



OECD Global Forum on VAT

Horizontal monitoring/ Cooperative compliance

Ilse Verouden



Standard approach NTA

- Working in **real time** where possible and appropriate
- **Tax certainty and dispute prevention** are integral parts of the NTA's approach
- Each taxpayer can approach the NTA for preliminary consultations on the treatment of uncertain tax issues
- Every large taxpayer in the Netherlands has a dedicated account team and a customer coordinator
- Risk assessment on the level of key risks

Horizontal monitoring/
cooperative compliance is **extra**
and **optional**, initiated by a
taxpayer



Horizontal monitoring in the Netherlands

Three categories:

1. Top 100 Profit

- Every business in Top 100 is approached and scored by NTA LB on entry criteria HM: level of transparency, maturity of Tax Control Framework
- NTA LB shares its individual supervision plan with every business in Top 100

2. Large businesses

- Individual compliance agreement is possible on the initiative of the business
- A business has to meet the entry criteria
- Duration of compliance agreement: 3 years (renewal possible after evaluation)

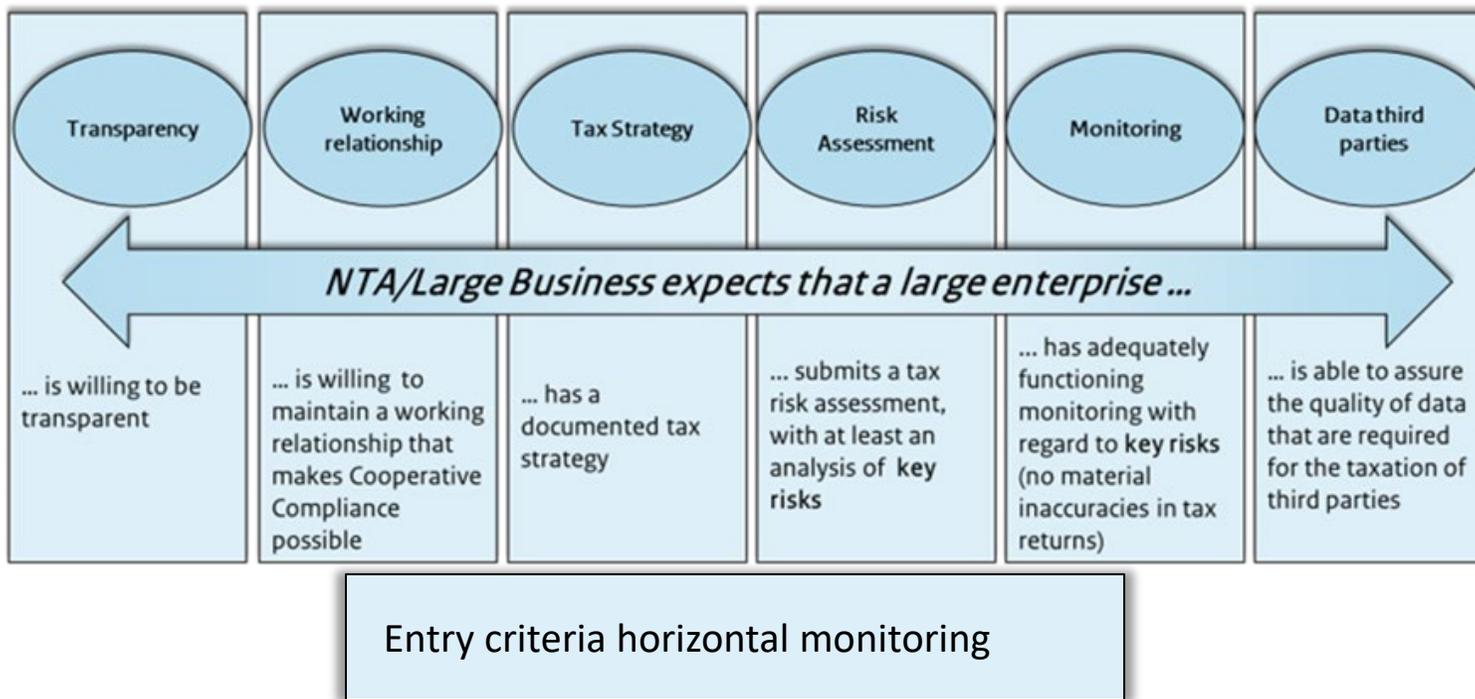
3. SME

- Horizontal monitoring via compliance agreements with (umbrella organisations of) tax service providers
- Double layer:
 - Transparency and quality system tax service provider and umbrella organisation
 - Transparency individual business



