

## FINANCIAL

## Innovation

**CHELCO VAT LTD FOCUSES EXCLUSIVELY ON THE COMPLEXITIES OF VALUE ADDED TAX.** By John Vickers

**A**t the simplest level, Value Added Tax (VAT) is that elusive little percentage that settles at the bottom of invoices or requests for payment, taking the total to considerably more than the agreed – or anticipated – final price.

It sneaks up and spooks consumers and businesses alike every time a transaction is completed, whether that be a purchase of a bottle of fine wine, a new office building, or the intellectual property rights to a consumer brand.

At a more complicated level, when entering into a transaction, businesses may not even be aware of an obligation to pay VAT, especially with chain transactions involving more than one country. There are instances where a business may have to register in – and charge the VAT of – a different country. There are also cases of businesses that have been happily claiming VAT on certain expenses for a number of years and are suddenly faced with the fact that they were not, in fact, eligible to do so, with penalties and interest accompanying the repayment.

Moreover, VAT compliance alone constitutes a major project for any operation. Keeping the full set of documents required by the legislation, maintaining appropriate books, preparing invoices to contain all the information as dictated by law, generally adhering to the plethora of regulations, legislative provisions and decrees and much more must be adhered to, otherwise businesses risk having to pay penalties, additional tax and interest or having their claim to deduct VAT refused.

It was in this environment that Chelco VAT

Ltd was formed, with the aim of offering dedicated, specialist, customised and practical VAT advice to businesses in Cyprus and abroad, and to help them plan for, comply with and regulate all their VAT matters. Based in Limassol, Chelco VAT is thought to be the only VAT-dedicated firm on the island and is steadily being recognised as an authority on VAT matters in Cyprus.

From the simplest local transaction to the most complex cross-border ones, Chelco VAT works alongside its clients and professional intermediaries to maximise VAT planning efficiency and ensure compliance.

The firm maintains strong and durable relationships with the island's key public and private organisations, including the Cyprus VAT authority, as well as professional bodies and decision-makers and is frequently consulted on VAT and other industry policy-making decisions.

Moreover, Chelco VAT also works closely with an alliance of similar indirect tax specialists in jurisdictions around the world, allowing it to offer a wide range of VAT solutions to a local and international clientele.

One of the two founders of Chelco VAT, Managing Director, Alexis Tsielepis, a Fellow Chartered Accountant with over 10 years of experience in tax, quotes Oxford scholar Beryl Smalley as saying that “the history of learning amounts to a history of specialisation” by way of explaining that “in today's complex, demanding and highly competitive business environment, true in-depth knowledge and dedication to a subject, any subject, is essential.”

Elaborating on Chelco VAT, Tsielepis says that against this fluid and ever-changing backdrop, it operates as a boutique service provider and specialises in strategic VAT planning

and VAT consulting. It is also a leader in the organisation of high-level VAT seminars and workshops.

He adds: “Our philosophy is simple and straightforward. We follow a client-centric approach, we are dedicated to analysing the detail and to meeting deadlines. Similarly, our like-minded associates in Cyprus, across the EU and beyond, are being carefully chosen to reflect our core values. At Chelco VAT, we strongly believe in developing long-term relationships with our clients and associates and tirelessly and methodically working alongside them as partners to produce tangible and measurable results. After all, it's not what we put into it that matters. It's what they get out of it.”

With more and more governments turning towards indirect taxes as a means of revenue and at a time when cross-border selling of goods and services is rising, the importance of VAT planning and compliance is now greater than ever. Yet the many complexities involved in interpreting legislation mean that solving VAT problems requires in-depth and continuous knowledge of a plethora of legislation, directives, regulations and interpretations, including the VAT Directive itself, how the different member states have transposed the Directive's provisions into their national legislation and the practical application of the national legislation by the VAT authorities in each country, the binding interpretive regulations issued by the European Commission, derogations for which member states have opted and European Court of Justice decisions on interpreting the Directive.

### STRATEGIC VAT SERVICES

Given the complexities of VAT and the ever-changing dynamic environment that regulates this tax, VAT planning is seldom a simple task. Despite the fact that ‘neutrality’ is a fundamental concept of any VAT system for businesses, ensuring the maximum reclaim of input VAT

is essential in order to remain competitive, and not always a given. For any business, the deduction of VAT constitutes a right, which entails adherence to all the provisions that the VAT system can throw at it. By contrast, the payment of VAT is an obligation, which will be enforced.

