# Masters of GST

SAP Concur

GST has been a valuable source of revenue for the Australian Government since 2000. Yet, despite more than 20 years of getting used to calculating, paying and reclaiming GST, businesses still struggle to adhere to ATO guidelines.

In March of 2017, the ATO identified almost $350 million in unreported GST liabilities after contacting over 1,000 large business taxpayers.[1]  Following the review, the ATO advised that businesses going through change are most at risk of reporting GST incorrectly. This includes businesses that are growing rapidly, restructuring, going through a merger or demerger, installing new accounting software or experiencing a change in accounting staff.

With the increase in the ATO's Justified Trust approach which seeks to provide assurance that taxpayers are paying the right amount of tax, there is an increased need for businesses to have robust tax controls frameworks in place and to provide objective evidence of the operational effectiveness of those controls to provide an independent level of assurance.

Paying the right amount of tax is modelled on the principles of effective tax governance so that tax risks and outcomes of differences between accounting and tax results are flagged to the market by the ATO

Increased scrutiny by the ATO on tax compliance means that organisations have to ensure they have:

- Appropriate resourcing models with robust governance practices; and
- Effective tax processes in the areas of compliance, reporting, and planning to allow the tax department to operate efficiently.

With support from SAP Concur, it doesn't have to be this way. First, we offer an expense audit solution to check for fraud and non-compliance. Secondly, we work with tax specialists to help you comply with GST/VAT regulations. Thirdly, we give you visibility and control over all aspects of your travel, expense and invoice spending.

**Crucially, we see GST recovery as an opportunity to reduce business costs and put money back in your budget.**

Read on for an overview of key GST challenges and our top tips for addressing them.

1. Source: Australian Taxation Office

# Are you up to the GST/VAT challenge?

GST/VAT is recoverable in more than 40 countries around the world. Each country has different rules and approaches, making GST compliance and reclaim a complex process.

Generally, GST compliance demands comprehensive policies for documenting business income, costs and associated charges ahead of any potential GST audit. And then there's the tricky matter of how to reclaim GST – and on what.

## Some of the key challenges we're asked to help with include:

How to manage travel budgets and policies without hindering employees trying to nurture business opportunities

How to understand exactly which activities have incurred input and output GST, calculate the difference and submit an accurate GST return

How to ensure expense claims are submitted, reviewed and reimbursed promptly

How to monitor business travel expenses and ensure the correct type of invoice or receipt is retained by the traveller for use in GST recovery

These are just a few of the GST challenges companies struggle with. Now let's look at how to master them..

# Top Tips for Successful GST Compliance and Recovery

At SAP Concur, we help business of all sizes get to grips with GST compliance and reclaim.

**1** Introduce and enforce a company- wide policy for expenses covering what can and cannot be reimbursed to an employee

**2** Audit all expenses, look out for fraudulent claims, and manage a fully traceable audit trial

**3** Insist that employees ask for digital invoices or receipts and that they attach the images to expense claims as evidence for reimbursement, including tax invoices that are valid for Australian GST purposes

**4** Make sure employees request invoice and receipts that include the date, supplier's name and GST number (i.e. Australian Business Number or ABN)

**5** Introduce a mobile app to capture expenses in real-time to avoid lost or forgotten spend

**6** Urge employees to provide business rather than personal details on check-in at a hotel, and to pay using a company credit card

**7** Bring your travel and expense policy in line with GST requirements – it's best practice to use your GST reclaim process as the basis of your policy

**8** Provide employees with support, guidance and training on GST regulations or changes to your travel and expense policies – and carry out regular spot-checks to ensure compliance

**9** Ensure that the right people are reviewing and approving the right level of expenses as part of the approval process, including verification of the GST details

**10** Embrace technology and invest in an automated travel and expense management solution to oversee and streamline the process end-to-end

# Expertise + Technology
# = Compliance + Reclaim

SAP Concur offers a cloud-based spend management solution that gives you:

- Visibility on travel, expense and invoice spend and control over approvals

- An intuitive mobile app that supports policy compliance on the move

- Optional audit solutions and support from our specialist tax partners

- Automated processes to simplify complex and lengthy authorisations

We know that when the time comes to audit your business, the ATO will be looking at your spend management from start to finish, including seeking objective evidence of the existence of your GST controls including IT and other data controls (e.g. allocation of GST codes) and the testing of those controls. That's why SAP Concur enables you to put a full, end-to-end process in place.

