

HAVE YOU PLANNED FOR VAT YET?

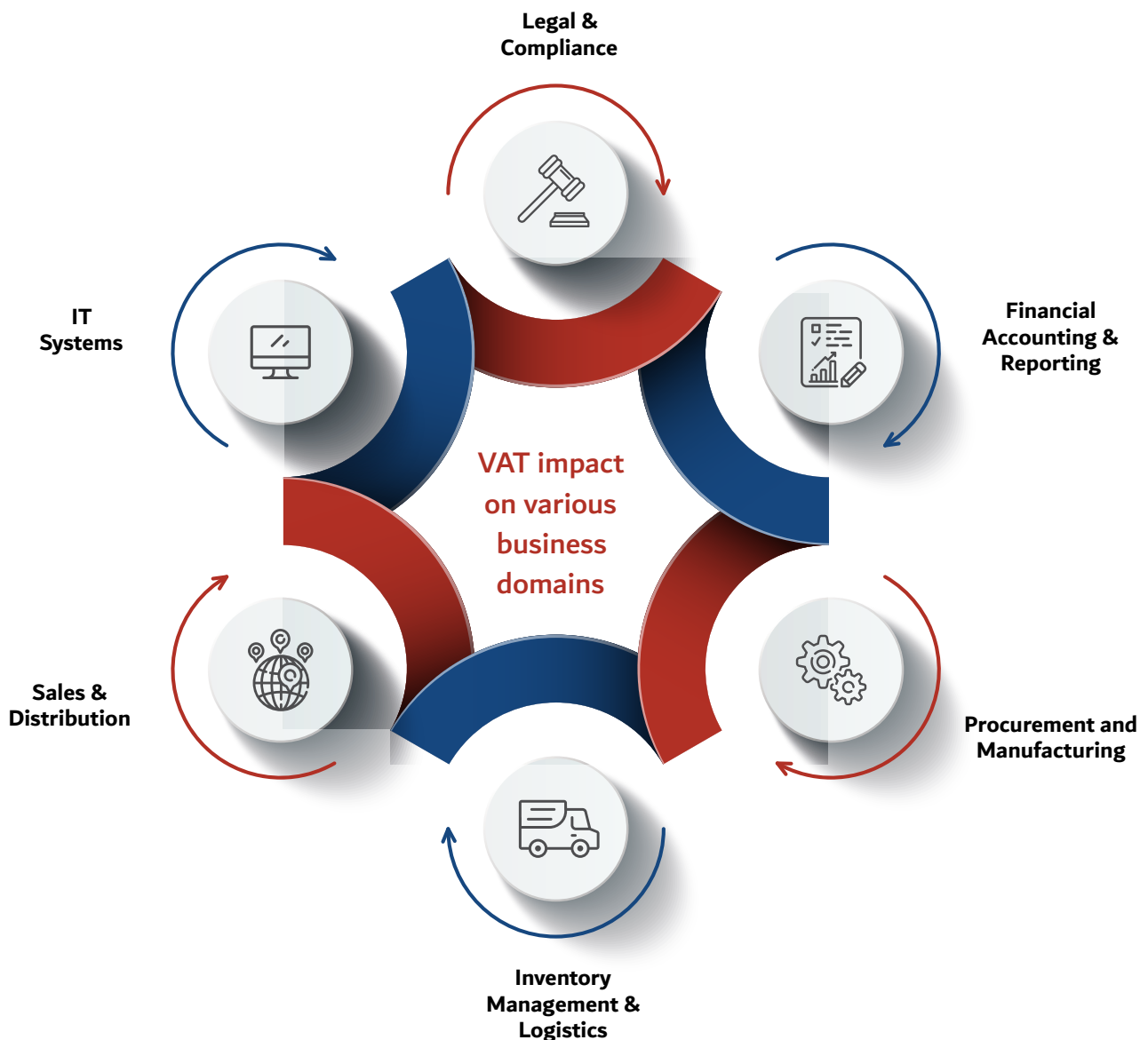
THE COUNTDOWN BEGINS...



