

### **VAT billing machines coming soon**

VAT is one of the main sources of revenue for many governments around the globe. In that regard, tax authorities are inclined to put measures that aim to minimise revenue leakages from the same. Internationally, most governments are introducing Electronic Billing Machines primarily for their VAT registered clients. The primary objective for these machines is to combat non-compliance by monitoring business transactions in real-time. Locally, we noted that BURS has been advertising for vendors who can supply and implement such electronic VAT invoicing solutions. Therefore, it is our view that VAT electronic billing machines may be a ground-breaking tax change to watch out for in the near future.

Primarily, the VAT billing machines seek to clamp down on VAT registrants who may be tempted to slash sales in a bid to reduce or underpay VAT. At present, the VAT system is predominantly controlled and administered by taxpayers whereas BURS only has access to the finer details of the taxes when they conduct tax audits. In essence, BURS depends on the voluntary compliance of taxpayers, which is expected to be free of fraud. However, this might not always be the case. Accordingly, the introduction of a VAT invoicing or billing solution technically means that VAT registrants will be compelled to purchase VAT billing machines which will be interfaced with BURS' system. As invoices are raised by each VAT-registrant, BURS will remotely be able to tell how much in sales and VAT would have been recorded by each VAT registrant. In that way, it becomes difficult for VAT registrants to temper around with periodic VAT dues as BURS will easily pick any discrepancies that may arise.

Additionally, the introduction of VAT billing system will inherently bring awareness among taxpayers that revenue must not be manipulated. Judging from the benefits it will bring to the tax authorities, it will not be surprising to see it coming anytime from now.

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