

LUXEMBOURG SAF-T

How to comply and extract the hidden benefits

WHAT ARE THE SAF-T REQUIREMENTS IN LUXEMBOURG?

In Luxembourg the OECD's standard model was adopted in 2011, known as the "FAIA" requirements.

FAIA applies to all entities VAT registered under the standard regime other than those entities:

- ▶ Not obliged to file the Standard Chart of Accounts (PCN)
- ▶ Benefiting from a simplified VAT regime
- ▶ Whose turnover is less than EUR 112.000,00 per calendar year
- ▶ With less than 500 (approximately) accounting entries per year

The FAIA regulations provide that taxpayers must provide the following accounting data in a specific format:

- ▶ Header - Information on reporting entity and selection criteria for generation
- ▶ Master Files - Fixed data such as customers, suppliers, products, tax codes, etc.
- ▶ General Ledger Entries - Full GL extracts from journal to line level
- ▶ Source Documents - Underlying documents for GL transactions such as invoices, payments, dispatch note, etc.

HOW CAN EY HELP?

Creating a FAIA file is not an easy task, due to strict structural requirements and the volume of data. On this basis we have developed a number of offerings to assist our clients:

- ▶ Validate clients' proposed FAIA file prior to submission to the Tax Authorities using a series of tests
- ▶ Help clients produce a FAIA file as a managed service
- ▶ Create customized solutions to enable clients to produce FAIA locally

EY are able to also assist on an advisory basis should you wish to create a solution in house. An example of the data flows in our solutions are shown to the right.

HOW TO MAXIMISE THE BENEFITS

Having created a FAIA file businesses should then consider how to maximise the benefit. Due to FAIA files standard structure, these can be used for the following:

- ▶ Automate VAT compliance
- ▶ Utilize VAT Analytics to identify potential risks and opportunities
- ▶ Automate regulatory reporting

Our solutions rely on a review of existing tax processes to ensure that the automated solution is accurate.

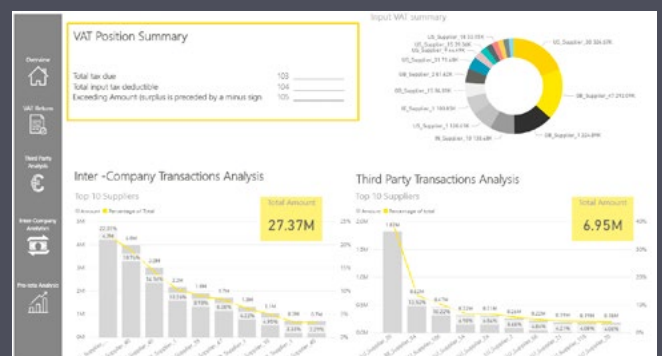
ON PREMISE SOLUTION



MANAGED SERVICE SOLUTION



EXAMPLE OUTPUT OF AUTOMATED VAT COMPLIANCE



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