

Study on the feasibility and impact of a common EU standard VAT return – Economic impact assessment – Questionnaire for tax authorities

Interview Guidelines - Please read this section before completing the questionnaire

PwC has been appointed by the European Commission to conduct a study on the feasibility and impact of a common EU standard VAT return. This common EU standard VAT return will result in both costs and benefits.

The intention of this questionnaire is to assess the **administrative cost** for tax authorities in the current situation and the impact of the future situation, in which the common EU standard VAT return is applied. Furthermore, we intend to assess the impact of the introduction of a common EU standard VAT return on **audit and fraud**. The future situation is described in the attached document (i.e. extract draft interim report). It is recommended that you read the standards before completing the questionnaire.

We would like to assure you that the data you provide **will be treated confidentially** by PwC. The results of the study will be provided to the European Commission and will be published, but data will only be disclosed on an aggregate basis and total anonymity is guaranteed.

We appreciate that completing the questionnaire may take some time and effort. Should you have any questions when completing it, we invite you to contact:

- Ellen De Groote (ellen.de.x.groote@pwc.be or +32 2 710 4389) or
- Katrijn De Naeyer (katrijn.de.naeyer@pwc.be or +32 9 268 8349)

Please send the completed questionnaire back to Ellen and Katrijn by 31 August 2012.

For some selected Member States, the answers to the questionnaire will be discussed on the Fiscalis meeting on 1 October 2012 (see separate invitation from the EU Commission) by means of an interview done by PwC. We recommend that the persons attending the Fiscalis seminar have completed the questionnaire or are familiar with the answers provided.

The questionnaire is divided into 4 parts:

Part I - Identification

Basic information about the tax authority.

Part II - Understanding the tax authority's organisation

Information more specifically linked to the tax authority's organisation.

Part III - Quantitative assessment: cost estimation

Information related to the costs of collecting and processing VAT returns. These costs include set-up costs and recurring costs.

Part IV - Qualitative questions

Information related to advantages and disadvantages of the current and future situation, and the impact of introducing a common EU standard VAT return on audit and fraud.

Thank you for your contribution and efforts to complete the questionnaire.

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Questionnaire**PART I - Identification****1.1 General data**

Member State	
Respondent's name	
Respondent's position	
Respondent's contact details	

1.2 a. How many taxpayers (corporate and individual) are VAT-registered in your Member State?

1.2.b. How many of them are established and VAT-registered and file periodic VAT returns ?

1.2.c. How many of them are not-established and VAT-registered and file periodic VAT returns ?

1.3 Please indicate for your Member State the number of parties filing periodic VAT returns for the following intervals:

Interval	Number of filers
Monthly	
Every two months	
Quarterly	
Every six months	
Annually	

1.4 Please indicate for your Member State the percentage of periodic VAT returns that are filed electronically, the percentage that are filed manually and scanned after submission, and the percentage that are filed manually and not scanned after submission. Please also explain if 'other'.

	% of periodic VAT returns filed
Electronically	
Manually and scanned after submission	
Manually and not scanned after submission	
Other (please explain):	

Questionnaire**PART II - Understanding the tax authority's organisation**

2.1. How is your tax administration organised for VAT purposes? Examples:

- centralised at national (federal) level
- decentralised at regional level
- decentralised at local level
- processing and follow-up centres for all kinds of tax returns
- dedicated processing and follow-up centres for VAT returns only

Do you think that introduction of the proposed common EU standard VAT return will impact this organisation? If so, please briefly explain why and to what extent.

Current situation:

Impact of introducing proposed common EU standard VAT return:

2.2 The table below lists some of the activities performed by tax authorities. Please describe how these activities are performed in your Member State in the current situation. Please also indicate the expected impact of introducing the proposed common EU standard VAT return (please mark your choice and explain where necessary).