VAT in GCC and Areas of Business Impact

The long awaited tax system, "Value Added Tax" (VAT) to be reality by 01 January 2018 as far as United Arab Emirates (UAE) and Kingdom of Saudi Arabia (KSA) are concerned. The objective to introduce VAT is a significant step towards diversification of the source of revenue. VAT is a transaction based tax to be levied at each stage of supply unless specifically excluded.

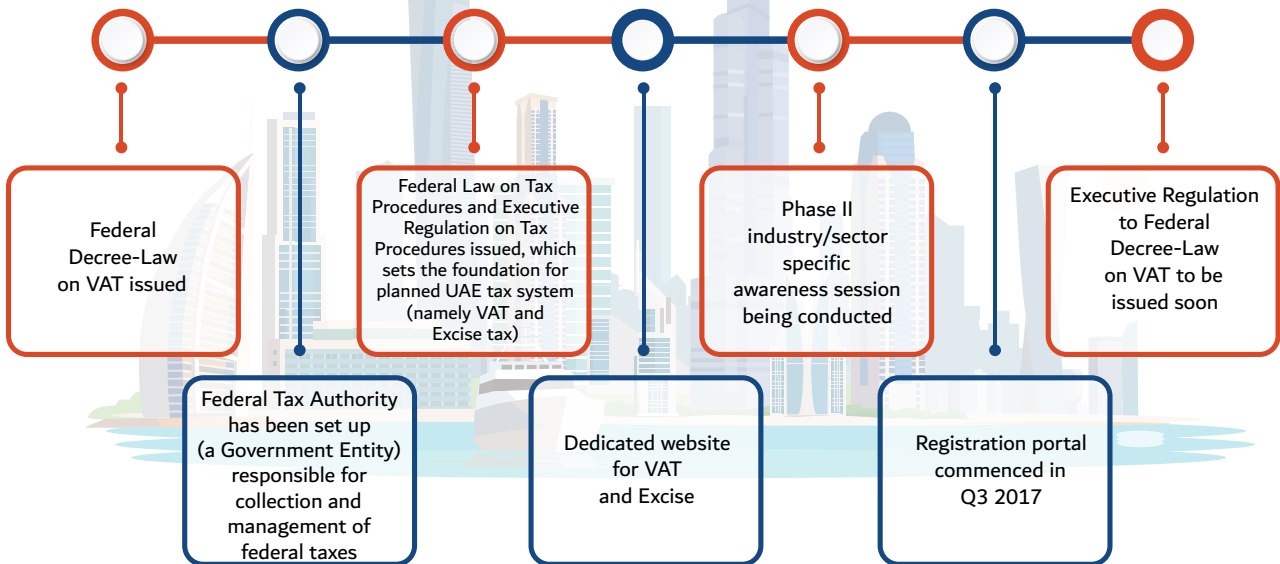
VAT in the GCC (UAE, Saudi Arabia, Bahrain, Oman, Kuwait and Qatar) will affect businesses across all sectors of the economy. VAT will have implications on every segment and functions of a business from Finance, Marketing and Sales to Human Resources as well as IT System. Hence, it is indispensable to perceive the impact of VAT to take the next steps for getting VAT ready.



