

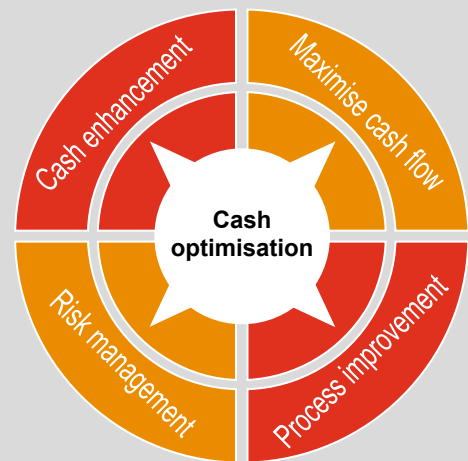


# Indirect tax – Managing and controlling cash flow

We understand that all organisations are seeking to continuously improve their internal indirect tax function and identify, realise and protect cash enhancement opportunities.

**It is important that you review your cash optimisation in four key areas:**

- **Cash recovery** – Are there opportunities for historic VAT/reclaims with an ongoing benefit as well?
- **Cash flow improvement** – is the organisation taking advantage of all the contemporary options available?
- **Process improvement** – can current processes be automated, streamlined and have wastage removed?
- **Risk management** – in managing risks properly, you can ensure cash does not leak out on an ongoing basis.



## Cash flow improvements

The below merely highlights a few general areas in which a business can manage and control its indirect tax obligations during these challenging times.

**Accelerated input tax recovery**

**Requests for payment**

**Bad debt relief**

**Partial exemption**

**Self-billing arrangements**

**VAT on employee expenses**

**Special tax period**

**Electronic invoicing & archiving**

# Cash improvement from indirect tax

## Accelerated input tax recovery

Cash flow can be optimised by recovering input tax on invoices received but not yet recorded in your books awaiting the internal approval to be completed.

## Self-billing

Self-billing enables businesses to control and minimise delay between payment to suppliers and input tax recovery.

## Requests for payment

If output tax is due on the later of the issue of an invoice or receipt of payment, requests for payment or proforma invoices can defer payment of output tax to tax authorities until the date on which a **formal invoice is issued** or a customer payment is received.

## Bad debts relief

In certain circumstances, output tax already paid to the tax authority but not yet collected from the customer can be recovered until the debt is paid.

## Special tax period

In some GCC countries (such as the UAE and Bahrain), taxpayers may opt for a semi-annual or annual tax period, subject to meeting specific criteria and conditions.

## Partial Exemption

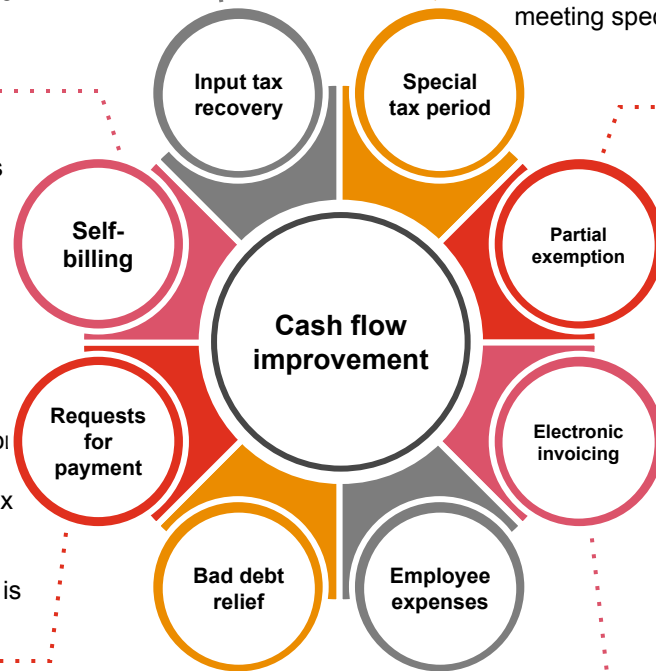
Absolute cash flow and administrative advantages can all be achieved by a partial exemption review.

## Electronic invoicing & archiving

Costs of producing, posting and storing paper invoices can be saved by electronic invoicing and archiving. This should be considered in line with Making Tax Digital.

## VAT on employee expenses

VAT on expenses claimed by employees is often not recovered by businesses. Over a two year period, this can represent a significant VAT asset for the business and can result in a large cash realisation.



## Want to find out more?

No two companies or tax departments are the same, to help you do the right thing, please get in touch.

### Jeanine Daou

Indirect Tax Leader, Middle East  
T: +971 (0) 4 304 3744  
jeanine.daou@pwc.com

### Nadine Bassil

Indirect Tax Partner, UAE  
T: +971 (0) 4 304 3688  
nadine.bassil@pwc.com

### Antoni Turczynowicz

Indirect Tax Partner, UAE  
T: +971 (0) 4 515 7372  
antoni.a.turczynowicz@pwc.com

### Carlos Garcia

Customs and International Trade  
Leader, Middle East  
+971 (0) 4 304 3936  
c.garcia@pwc.com

### Ken Healy

Tax Partner, Bahrain  
T: +973 3840 0897  
ken.healy@pwc.com

### Mohammed Yaghmour

Tax and Zakat Leader, KSA and Egypt  
T: +966 (2) 610 4400, ext. 2228  
mohammed.yaghmour@pwc.com

### Chadi Abou-Chakra

Indirect Tax Partner, KSA  
T: +966 11 211 0400, ext: 1858  
chadi.abou-chakra@pwc.com

### Mohammed Al-Obaidi

Tax and Zakat Partner, KSA  
T: +966 (1) 465 4240  
mohammed.alobaidi@pwc.com

### Darcy White

Tax and Legal Services Partner, Oman  
T: +968 2455 8154  
darcy.white@pwc.com