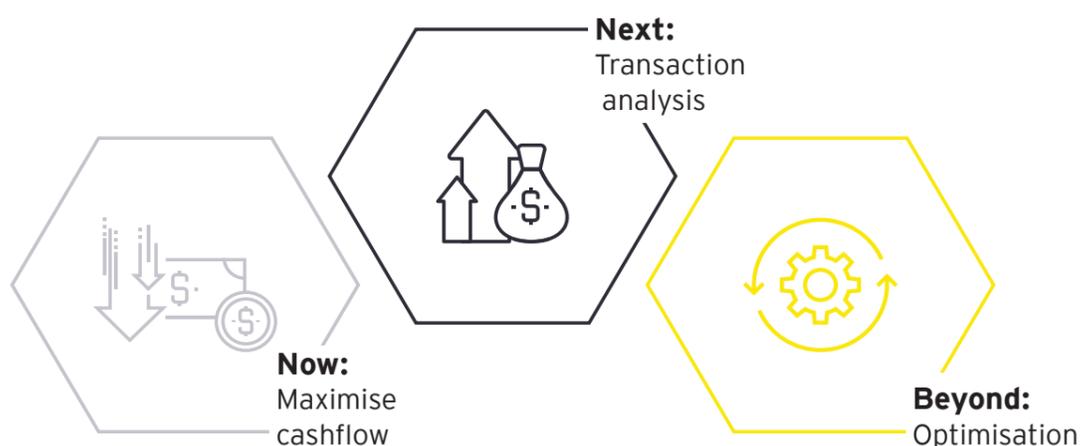


# Enhancing cash flow by improving indirect tax compliance

As an 'above-the-line' cost for financial services businesses, identifying and releasing provisions relating to VAT, GST and similar sales taxes can generate significant savings. Ensuring only the right amount of indirect taxes are paid is critical in terms of cost management. This is particularly important in the current COVID-19 environment as well as ensuring that you optimise the use of the facilitation measures available.

EY teams can support clients to improve VAT and GST management by assessing the reliefs available, reviewing indirect tax processes, transactions, and data to identify areas where more precise compliance could improve cash flow and reduce costs in both the short and longer term.

## What areas could you consider?



**Now:**  
Optimise use of COVID-19 facilitation measures and deferrals globally

- ▶ Our client-customised COVID-19 Tax Tracker allows clients to keep up to date with global measures and track status of utilisation of the measures including deferment of VAT filing and payments, accelerated VAT refunds and temporary VAT/GST exemptions.

**Next:**  
Improve existing processes/legislation application using advanced technology, tools and methodologies to recover the correct amount of VAT or manage cost bases to ensure that VAT is properly chargeable

- ▶ Reviewing VAT recovery methodologies to assess whether the current approach can be improved and / or whether designing a new method can provide a fairer result for clients
- ▶ Reviewing the VAT treatment applied to all existing transactions to determine whether VAT, GST or equivalent tax is properly due. Where it is not, businesses can revisit historical transactions as well as managing costs prospectively
- ▶ Reviewing intercompany supply chains to identify possible indirect tax efficiencies
- ▶ Realising VAT where recovery is held up. This may include VAT on expenses, travel as well as overseas VAT (e.g. expenses, staff costs)

**Beyond:**  
Optimise supply chain, structural and process flows

- ▶ Optimise use of VAT grouping as well as accounting treatments (e.g. bad debt relief, adjustments for repossessed goods and VAT accruals)
- ▶ Reviewing operating models, enterprise resource planning (ERP) and tax accounting setup, to enable an efficient and precise tax reporting process
- ▶ Support the restructure of supply chains to minimise unnecessary VAT costs

## How EY teams can help

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The global EY network of dedicated indirect tax professionals combines deep technical and industry knowledge, supported by advanced technology, tools and methodologies. We can work with you to identify indirect tax compliance efficiencies that can realise cash quickly and effectively.

## EY contacts

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### About EY

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