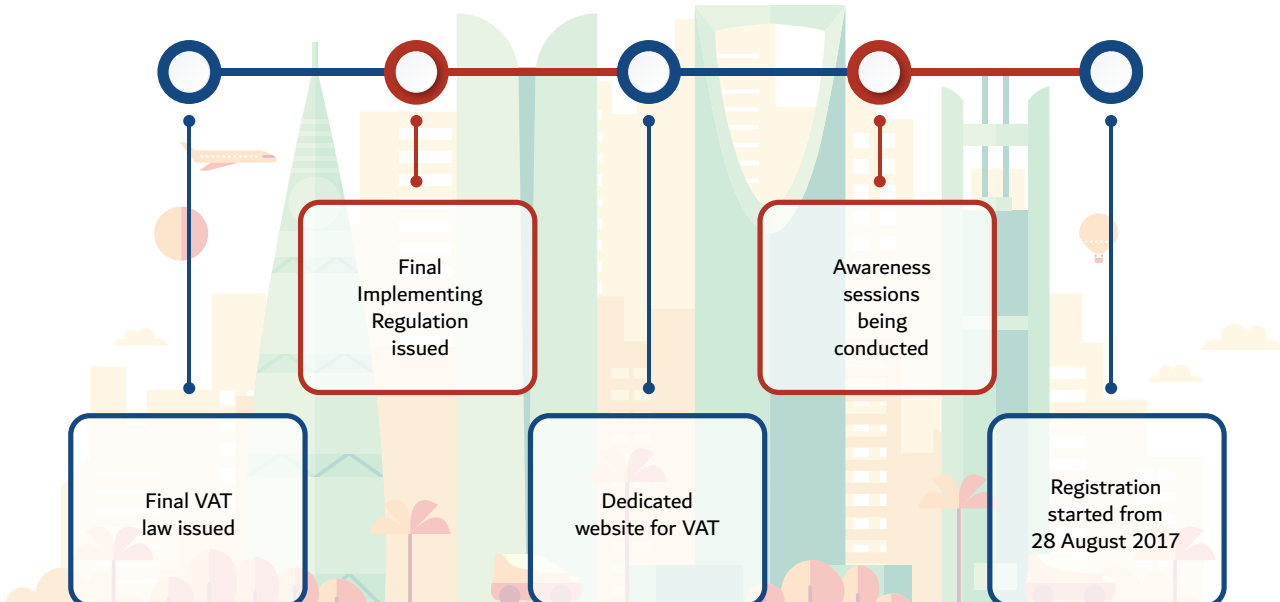
Quick Update

- Registration Threshold at approx. USD 100,000 (AED 375,000 & SAR 375,000)
- Rate of VAT 5% on goods and services unless exempted
- Non-compliance shall lead to penal consequences