Activities	Activity description in current situation	Impact of introducing the proposed standard VAT return
1. VAT return collection (e.g. electronically, manually)		<input type="checkbox"/> This activity will change (please explain) ... <input type="checkbox"/> This activity will not change
2. Data processing (e.g. scanning, encoding, manual or automatic logical checks, reconciliations with IC listings and Intrastat)		<input type="checkbox"/> This activity will change (please explain) ... <input type="checkbox"/> This activity will not change
3. Follow-up		
3.1. Request additional information from other Member States		<input type="checkbox"/> This activity will change (please explain) ... <input type="checkbox"/> This activity will not change
3.2 Request additional information from taxpayers		<input type="checkbox"/> This activity will change (please explain) ... <input type="checkbox"/> This activity will not change
3.3. Risk analysis (e.g. detection of fraud) through e.g. data analytics or data mining		<input type="checkbox"/> This activity will change (please explain) ... <input type="checkbox"/> This activity will not change
3.4. Refund audit		<input type="checkbox"/> This activity will change (please explain) ... <input type="checkbox"/> This activity will not change
3.5. Link and match data in periodic VAT return with payment received		<input type="checkbox"/> This activity will change (please explain) ... <input type="checkbox"/> This activity will not change

4. Refund (payment by tax authorities)		<input type="checkbox"/> This activity will change (please explain) ... <input type="checkbox"/> This activity will not change
5. Storage/archiving		<input type="checkbox"/> This activity will change (please explain) ... <input type="checkbox"/> This activity will not change
6. Other (e.g. sending VAT current account statement in Belgium)		<input type="checkbox"/> This activity will change (please explain) ... <input type="checkbox"/> This activity will not change

2.3 How many staff members (in FTEs and on a yearly basis) are currently employed in your Member State on processing VAT returns, VAT collection, follow-up of VAT returns (including for audit purposes), refunds (including for audit purposes) and storage? Could you estimate the expected impact of the introduction of the proposed common EU standard VAT return on staff numbers?

	Current situation	Impact of introducing the proposed standard VAT return (Please select from drop-down list)
Number of staff members (in FTEs and on a yearly basis)		

Questionnaire**PART III – Quantitative assessment****Set-up costs**

3.1 This question is intended to assess the set-up cost of changing the legislation due to introduction of the proposed common EU standard VAT return.

Activities	Set-up cost or cost to change legislation			Comments
	Internal resources		External resources (e.g. service providers)	
	Time spent (in days)	Cost estimate (in euro)	Cost estimate (in euro)	
Adapt legislation				
Notify new legislation				

3.2 This question is intended to assess the set-up cost of a new IT system or the cost to change the IT system due to the common approach to filing mechanism for the proposed common EU standard VAT return. The table below notes the concepts for which system features are created in the standards (more information is available in part 3.4 on page 40 of the extract draft interim report). For these concepts, we would like an indication of the expected set-up costs or costs to alter the IT system due to introduction of the proposed common EU standard VAT return.

Concepts	Set-up cost or cost to change IT system			Comments
	Internal resources		External resources (e.g. service providers)	
	Time spent (in days)	Cost estimate (in euro)	Cost estimate (in euro)	
Platform				
VAT return form				
Authentication and signing				
Proof of receipt and archiving				
Interfacing with existing IT systems/processes				

3.3 This question is intended to assess the set-up cost to design and implement the back-office processes/working procedures needed if the proposed common EU standard VAT return is introduced and used alongside the local VAT return. E.g. process to capture new taxable persons opting to use the common EU standard VAT return (i.e. activities concerning identification, granting access to the website, etc.), process to capture the opt-in by an existing taxable person (i.e. transfer from local VAT-return process to standard VAT-return process), process to capture opt-out of an existing taxpayer (i.e. transfer from standard VAT-return process to local VAT-return process). This cost includes IT costs (if any) and project management costs.

Activities	Set-up cost or cost to design and implement working procedures			Comments
	Internal resources		External resources (e.g. service providers)	
	Time spent (in days)	Cost estimate (in euro)	Cost estimate (in euro)	
Designing and implementing back-office processes/working procedures				

3.4 This question is intended to assess the set-up cost of changing the existing processes for the activities performed by tax authorities for VAT-collection purposes, processing data, follow-up, etc. listed in question 2.3 or to provide for new ones. If none of these processes is expected to change in your Member State, please give a set-up cost of 0. This cost includes IT costs (if any) and project management costs.