## How does it work?

Concur Audit works in sync with Concur Expense to verify your expense claims and receipts. Concur Audit also helps your company conduct tax checks against the GST or VAT amount calculated within the system.

You can take this a step further with our tax partners to maximise reclaim across your spend by identifying and recovering GST or VAT that might otherwise be lost, both domestically and internationally.
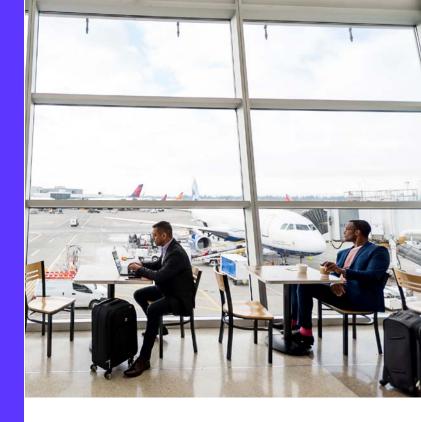
# A question of Compliance

Just how hard can it really be to ensure compliance with ATO regulations, GST legislation and internal policies? For many companies, the answer to the above question is 'extremely hard'. That's because factors such as expense fraud and complex mileage claims make it difficult to be confident that a submitted expense claim is accurate and aligned with company policy. Concur Audit gives you that confidence.

By auditing your expense claims against information given by employees, receipt images and your internal policies you can increase compliance. Our auditing system can:

- Make sure the date, amount and expense type match the claim.

- Check for prohibited spend and review GST receipts to capture the right amount of tax.

- Help you identify where GST is waiting to be reclaimed (through an App Centre connection, or a business partnership), then adjust policies or behaviours to ensure that you're as close to your reclaim potential as possible.

## See the complete picture

With Concur Audit you will improve compliance and gain full visibility of employee spend. Combined with support from our tax partners, you can maximise GST recovery whilst ensuring that your tax control framework is operating effectively to reduce GST compliance risk

# One in five

**employees thinks it's OK to exaggerate their expenses.**

# GST in Your Industry

Every industry has different GST requirements and challenges. That's why, at SAP Concur, we tailor the services we provide to meet the unique needs of each client.

In recent years, the ATO has published those industries that typically have the highest number of GST reporting errors. These industries have typically included manufacturing, retail, energy and resources, together with financial services, insurance, property and construction industries.

Here's why businesses rely on SAP Concur for GST compliance:

## Consumer Products

Consumer product organisations often have complex, global supply chains necessitating global travel and overseas procurement. Implementing an integrated approach to spend means your business can automatically stay in line with updates; it also ensures that only legitimate expenses are processed in line with a clear and enforced policy for GST/VAT compliance.

## Energy and Natural Resources

Energy and natural resource companies are transforming their asset utilisation and seeking out sustainable energy resources. Now they can transform their internal spend and expense management capability as well. With automated travel and expense management features that employees can access from their mobile devices while on the move, it is easier than ever to capture and send receipts for GST purposes.

## Professional Services

Professional services firms know that efficiency is linked to profitability. Yet our research shows errors and mistakes, time-consuming data capture and payment delays cited as the top challenges in this sector. When it comes to GST and adherence to ATO guidelines, your spend data and reporting must be up to date with ATO standards, GST legislative and regulatory changes.

## Financial Services

Financial services is one of the most highly regulated industries, so you need to be confident that your GST position is accurate and auditable. It is also one of the more complex industries from a GST technical perspective given the rules concerning GST recovery restrictions and the need for GST apportionment methods. Further, the administrative burden of GST compliance is often compounded by a labour-intensive manual process together with complexity of data sources and ERP systems

## Retailers

Retailers have seasonal peaks in their business year and, at the busiest times, it's easy for incorrect or fraudulent expense claims to slip through the net and increases the likelihood of an incorrect GST calculation.

# About SAP Concur

SAP® Concur® is the world's leading brand for integrated travel, expense, and invoice management solutions, driven by a relentless pursuit to simplify and automate these everyday processes. The highly-rated SAP® Concur® mobile app guides employees through business trips, charges are directly populated into expense reports, and invoice approvals are automated. By integrating near real-time data and using AI to analyse transactions, businesses can see what they're spending, improve compliance, and avoid possible blind spots in the budget. SAP Concur solutions help eliminate yesterday's tedious tasks, make today's work easier, and support businesses to run at their best.

Be a **Master of GST** with SAP Concur.

For more information, visit
**www.concur.com.au/tax-solutions**