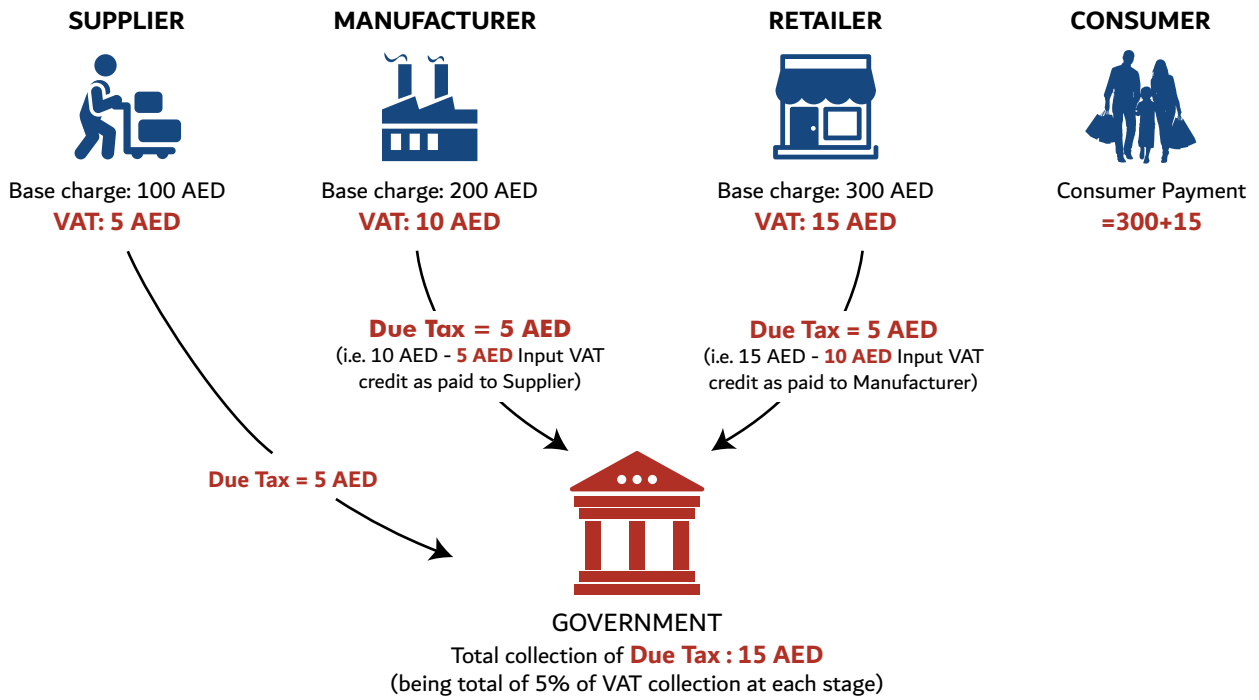
PROGRESS SO FAR – UAE VAT



PROGRESS SO FAR – KSA VAT



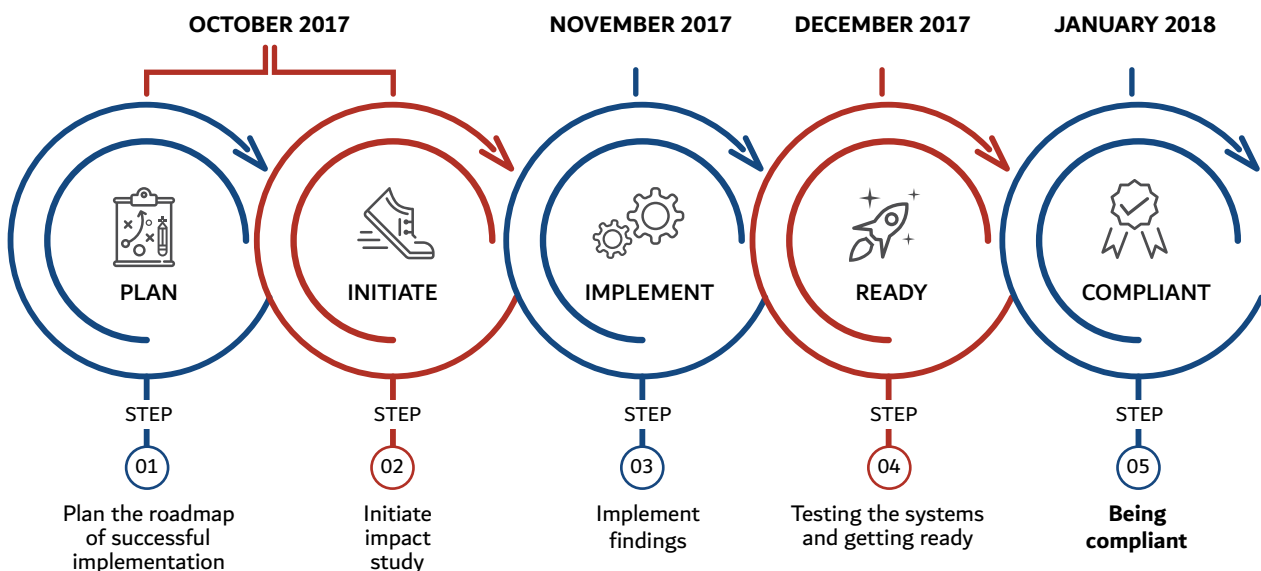
How VAT works



Way-forward

Keeping in mind the time left for being VAT ready on 01 Jan 2018 (go-live date), it is high time to commence the journey of successful implementation of VAT. Any delay in undertaking the implementation exercise can lead to a standstill situation on the go-live date or the organisation can be penalised for being non-compliant.

Thus, it is indispensable for businesses to strategise and design their business plans and models on account of introduction of VAT so that business can maintain and gain competitive edge. Below are 5 phases which an organisation undergoes to reach the target – Being VAT Ready and Compliant on scheduled go-live date.