Activities	Set-up cost or cost to design and implement processes for VAT-collection purposes			Comments
	Internal resources		External resources (e.g. service providers)	
	Time spent (in days)	Cost estimate (in euro)	Cost estimate (in euro)	
Designing and implementing processes for VAT-collection purposes				

3.5 Please estimate the set-up cost for training due to introduction of the proposed common EU standard VAT return and the resulting changes in procedures and IT systems.

	Set-up cost or cost of training			Comments
	Internal resources		External resources (e.g. service providers)	
	Time spent (in days)	Cost estimate (in euro)	Cost estimate (in euro)	
Setting up training				

Recurring costs

3.6 Please estimate the time spent per VAT return and the cost per VAT return for the following activities for VAT-collection purposes in the current situation and the expected impact of introducing the proposed standard VAT return on the time spent per VAT return and cost per VAT return.

Activities	Time spent (in minutes) per VAT return in current situation	Impact of introducing the proposed standard VAT return (Please select from drop-down list)	Cost estimate (in euro) per VAT return in current situation	Impact of introducing the proposed standard VAT return (Please select from drop-down list)
1. VAT return collection (e.g. electronically, manually)				
2. Data processing (e.g. scanning, encoding, manual or automatic logical checks, reconciliations with IC listings and Intrastat)				
3. Follow-up				
3.1. Request additional information from other Member States				
3.2. Request additional information from taxpayers				
3.3. Risk analysis (e.g. detection of fraud) through e.g. data analytics or data mining				
3.4. Refund audit				
3.5. Link and match data in periodic VAT return with payment received				
4. Refund (payment by tax authorities)				
5. Storage/archiving				
6. Other (e.g. sending VAT current account statement in Belgium)				

3.7 This question is intended to assess the yearly recurring IT cost (e.g. maintenance fees, licence charges) for tax authorities in the current and future situation. The table below notes the concepts for which system features are created in the standards (more information available in part 3.4 on page 40 of the extract draft interim report). For these concepts, we would like an indication of the yearly recurring costs in the current situation and the impact on the yearly recurring costs due to introduction of the proposed common EU standard VAT return.

Concepts	Cost estimate (in euro) in current situation	Impact of introducing standard VAT return (Please select from drop-down list)	Comments
Platform			
VAT return form			
Authentication and signing			
Proof of receipt and archiving			
Interfacing with existing IT system/processes			

3.8 Please estimate the yearly cost on training for VAT-collection and processing purposes. This cost may include the time spent on training, external costs such as consultancy fees for the delivery of training, costs of materials (e.g. manuals), etc. Please also estimate the impact of introducing the proposed common EU standard VAT return on those costs.

	Cost estimate (in euro) in current situation	Impact of introduction of standard VAT return (Please select from drop-down list)	Comments
VAT training			
Software training			

3.9 Please estimate the number of audits on a yearly basis, the cost of one audit and the level of detail of audits in the current situation. Please also estimate and explain the expected impact on the number of audits, the cost of an audit and the level of detail of audits due to introduction of the proposed common EU standard VAT return.

	Estimation	Comments
Number of audits on a yearly basis in current situation		
Impact of introducing proposed standard VAT return on number of audits on a yearly basis (Please select from drop-down list)		
Cost estimate (in euro) of one audit in current situation		
Impact of introducing standard VAT return (Please select from drop-down list)		
Level of detail of audits in the current situation		
Impact of introducing the proposed standard VAT return on the level of detail of audits (Please select from drop-down list)		

Questionnaire**PART IV – Qualitative assessment**

4.1 What do you think are the advantages and disadvantages for tax authorities of using the local VAT return only (current situation) and using the local VAT return with the possibility to use a common EU standard VAT return (future situation)?

	Current situation	Introduction of proposed common EU standard VAT return
Advantages		
Disadvantages		

4.2 Do you think there will be a positive or negative budgetary impact of introducing the proposed common EU standard VAT return (e.g. will filing monthly in the future situation instead of filing quarterly in the current situation have a positive impact on the cash-flow position)? Please mark your choice and explain.