Chelco VAT works closely with its clients, associates and its network of professionals to devise solutions and develop strategies that will maximise benefits. It also continuously researches Cyprus common law as well as European Court of Justice case law in order to incorporate the latest developments in successfully advising its clients or their professional consultants on defending their businesses against aggressive VAT practices from VAT Authorities. The need to undertake VAT planning is of paramount importance.

#### Services include:

- Development of VAT planning strategies
- Internal VAT audits
- VAT opinions on proposed business ventures or specific transactions
- VAT opinions on assessments raised by the Cyprus VAT authorities, or other member states
- Expert support on VAT recourse through the Cyprus courts and the European Court of Justice
- Coordination of VAT audits at a national and European level
- Internal VAT seminars and training courses
- Advice on changes in VAT legislation and other VAT related matters

### SPECIALISED VAT SERVICES

Many jurisdictions have developed specific schemes that could translate into important VAT savings, while certain VAT services require a high degree of specialisation in order to execute correctly and efficiently.

- Services include:
- Purchase of yachts under the Cyprus VAT

**VAT COMPLIANCE ALONE CONSTITUTES A MAJOR PROJECT FOR ANY OPERATION**

leasing scheme

- Registration and advice on use of Mini One Stop Shop (MOSS) for businesses offering telecommunications, broadcasting and e-services to consumers (B2C)
- Filing of VAT refunds in Cyprus and other EU member states
- VAT representation in Cyprus

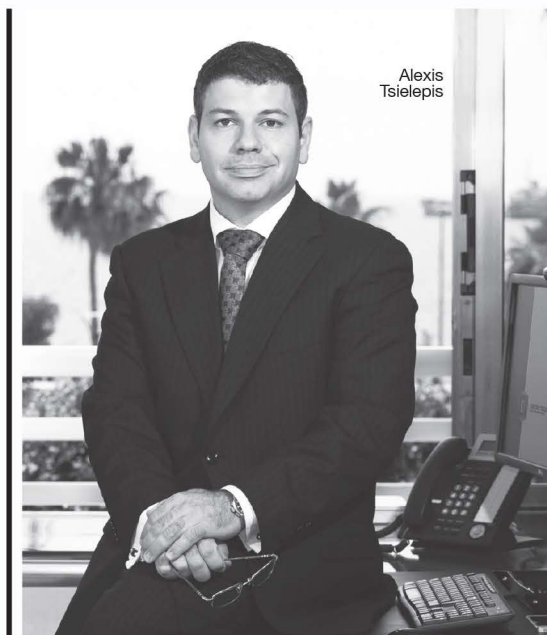
### GENERAL VAT SERVICES

The Chelco VAT tax consultants are trained to look at the detail behind transactions and highlight any areas that warrant further analysis or discussion. The purpose is to constantly monitor whether there is further scope for VAT planning, whilst ensuring that the business is VAT compliant.

The subject of VAT compliance is of the utmost importance, not solely because of the high penalties but also because of the high importance of compliance in the general context of a business. The compliance process also aims at checking on the correct and efficient application of VAT legislation.

#### Services include:

- Registration/Deregistration with VAT authorities in Cyprus and other EU member states
- Group registration with VAT authorities in Cyprus and other EU member states
- Preparation and filing of VAT returns in Cyprus and other EU member states



Alexis Tsielepis

- Registration, preparation and submission of VIES declarations
- Monitoring of transactions to ascertain scope for further VAT planning
- Negotiations with national and international VAT authorities

One of Chelco VAT's core competencies is the organisation of training seminars and workshops for businesses and professionals alike. Seminars can appeal to dedicated professionals dealing with indirect tax, businesses in need of better educating their internal staff or industry professionals at large interested in strengthening their vocational skills. The scope of such seminars is tailored made to the needs of the business and could be as wide, e.g. covering basic principles of VAT, or as topic-specific, as requested and required. The firm's professional development programme includes general conferences, specialised training seminars and in-house technical courses and workshops. **G**