

VAT implementation

The introduction of VAT and its implementation within your business will have a wide-ranging effect. VAT is not simply a tax issue - it is a business issue. It affects the whole range of your business functions and can impact financials, including cash flow.

The challenge is to identify and address all business issues during the VAT implementation process and minimise, to the extent possible, any disruption to your business.

It is critical to be compliant with the VAT Law and Regulations. A structured and strategic approach ensures an efficient implementation, which takes into account your specific business issues while ensuring ongoing compliance with VAT legislation.

The PricewaterhouseCoopers solution

Local experts

PricewaterhouseCoopers' indirect tax experts in the UAE have helped put VAT systems into operation in jurisdictions around the world. PwC is working with governments in the region advising them on the implementation of VAT.

Our excellent relationships with local revenue authorities and comprehensive understanding of the regulatory and policy environment combined with our global network of experienced professionals enables us to deliver the optimal solutions tailored to the unique concerns and demands of your business.

The two-phased approach

PwC has developed a two-phased approach to help you meet the challenges of VAT implementation and ensure its successful and compliant operation in your business into the future. Our approach manages the implementation in a structured and strategic way. This approach has been designed to be tailored to individual business needs.

Below is a brief outline of the two phases and key focus areas.



Phase I - Scoping

Objectives: Identify and analyse the impact of VAT on your business, develop an implementation plan, estimate costs and allocate resources

Estimated timeframe: Four to six weeks.

At the beginning, VAT awareness training is organised. It includes a seminar on the scoping phase and workplan. The initial scoping stage will focus on defining the tasks, by consulting internal stakeholders to determine issues and business-specific factors that must be taken into account. We analyse the issues to determine the most appropriate tailored approach for the VAT implementation.

We will develop a high level implementation plan, broken up into individual workstreams. These will enable an estimation of the costs as well as the budgeting of necessary financial, human, technical and other resources. During this phase we also recommend you appoint a VAT Implementation Project Manager.

Phase II - Implementation

Objectives: Structured implementation. Adjust business processes and structure, adapt/change systems, review arrangements with suppliers and customers, educate and train staff, suppliers and customers.

Estimated timeframe: Six months.

Based on the information and strategies determined in the scoping phase, the implementation project teams execute each project brief, co-ordinated and managed by your VAT Implementation Project Manager.

In practice, this will mean changing and refining affected business processes, organisational structure, and adapting systems to incorporate VAT compliance. A comprehensive review of your contracts (especially terms and conditions) with your customers and suppliers may also be necessary. This will require changes to your enterprise systems. In this phase we will also implement an education and training programme with staff, and a communications programme with customers and suppliers to ensure they are fully informed of any changes that will affect them and to manage these essential business relationships.

Key focus areas

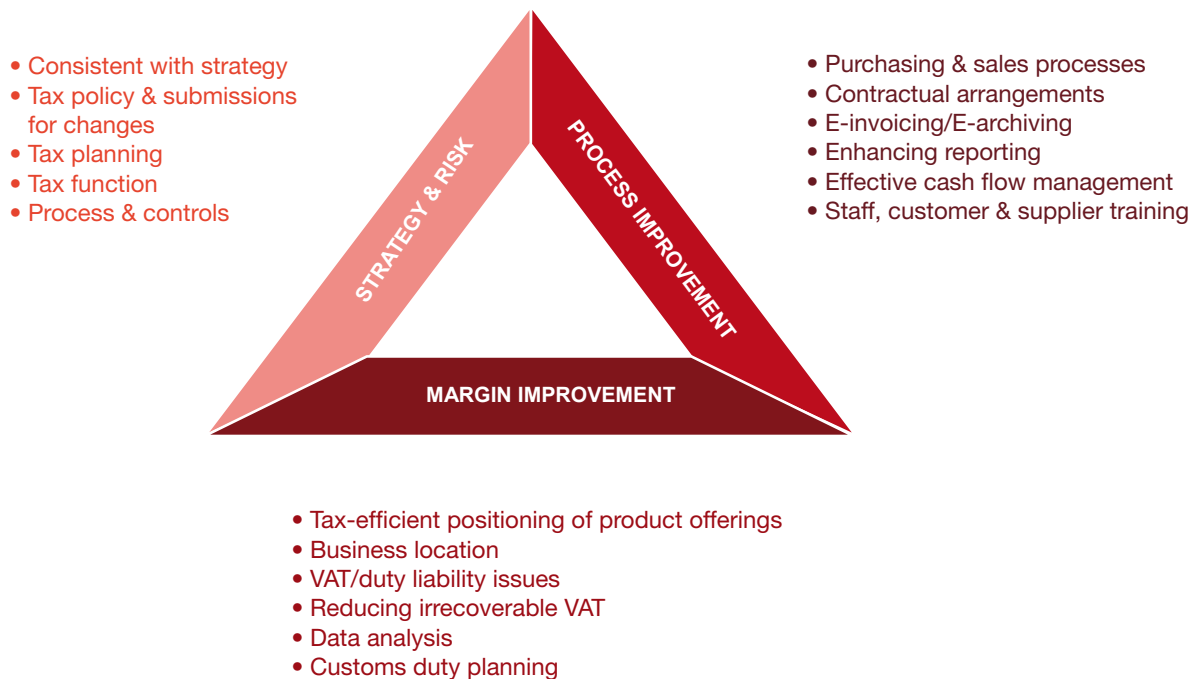
Each of the two phases may be implemented across 10 key focus areas, which refer to each impact area of your business. These are:

- Analysis of sales, purchase transactions and physical flows (for goods)
- Grouping and structuring of corporate entities and relationships
- Products and pricing review in light of any change in cost structures
- Supplier and customer management
- Financial modelling of impacts upon business
- Tax issues to address or clarify business-specific VAT issues
- Communications with internal and external stakeholders, suppliers and customers and training of staff
- Business process changes
- IT systems changes
- Project management

Benefits of working with PricewaterhouseCoopers

The PwC two-phased approach to VAT implementation ensures an efficient, timely, structured approach to assure your business is ready for, and compliant with, the new VAT system. Our methodology is supported by a UAE-specific VAT issues database and project management approach based on a deep knowledge of the laws and regulations achieved through our work for the government. Our approach has also been used successfully in other jurisdictions.

PwC's key value propositions for a successful VAT implementation



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