fairs and exhibition services, etc.
B2C services will be taxed where the service provider is established, or where the establishment is based from where the services are provided.
- New VAT reporting obligations (new/adjusted VAT return forms, European Sales Listing for services, changed periodicity and minimum thresholds, etc.).
- New (smoothened) procedure to recover VAT incurred in other EU Member States.

Our integrated approach

We have identified at least three dimensions where the VAT package will impact your business:

- **VAT treatment of your transactions:** VAT payable by the recipient instead of charged on the invoice, changed invoice content, changed parameters that influence the VAT calculation, etc.;
- **Reporting:** EC Sales lists for services, new boxes in the VAT returns, etc.;
- **Technology:** ERP systems supporting the tax decision logic and providing information required to meet your reporting obligations will need to evolve with the above.

To ensure that the required changes are implemented by 1 January 2010, a structured approach is vital. Every company will need to measure the impact of the VAT package on its business and analyse the changes to be made. Based on that, it will implement the necessary changes. Finally, a global review will ensure that the new rules are correctly applied within the company.

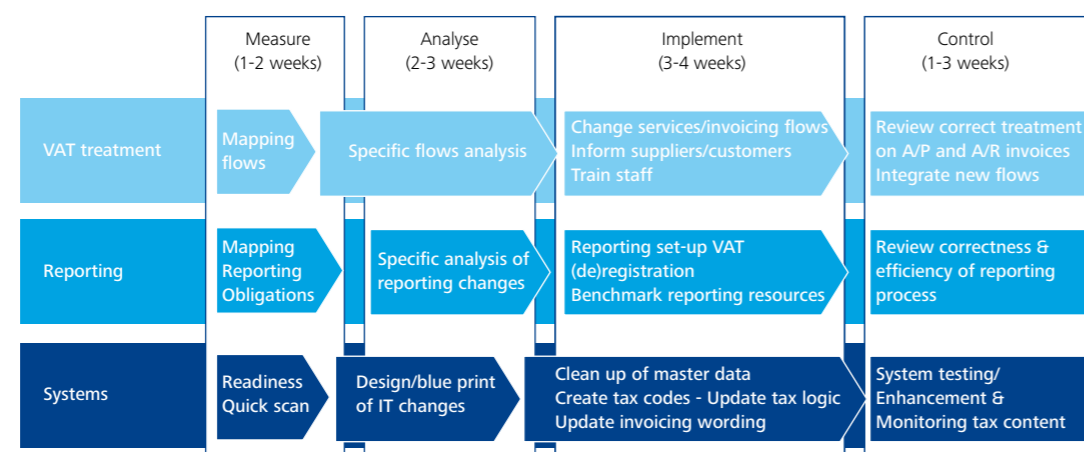
The benefits

We believe that the above methodology will bring the following benefits:

- **Mapping the different A/R and A/P flows** of your company and the foreign VAT registrations (if any) will enable you to determine the exact impact of the VAT package on your business.
- A **better view** on the actions to be undertaken towards your suppliers and customers, in order to receive and issue compliant invoices as from 1 January 2010 (also enabling the preparation of the European Sales Listing for services).
- Determine the **new reporting obligations** of your company in all 27 EU Member States and adapt your systems accordingly.
- A **global approach**, covering EU legal, reporting and technology aspects.

Below is a possible timeline for such a VAT Package project, broken down in 4 steps and 3 dimensions, illustrating the range of services we offer:

VAT Package project



Our services

"à la carte" outline the breadth of our potential assistance and global approach

Our services

Bringing your company in line with the new rules for 1 January 2010 may prove cumbersome and will require dedicated resources in both your tax and IT departments. Besides the main services detailed in "our integrate approach" timeline, we have identified specific à la carte services to assist you during all steps of the process. The menu below will give you a flavour of the services we could offer.

Measure	Analyze	Implement	Control
Main services	Main services	Main services	Main services
<ul style="list-style-type: none"> • Mapping of flows / Matrix • Mapping of reporting obligations • ERP QuickScan Review of the current system set-up (master data, tax codes, tax logic) in view of the VAT package changes 	<ul style="list-style-type: none"> • Specific flow analysis Matrix/Overview of your current business flows (A/P and A/R): types of services, types of customers, etc. • IT changes Design A blue print of the required actions and changes • Matrices/overview of new VAT treatment and VAT reporting obligations Creation or review of matrices/overviews indicating the link between the new VAT treatment and the corresponding new reporting obligations, plus a redefinition of the compliance process and procedures 	<ul style="list-style-type: none"> • Condition tables/Decision trees Creation/review of condition tables or decision trees to ensure correct VAT treatment/reporting of services • Reporting set-up VAT (de)registrations handled centrally or co-ordinated, benchmarking of reporting resources, compliance process and procedure set-up etc. • IT set-up/Clean-up Set-up of master data, tax codes, tax logic, invoicing, etc. 	<ul style="list-style-type: none"> • Review correct VAT treatments QuickScan or in-depth review of the VAT treatment of A/P or A/R after changes have been implemented, review of the process to integrate new flows • Review correct VAT reporting / invoicing QuickScan or in-depth review of the VAT reporting of A/P or A/R after changes have been implemented. Also review of invoicing requirements, automated/manual checks within the reporting process. • Review of updated IT system QuickScan or in-depth review of tax codes, tax logic and system set-up after changes have been implemented as well as monitoring tax content
Other available services	Other available services	Other available services	Other available services
<ul style="list-style-type: none"> • Workshops Workshop customized to your needs, on the new VAT rules and on new reporting obligations • VAT package Guides and Manuals • Invoicing requirements General overview of the invoicing requirements per country • VAT number validation tool Solution to automatically verify the validity of VAT numbers defined in the customer and supplier master data. This includes an automated cross-validation with the EU (VIES) database 	<ul style="list-style-type: none"> • Negotiation with VAT authorities on specific VAT treatments Assistance in negotiations/discussions with VAT authorities on the correct VAT treatments to be applied • Matrices/Overviews of invoicing requirements Description of the invoicing references to be used for your different types of services • Taylor made Guides on VAT package analysis Provision of a tool/methodology to perform an impact analysis 	<ul style="list-style-type: none"> • VAT compliance helpdesk Contact point for questions on the VAT treatment or reporting of transactions. Assistance with reporting obligations (e.g. setting up e-filing, etc.) in a « on call » manner • VAT compliance manuals Manuals outlining the VAT reporting obligations per country, inclusive VAT returns templates and English translations • VAT reporting and 8th Directive claims co-sourcing The VAT reporting (VAT, ESL, Intrastat) is then handled centrally. A similar service exists for refund claims 	<ul style="list-style-type: none"> • Monitoring of tax content in ERP Keeping the tax set-up in the ERP system updated by offering our ERP/TAX monitoring solutions • European Compliance Solutions A wide range of services to cover Pan EU compliance related needs

Contact

Should you be interested in discussing the impact of the VAT package changes on your business, your approach towards these changes and the possible assistance we could provide in that framework, please do not hesitate to contact us at: **becompliant@deloitte.com**

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