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## Voluntary disclosures — a valuable tool for dealing with value-added tax (VAT) errors

Detecting and correcting errors in past returns is a vital part of every VAT system. The mechanisms for correcting past declarations vary widely between jurisdictions. In most, however, taxable persons who find and report errors voluntarily receive a reduction or waiver of the penalties that would otherwise apply. As VAT penalties can be substantial, the benefits to businesses of making voluntary disclosures can be significant.

Businesses need policies and processes to prevent VAT errors and that can detect and remediate mistakes when they occur. In addition, multinational enterprises must adapt their processes to reflect the different ways that past mistakes may be corrected in different jurisdictions. And it is important to be proactive, as the benefits of reduced penalties rarely apply once tax authority enquiries are underway. An effective VAT control framework, therefore, requires a thorough understanding of voluntary disclosure regimes and should incorporate an active program of ongoing review and remediation.

For more information about a recent French Tax Administration voluntary disclosure regime, please read EY Global Tax Alert, [French Tax Administration encourages taxable persons to carry out VAT voluntary disclosure with respect to Intra-Community distance sales of goods](#).

More information about correcting errors in past VAT/GST returns may be found in [EY Worldwide VAT, GST and Sales Tax Guide 2022](#).

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