



Local Matters, National Strength.

InDirect Taxes PG World Conference Vienna

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We think International



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Cash sales by wholesaler

Legitimate or fraud

Do you have a moment?

- Big wholesaler in green stuff
- Cash sales
- Limited volume and value
- 6% VAT
- No invoice

YOUR FIRST THOUGHTS?

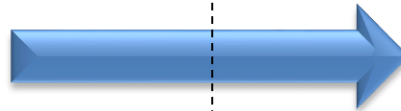
SIMPLE ICT

Territory of The Netherlands

Other EU Member State

NL
Wholesaler

Supply
And Delivery



Customer
OEUMS

Dutch VAT @ 0%
Tax invoice issued.
EC Sales List
Intrastat for
Despatches

Supply visible
VAT at 25% via Acquisition Tax
Declaration.
Intrastat for Arrivals

Pick up shipment

Territory of The Netherlands

Other EU Member State
(OEUMS)



Dutch VAT @ 7%?

Supply not visible
No VAT?
Black economy?

VAT framework

- Intra Community Transaction (ICT)
 - supply 0% > acquisition locally taxable
- Deemed ICT (transfer of stock)
 - Supply 0% > acquisition locally taxable
- Pick up transaction
 - Local taxable supply
- Invoice requirements

VAT FRAUD

- Precaution: act like a diligent trader
- No right to deduct VAT
- No right to apply VAT zero rate (6%/21%?)
- Can 6% become 21%?

Call with client

- Volume and value: 10 – 15 million
- Apparently to avoid import levy of 25%
- Green NL = 6% in other EU 25%
- Competition with other wholesalers

YOUR THOUGHTS?

ISSUES

- Cash

bank acceptance, cross border limitations

- Legal obligations advisor

NOB, law (administrative, tax, criminal,)

terrorism finance, white washing

- Company polici

Ethics, reputation

Context

- Client appears to be well known relative of your colleague

Call with local accountant

- Other wholesalers do it
- Ruling with tax office

YOUR THOUGHTS!

Call with local advisor

- No import duties, is local VAT rate
- Only local VAT / penalty risk
- Wholesaler risk is neglectible

YOUR THOUGHTS!

Meeting with client

- Regards 8 existing customers only
- No proof to demonstrate real ICT
- All is “pick up” paid via bank
- Now “pick up” paid cash
- One truck holds both taxed/zero rated
- No pick up statements

ONLY IF LEGALLY SAFE!!!!

The drinks are on the house!