How we can assist

VAT Impact Assessment

- Understand business transactions
- Map VAT impact on business transactions
- Financial and Working Capital impact, Legal & IT Impact & Supply-Chain function related Impact
- Implementation Roadmap based on the Impact Assessment

Awareness Sessions

- Generic VAT awareness session for all staff
- Specific awareness sessions for business functions and verticals after the impact assessment
- Workshop for compliance and reporting requirements
- Industry specific issues & challenges awareness sessions for vendors and customers

Redesign Business Process

- Suggest changes in the business model on account of introduction of VAT
- Undertake transaction structuring based on VAT impact
- Suggest changes in documents, contracts, invoices, business processes & Technology etc
- Drafting of Standard Operating Process Manuals/ User Manuals basis revised operating model

IT and System Upgrade Recommendation

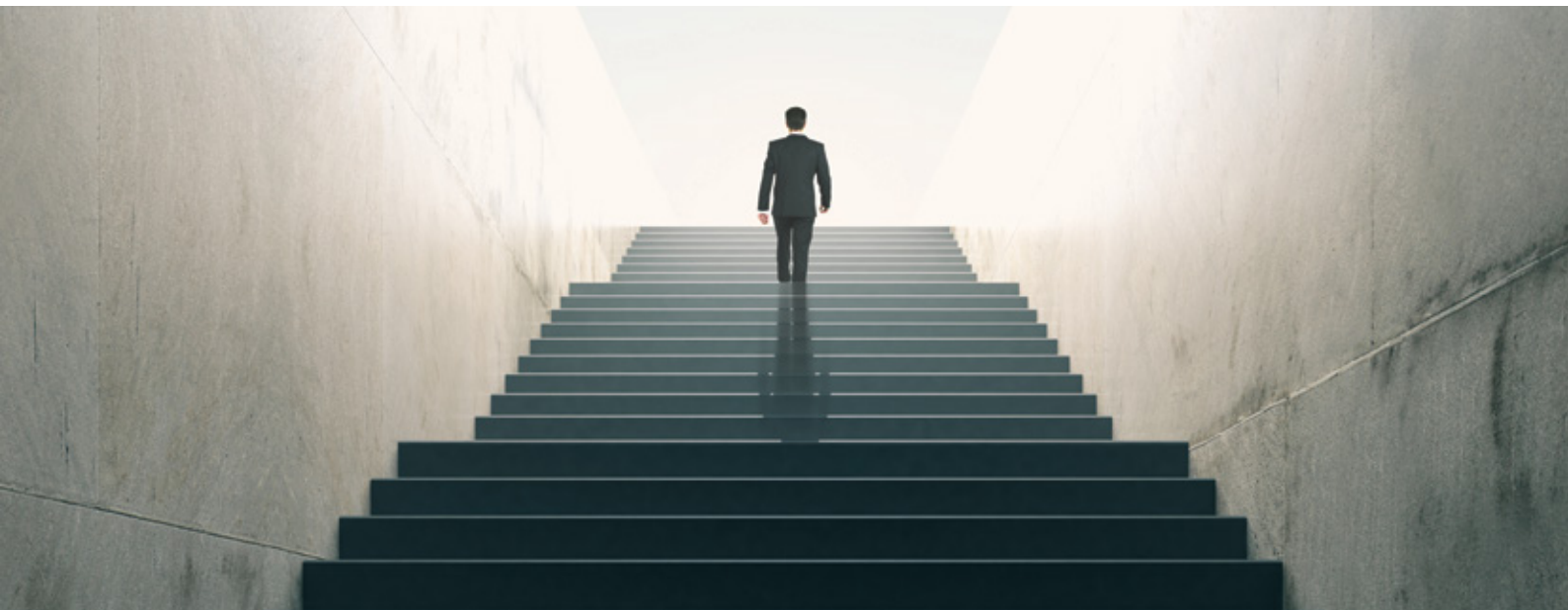
- Undertake GAP Analysis and assess 'As-Is' scenario
- Recommend master and transaction level changes in the system
- Suggest report formats considering VAT filings and recommend system logic to be configured
- Conduct User Acceptance Test (UAT) and Sign-off for System Readiness

Implementation Support

- Regular meetings with various functional heads including ERP vendor/in-house IT team
- Converting Implementation Roadmap to Actual Implementation
- Project Management Support & Resource Deployment
- Policy Advocacy & Representation

Hyper-care Support

- Assist in Accounting and Record Keeping
- Real-time support to address questions after the go-live phase
- Assistance in Registration, Computation of VAT Liability, Filing of Returns and processing of Refund Claims
- Representation support during VAT Audit by Revenue Department



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