

DAGTVA

Dispositif Automatique de Gestion de la Taxe à la Valeur Ajoutée

Automatic Device for managing the Value Added Tax and other indirect taxations on consumption.

Abstract

Preamble: To be part of the "Green Paper on VAT" advocated by the European Commission on the simplification of VAT using new management methods and removing any possible fraud that could be detrimental to tax revenues. DAGTVA is a new self-liquidating technical device requires banks to automatically collect the Tax on the Added Value contained in the payment. This process takes place at the source of the settlement of an invoice, after controls and calculations through its tax administration, and replaces tax orders from companies. Banks act on behalf of the beneficiary state in crediting this tax.

General Feature: Technical device characterized by a complete automation of the management of Value Added Tax, also called VAT. Automation is done at all levels: from the declaration of this tax by the subject, through the involvement by the banks and to the collection of this tax by the beneficiary states. This automation can provide extreme simplification of the VAT processing for companies (as they are no longer required to collect VAT) and for States tax services by providing them banking payment operations where VAT is present.

Declarations: The system relates to a device allowing a company liable for VAT to declare, during the validation of an entry in its accounting software, the generation of a sales invoice or purchase (done for VAT) and to transfer automatically by computer a data file and network on the identifiers involved in the transaction to the appropriate VAT fiscal treatment centre.

Controls: Long before the arrival of the payment in the bank, the VAT fiscal treatment centre (s) compare (s) the statement of purchase, as soon as it arrives, with that of the previous statement of sale and, generate for the bank which will hold the payment in the event of a tie, a *Tax Clearance Extraction* which will determine the process of payment.

Payments: When paying the invoice from or to a company liable for VAT, the seller's bank or the buyer registered with the device (DAGTVA), automatically transmits to the VAT fiscal treatment centre payment's identifiers, which in turns, returns the pre-established VAT *Tax Clearance Extraction* to the Bank.

Regulations guidelines: Banks apply the guidelines against remuneration, for processing the *Tax Clearance Extraction*. These instructions are included through the conventional banking loops, leading to the perception of VAT statements by the states beneficiaries of VAT, by splitting in NET and VAT. The Treasury of the beneficiary State is credited automatically from VAT. Regulations of accounts liable to this tax identify: For the seller a net credit amount and for the buyer a VAT an immediate refund account credit (by the completion of the transactions between B2B).

DAGTVA strengthens the banking system that would be paid for this work. It does not switch to it what was done in companies. Neither banks nor companies will at any time in possession of VAT.

Automation and Fraud: The main purpose of invention DAGTVA system is: in first completely automate, by reducing to its simplest expression, management of this tax to all parties involved. This is achieved by providing immediate and unprecedented productivity gains though work flow efficiencies, especially beneficial to SME and TPE enterprises, secondly, the system strives to offer the same administrative facilities to the beneficiary States, by removing any possibility of fraud detrimental to tax revenues. There is no intermediary between the liable of VAT and the State beneficiary of the tax.

Reverse charge: This technical device is, for all intent purposes reverse charge by the mere fact that it levies the tax as soon as any method of payment (cash include) for a product or service is used.

Application: The system is applicable on all transactions where VAT is present, in all states applying the VAT and can be adapted, without modification, to similar systems of taxation on sales and services, including the USA or Canada. Only the deductible tax portion would not be taken into consideration.

The procedure that strengthens the Sarbanes-Oxley laws also meets, as a whole, the recommendations on the "Green Paper on VAT" proposed by the European Commission.