








VAT's around the corner – Is your business prepared?

UAE will introduce VAT on 1 January 2018

VAT is going to be a major change for UAE and it is critical for businesses to plan and evaluate the impact of VAT in a timely manner. VAT will affect all the parts of the business right from supply chain, sales, IT, legal, accounting, human resources and finance.

The transition would have to be managed in a phased manner, wherein companies would have to start by understanding key areas of impact in their business and prepare for the design and application of VAT.

VAT MULTI-FOLD IMPACT

	PROCUREMENT AND IMPORTATION Supplier Pricing and AP processing times Additional back up documentation Supplier VAT awareness Considerations for purchase from Non-Registered Supplier Within GCC and outside GCC imports
	ERP AND IT SYSTEMS Programme changes for VAT coding on all Customer Invoices VAT input fields in GL, AP, AR, and Procurement sub-ledgers System testing System for Back up retention and Retrieval of Tax invoices and backup Trail for VAT Audit, Queries and Input Credits
	SALES AND MARKETING Pricing strategy Communication with customers Debit and Credit Notes Inter-company transactions
	LEGAL AND HR Inclusion of relevant clauses for VAT protection Internal and External Communication plans Staff Trainings Employee Allowances and Expense claims
	FINANCE, TAX AND FISCAL COMPLIANCE Updates of policy and procedures manual Cash flow impact, VAT schemes for cash flow improvement Timely Registration of Entities Compliance to Vat filing time lines, queries and audits



PREMIER BRAINS APPROACH TO VAT IMPLEMENTATION

VAT IMPLEMENTATION TIMELINE		
<i>Estimated timings (will differ based on size and nature of business)</i>		
PHASES	TIMELINE	ACTION STEPS
PHASE 1- IMPACT ASSESSMENT	Week 1-4 <i>(duration depends on nature and size of business)</i>	<p>Step 1: Analysis and mapping of existing process vis-à-vis VAT Understanding of transactions of business - Transaction listing through ledger dump - Trial balance - location wise and segment wise - Go through existing financials of all locations - Map P&L by expense</p> <p>Step 2: Analyse existing flow between different entities</p> <p>Step 3: Mapping of the transactions into specified goods and services and place of supply provisions Understanding functions of each department to assess the VAT impact on their transactions and mapping them with the business model</p> <p>Step 4: Understanding of the purchasing and sales policies for VAT impact and restructuring thereof Review sample contracts - Understanding of the contractual terms for VAT impact and restructuring thereof</p> <p>Step 5: Identify impact on the existing IT systems</p> <p>Step 6: Prepare a log to prioritize key issues to be addressed during implementation</p> <p>Step 7: Prepare summary of VAT touchpoints</p>
PHASE 2 - PLANNING, DESIGN AND IMPLEMENTATION	Week 5 - 16 <i>(duration depends on nature and size of business)</i>	<p>Step 1: Planning resources, right structure and requirements for VAT implementation</p> <p>Step 2: Design changes to accounting processes and systems</p> <p>Step 3: Liaise with IT team for system changes and updates</p> <p>Step 4: Design training and operating procedures for all the stakeholders in business</p> <p>Step 5: Design a VAT operational model for all the business units</p> <p>Step 6: Working with Legal team to ensure that legal contracts have appropriate VAT clauses</p> <p>Step 7: Design strategies for cash flow optimisation</p> <p>Step 8: Implement process and system changes</p> <p>Step 9: Test run of the revised systems to ensure that the configured systems are in place</p> <p>Step 10: Run training programs</p> <p>Step 11: Communication with supplier and Vendors</p>
PHASE 3 - COMPLIANCE AND ONGOING SUPPORT	Nov/Dec 2017 From 1 January 2018	<p>Step 1: Advise on applicability of VAT groups</p> <p>Step 2: Assist with VAT registration</p> <p>- Ongoing systems support - Resolve any compliance issues - Support for preparation, review, filing of VAT returns</p>

To learn more about how Premier Brains can help your business, please drop us an email at info@premier-brains.com or call us at + 971 4 3542959.

ABOUT PBS

Premier Brains is a firm of qualified and experienced financial advisors and accountants. Delivering exceptional business value to our clients is our primary goal.

- Audit and Assurance (External & Internal)
- Business valuations
- Feasibility Studies
- Merger and acquisitions
- Business Accounts Outsourcing Services
- Assistance in raising corporate finance and finding equity partners
- Company Incorporations (registered agents with RAK Offshore)

"ALWAYS DOING THE RIGHT THING"