- ☐ Positive impact because ...
☐ Negative impact because ...
☐ No impact

4.3 Do you think there will be a positive or negative impact on the tax authorities in your Member State of the option provided in the proposed common EU standard VAT return to file quarterly with monthly prepayments instead of monthly for businesses meeting certain requirements? Please mark your choice and explain.

- ☐ Positive impact because ...
☐ Negative impact because ...
☐ No impact

4.4 Will introduction of the proposed common EU standard VAT return facilitate communication and the exchange of information between tax authorities? Please mark your choice and explain.

- ☐ Yes because ...
☐ No because ...

4.5 Will introduction of the proposed common EU standard VAT return increase voluntary compliance and consequently improve collection by tax authorities i.e. provide greater security? Please mark your choice and explain.

- ☐ Yes because ...
- ☐ No because ...

4.6 In the table below, we present four different ways regarding use of the common EU standard VAT return. What do you think are the advantages and disadvantages of each of the four possibilities?

Options	Advantages	Disadvantages
<u>Option 1:</u> Any taxable person can choose to use the common EU standard VAT return; the choice must be made per VAT registration		
<u>Option 2:</u> Any taxable person can choose to use the common EU standard VAT return; but if the taxable person opts to use it, it must be used in the Member State of its main place of business and in all other EU Member States where it is VAT registered as not established taxable person. Fixed establishments make their own choice independent from its main place of business.		
<u>Option 3:</u> Only taxable persons established in the EU and submitting VAT returns in more than one Member State can choose to use the common EU standard VAT return; the choice must be made per VAT registration		
<u>Option 4:</u> Only taxable persons established in the EU and submitting VAT returns in more than one Member State can choose to use the common EU standard VAT return; but if the taxable person opts to use it, it must be used in the Member State of its main place of business and in all other EU Member States where it is VAT registered as not established taxable person. Fixed establishments make their own choice independent from its main place of business.		

4.7 Do you think that the boxes in the proposed common EU standard VAT return will make it easier or more difficult for the VAT authorities to perform logical checks on the correctness of the amounts reported? Please mark your choice and explain.

- ☐ Easier to perform logical checks because ...
- ☐ More difficult to perform logical checks because ...
- ☐ No impact because ...

4.8 Do you think that a first assessment of risk indicators in the future situation might indicate potential fraud/fraud patterns? Please mark your choice and explain.

- ☐ First risk assessment will indicate potential fraud because ...
- ☐ First risk assessment will not indicate potential fraud because ...

4.9 Do you think that introduction of the proposed common EU standard VAT return will change the controls needed to reveal potential abuse? Please mark your choice and explain.

- ☐ Yes because ...
- ☐ No because ...

4.10 Do you think that introduction of the proposed common EU standard VAT return will impact how companies are audited? Please mark your choice and explain.

- ☐ Yes because ...
- ☐ No because ...

4.10.1 If there is currently no e-auditing in your country, do you think that introduction of the proposed common EU standard VAT return will encourage (push for) (faster) implementation of e-auditing techniques (e.g. SAF-T)? Please mark your choice and explain.

- ☐ Yes because ...
- ☐ No because ...

4.10.2 If there is currently e-auditing in your country, do you think that introduction of the proposed common EU standard VAT return will facilitate e-auditing techniques? Please mark your choice and explain.

- ☐ Yes because ...
- ☐ No because ...

4.10.3 If there is currently e-auditing in your country, will introducing the proposed common EU standard VAT return impact the system requirements as regards the e-auditing techniques that are used? Please mark your choice and explain.

- ☐ Yes because ...
- ☐ No because ...

4.11 Do you think that introduction of the proposed common EU standard VAT return will facilitate a common approach for audits at the European level? Please mark your choice and explain.

- ☐ Yes because ...
- ☐ No because ...

4.12 What are the consequences for your Member State if it uses the current local VAT return to obtain information that is used for other purposes (e.g. statistical purposes, corporate income tax purposes) and this information is no longer included in the common EU standard VAT return? Please mark your choice and explain.

Thank you for taking part!

What did you think of this questionnaire?

Expectations were met	
Too general	
Irrelevant content	
Too difficult to understand	
Too short	
Too technical	
Too long	