

VAT Health Check

Entitlement to and documentation of the import VAT deduction in the VAT return

Import VAT is usually payable on the importation of goods. The import VAT rate is currently 7.7 %. Items for daily needs like foodstuffs are subject to the reduced import VAT rate of 2.5 %. The import VAT rates correspond to the domestic VAT rates.

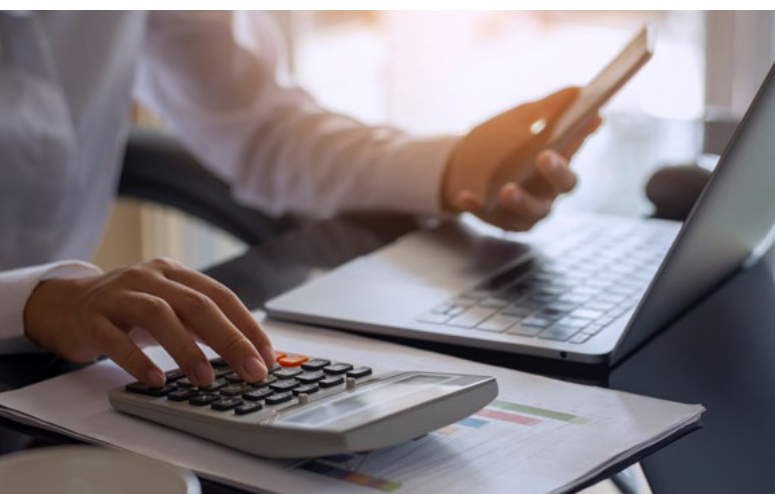
Although the purpose of VAT is to tax final consumption, it is levied on businesses. The design of VAT as a self-assessment tax places high demands on taxable businesses. They are obliged to declare the VAT correctly in terms of content and form. In particular, providing adequate evidence for the import VAT deduction can prove to be tricky.

The right to deduct import VAT is linked to certain legal requirements. In addition, the company must be able to document an import VAT deduction properly. However, despite the principle of free assessment of evidence, not every document related to an import is suitable to prove the claim for an import VAT deduction in a legally sufficient manner.

It is not uncommon that deficiencies in terms of content and formality in the claim of import VAT deduction only come to light during a VAT audit. Since a VAT audit covers a period of up to five years, this can lead to considerable additional charges. In addition, an add-back of VAT is subject to the statutory interest on arrears of currently 4 % per year. Depending on the degree of fault, further fines may be imposed.

Against this background, it is worth checking internally whether the conditions for an import VAT deduction claimed, are actually met and whether this can be documented in a suitable form. If possible weaknesses are fixed before a VAT audit, the financial risk of a later add-back can be significantly reduced.

**Grant Thornton Switzerland/
Liechtenstein will be happy to
support your company as a
competent partner in all matters
relating to VAT. We look
forward to hearing from you.**



Contact



Dr. Matthias Hofer
Partner, Head of Indirect Tax
Certified Tax Expert
MAS Value Added Tax
T +41 43 960 71 43
E matthias.hofer@ch.gt.com