



Indirect Tax

Now, for tomorrow

**“United by a
commitment to
provide exceptional
client service”**

About Baker Tilly

As a US\$3.9bn global organization with member firms in 146 territories, out of 742 offices worldwide with 36,322 people, we have the scale to meet your changing needs, but the agility that helps you stay one step ahead.

We are proud to be a member of the Baker Tilly network, a global network of independent accounting and business advisory firms, whose member firms share our dedication to exceptional client service.

The international network gives us significant global reach in addition to our substantial national presence. We collaborate to leverage our skills, resources and local expertise to help our clients grow locally, nationally and globally.

Indirect tax: Not only major risks, but also many opportunities

Indirect tax is becoming more and more important in territories all over the world. New jurisdictions are implementing an indirect tax system and indirect tax rates are being increased.

Indirect tax as a tax chargeable on individual transactions is omnipresent. Every contract concluded, every invoice raised or received, needs to be correctly assessed for its taxability. Whether in bulk business or major corporate deals, errors can quickly become costly. So, in order to avoid financial risk, disputes with the tax authorities and arguments with business partners, it is important for all parties to have the necessary knowledge and experience ready to hand.

Businesses trading anywhere in the world will usually have an exposure to numerous indirect tax liabilities in multiple jurisdictions. Managing the group's indirect tax costs is an essential requirement for ensuring your business remains competitive. This often requires a business to have access to a skilled and experienced indirect tax team in each jurisdiction.

For many businesses in this situation, a practical alternative to employing their own tax personnel in each of the territories concerned, is to outsource the work to high quality local firms of tax advisers with the necessary expertise.

Baker Tilly's tax team is comprised of experienced advisors with a comprehensive array of specialized know-how. Relying on the technical knowledge and vast experience we are able to provide our clients solutions that are suited to each specific need.

Here are the main ways indirect tax specialists can help:

- Indirect tax compliance – crossborder and locally
- Maximising indirect tax opportunities
- Training events and guidance.

Our specialists bring to each client assignment a thorough knowledge of indirect tax law and practice in their location, extensive experience of guiding businesses safely through their compliance obligations and a proactive approach to giving constructive advice to businesses regarding maximising indirect tax opportunities and minimising indirect tax costs and risks. Expertise, coupled with the ability to identify the achievable and ensure sound economic processes, is essential in all fields of business. Tailored solutions are invariably the key to covering all the bases as companies strive to reconcile their business processes with prevailing indirect tax law.

For businesses with operations in a number of jurisdictions, outsourcing their indirect tax requirements to Baker Tilly with globally focused indirect tax experts, can be a move to greater efficiency and profitability.

“We use the most pragmatic solution ensuring a cost efficient service and a high quality finished product is delivered.”

Indirect tax compliance: Cross border and locally

Efficient indirect tax management for international businesses in any jurisdiction begins with a thorough knowledge of the compliance obligations regarding filing returns and the payment of liabilities.

We keep our clients informed when information is needed for completing indirect tax returns and other declarations, advising proactively when payments are due. In a world where ‘cash is king’, this means the wastage of funds is minimised in terms of penalties for late submissions and interest being levied at excessive rates due to late payments.

In preparing indirect tax returns for clients, we use the most pragmatic solution which often involves utilising the most modern software available, ensuring a cost efficient service and a high quality finished product.

In most territories there are numerous returns required each year. Where local tax rules are structured so that federal and local tax requirements exist, the situation is more complex and a business can find itself having to file both a federal tax return and a state or provincial tax return and even in some cases a city tax return. Baker Tilly International member firms in such jurisdictions typically provide office representation in each state or province, so they can supply a multiple tax return preparation service where this is required. This leads to a more efficient and cost effective approach for clients.

International trade in goods and services is constantly under the indirect tax spotlight. Consequently, organisational procedures and control structures covering all the relevant accounting operations and documentation requirements are essential to minimise administrative costs and ensure that supplies and services are provided tax efficiently. Even established enterprise planning systems can only ensure effective procedures if pre-programmed in advance to accommodate the indirect tax related needs of the business concerned.

Compliance with indirect tax regulations and obligations abroad also need to be given due consideration to ensure any review by a foreign tax authority does not result in a negative impact for our clients. And when establishing or restructuring logistics operations, it is again highly advisable to consider the indirect tax consequences well in advance.

Modern group structures necessitate a constant stream of intercompany transfers. These intercompany transfers need to be rendered secure, efficient and liquidity optimised from an indirect tax point of view. So a review and reconciliation exercise is often advisable – a process that could, for example, be beneficially implemented in conjunction with the preparation of necessary transfer pricing documentation.

Maximising indirect tax opportunities

The key to mitigating indirect tax liabilities for international businesses in the jurisdictions in which they operate, is to take full advantage of any opportunities that each jurisdiction currently offers as a means to returning maximum stakeholder value.

These opportunities differ from territory to territory and they also change over time. Accordingly, specialist local knowledge is essential to ensure that full advantage is taken of all opportunities and that all available tax breaks are utilised.

Depending on the jurisdiction concerned, the following are just some of the factors which may apply:

- Analysis of national and international agreements from an indirect tax perspective
- Optimisation of the indirect tax treatment within the supply chain
- Utilisation of input tax deduction opportunities
- Support in establishing the right structures for the management of out-sourcing processes
- Planning of indirect tax relevant aspects in mergers and acquisitions and real estate transactions.

Training: Events and guidance

Our specialists in indirect tax can provide businesses with tailor-made indirect tax training for each business unit (accounting, legal, sales and distribution). Our experience tells us that combined training for differing business units can lead to new insights within organisations. Working closely with clients, our specialists will determine the level and objectives of the training so it matches the business strategy.

Tailor-made in-house training could include:

- The fundamentals of the local indirect taxes
- International indirect tax regulation
- Indirect tax obligations

The upcoming changes in indirect taxes and consequences for businesses.

Based on the experience of our specialists, training can create a mutual understanding of businesses specific indirect tax queries. Through the open communication during the training and use of real-life examples, the indirect tax knowledge gained by employees can be applied to their day-to-day activities.

Furthermore our indirect tax specialists can support businesses in the creation of specific internal procedures for accounting, legal, sales and distribution teams in order to ensure the correct indirect tax treatment of business transactions. These tailor-made procedures provides guidance which means employees will be able to apply the correct indirect tax rules for invoices, compliance obligations and other related tax matters. This will ensure that businesses are in control of their indirect tax affairs at a transactional level.





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About Baker Tilly International

Baker Tilly International is one of the world's leading networks of independently owned and managed accountancy and business advisory firms united by a commitment to provide exceptional client service.

Every day, 36,000 people in 147 locations share experiences and expertise to help privately held businesses and public interest entities meet challenges and proactively respond to opportunities. International capability and global consistency of service are central to the way we work.

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