

Deloitte.

Managing in uncertain times
Deloitte cash tax strategies



As you adapt your business plans in the light of the current economic climate, a review of your tax position could result in significant savings.

In addition to realigning your tax approach with your business plans, every area of tax currently paid should be reviewed for opportunities to:

- Increase or speed up tax repayments;
- Reduce or defer tax outgoings.

As well as improving the cash position of your business, all strategies should deliver earnings benefits – with VAT and Employment taxes strategies directly increasing pre tax profit.

Deloitte has a range of simple cash tax strategies across all taxes. This brochure highlights key areas for savings around Corporation Tax, VAT and Employment taxes/Social security.

Your Deloitte contact will be happy to discuss how these ideas can be applied in your organisation.

VAT

Maximising VAT recovery

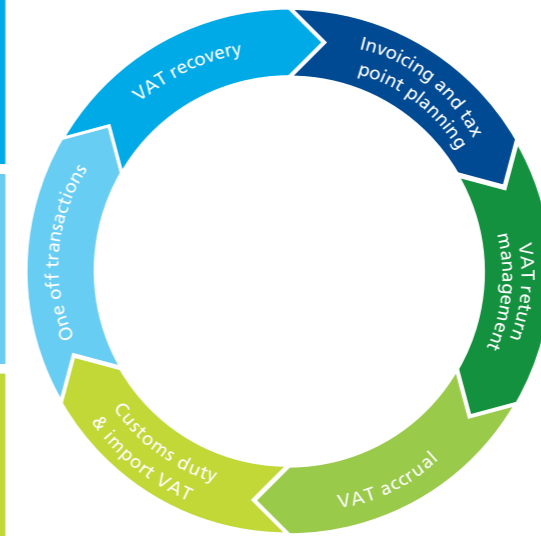
- Review key business areas to improve VAT recovery
- Improve overseas VAT recovery
- Ensure VAT claims are fully maximised
- Increase VAT recovery on employee expenses and improve processes for the future
- Improve bad debt relief efficiencies

One off transactions

- Review VAT recovery on share issue costs
- Review property arrangements
- Ensure one-off transactions do not create an additional cost

Customs duty & import VAT

- Consider VAT/duty deferment arrangements
- Review product classification and valuation procedures
- Consider warehouse arrangements
- Reduce duty guarantee
- Assure compliance through application for REACH and AEO certification



Invoicing and tax point planning

- Review the format and timing of invoicing
- Review self-billing arrangements
- Consider use of vouchers to defer tax point

VAT return management

- Consider monthly VAT Returns and VAT grouping to improve efficiencies and maximise recovery:
 - Use data interrogation to ensure correct processing
 - Ensure efficient and accurate VAT return processes
 - Improve reporting, repayment and return processes

VAT accruals

- Businesses typically claim 25-40% of input VAT later than necessary:
 - Understand the size of VAT injection your business could obtain
 - Consider beneficial recovery methods with Belgian VAT authorities

Corporation taxes

Tax accounting

- Ensure appropriate support recognition of tax assets on Balance Sheet
- Review ETR projections and adapt strategies

Group issues

- Review transfer pricing to minimise trapped losses
- Review Income recognition
- Establish new financing and leasing arrangements
- Review applicable tax incentives
- Restructuring of indebtedness

Monetize losses

- Review validity of utilization strategy for brought forward losses
- Restructure to optimize tax losses
- Change accounting periods to optimize loss utilisation
- Claim Belgian deduction for overseas liquidation losses

Tax cash management

- Refine estimates of tax prepayments
- Organise for reclaiming or carry over of prepayments
- Review cash prepayments / position with foreign authorities
- Review your tax audit management strategy
- Review exposure to penalties

Improve tax efficiency of expenditure

- Ensure costs are in the right place for maximum effective deductions
- Review timing of expenditure, explore provision opportunities
- Review capex funding strategies
- Reduce compliance costs

Defer gains

- Cyclical businesses consider lengthening accounting periods
- Plan timing of gains/losses
- Consider roll over regimes

Employment taxes/Social Security

SMART pensions

- Optimize employee and employer contributions
- Review timing of contributions
- Social security savings for employees and employer

Bonus planning

- Introduce non-recurring result tied bonus plan
- Applicable where employees receive bonuses based on collective targets
- Tax and social security savings for employer and employee

R&D tax incentive

- Partly (65%) exemption of payment of professional withholding tax based on monthly gross salary
- Also applicable to foreign executives with expatriate status
- No specific re-investment requirements on behalf of the employer
- Possibility for retroactive implementation (refund of excessive withholding tax already paid)

Company car consulting

- Changes to the car fleet to have more "green cars" will reduce CO₂ emissions and allow cost containment for the employer
- Reduce taxable benefit in kind with extra car options value at charge of employee
- Tax and solidarity social security premium savings for both the employer and the employee

SMART benefits

- Replace taxable pay by benefit in kind with favorable lump sum valorization rules (free housing, free gas and electricity, etc.)
- Social security free benefits (luncheon benefits, etc.)
- Reimbursement of costs proper to the employer
- Tax and/or social security savings for both employer and employee

Equity incentive

- Rebuild existing bonus plans
- Grant of over-the-counter options
- Savings for employer and employee

Contacts

Piet Vandendriessche

Tax Managing Partner
pvandendriessche@deloitte.com
+ 32 2 600 66 60

André Claes

Partner, Corporation Taxes
aclaes@deloitte.com
+ 32 2 600 66 70

Benoît Vanderstichelen

Partner, Indirect Taxes
bvanderstichelen@deloitte.com
+ 32 2 600 66 59

Renaat Van den Eeckhaut

Partner, Employment Taxes
rvandeneeckhaut@deloitte.com
+ 32 2 600 65 68

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in 140 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte's 165,000 professionals are committed to becoming the standard of excellence.

Deloitte's professionals are unified by a collaborative culture that fosters integrity, outstanding value to markets and clients, commitment to each other, and strength from cultural diversity. They enjoy an environment of continuous learning, challenging experiences, and enriching career opportunities. Deloitte's professionals are dedicated to strengthening corporate responsibility, building public trust, and making a positive impact in their communities.

Deloitte refers to one or more of Deloitte Touche Tohmatsu, a Swiss Verein, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu and its member firms.

Member of Deloitte Touche Tohmatsu

© December 2008 - Deloitte Belastingconsulenten / Conseils Fiscaux. All rights reserved.
Designed and produced by the Creative Studio at Deloitte, Belgium.

Member of
Deloitte Touche Tohmatsu