Cooperative compliance

1. Willing:
Transparency and a professional working relationship
2. Able:
Tax control framework (TCF), the part of the system of internal control that assures the accuracy and completeness of the tax returns and disclosures made by an enterprise



See OECD (2016), Co-operative Tax Compliance: Building Better Tax Control Frameworks, OECD Publishing, Paris, <http://dx.doi.org/10.1787/9789264253384-en>



Cooperative compliance: how it works

- **Enhanced collaboration and efficiency**
After signing the agreement, NTA LB gains proactive access to developments and tax risk information of the organisation, improving the efficiency of supervision and reducing the need for supervision activities
- **Faster tax certainty and transparency**
Organisations benefit from quicker certainty about their tax positions, expedited handling of returns and consultations, and resolutions of tax issues due to a transparent, collaborative relationship with NTA LB
- **Improved compliance framework**
NTA LB shares identified tax risks with organisations, which helps them enhance their tax control frameworks, leading to fewer errors and corrections
- **Individual supervision plan sharing**
NTA LB demonstrates transparency by sharing and coordinating individual supervision plans with organisations at least every three years, offering clarity on supervision expectations
- **Other advantages**
Organisations may find participation aligns with corporate social responsibility goals, while compliance activities are conducted more effectively through targeted efforts by NTA LB





Tax Control Framework

- NTA LB consults with large taxpayers about their TCF on its components
- Good practices TCF developed together with Dutch Association of Tax Advisors

<https://download.belastingdienst.nl/belastingdienst/docs/good-practices-fisc-beheersing-dv4251z2fdeng.pdf>





Example good practice risk control matrix VAT

Important:

- Different for each business (not: one size fits all)
- Good practice is to be seen as an example!
- New good practices expected in Summer 2026 i.a. on VIDA and AI

Process	Sub-process	Description of tax risk	Control #	Control measure	Evidence of control	Responsible person	Frequency	Control characteristics					
								Preventive	Detective	Manual	Automatic		
1 VAT													
	1.01 Preparation and filing of VAT return	Incorrect VAT return	1.01.1	Guideline for drafting the VAT return (including reconciliation) used by the tax department when preparing the VAT return, including: - Preparation of VAT return by tax department employee in accordance with guideline - Checking of VAT return by other tax department employee in accordance with guideline - Signing of VAT return by tax department manager - Signing of VAT return by senior manager of accounting - Reconciliation of ICS declaration with VAT return	- Storing of SAP reports on tax department server - Signing for approval of return by tax department manager and senior manager of accounting - Recording of balance sheet reconciliation by tax department - Recording of manual adjustments to SAP reports by tax department - Trend analysis of return figures recorded by tax department - Filing of annual adjustment for unpaid creditors with the NTA	Tax manager	monthly (return frequency)	×		×			
	1.02 Correct VAT rate for items	Incorrect classification of items for VAT purposes	1.02.1	Guideline used by the Procurement and E-commerce departments for the import of the various categories of items and the corresponding VAT rate, based on the four-eyes principle, including coordination with tax department and the NTA in case of doubt.	- Signing off of the import input file listing the VAT rate by two persons with ultimate responsibility in the Procurement department (master data) and subsequent archiving by Procurement; - Signing off of the import input file listing the VAT rate by two persons with ultimate responsibility in the E-commerce department and subsequent archiving by E-commerce	Head of Procurement Administration	when importing new items	×			×		
	1.03 Intra-Community transactions and application of 0% rate	Wrongful application of 0% rate / no substantiation of 0% rate	1.03.1	Check VAT ID with NTA + inclusion in the invoice. In addition, storing of relevant information: CMR, Freight bills	- Screenshots of VAT number verification stored on server and retained for at least 7 years - Invoices with VAT numbers are retained in the records for at least 7 years - CMR and freight notes are retained in the records for at least 7 years	Tax manager	- per Intra-EU delivery - monthly when submitting ICS returns	×			×		
	1.04 Review and process incoming invoices	Incorrectly deducted VAT	1.04.1	Invoices are entered by accounting using VAT decision trees and the four-eyes principle	Recording of the four-eyes principle in the OCR/REB system (digital approval)	Goods administration manager (goods invoices)	when entering invoice	×			×		
	1.05 Review and process incoming invoices	Incorrect processing/ booking of incoming invoices	1.05.1	Monthly invoice check by tax department on the basis of a prescribed guideline; the results and action list are coordinated during monthly consultations with accounting and goods administration	Recording of findings from monthly audit, including follow-up in action point list on the Accounting server	Tax manager	monthly		×		×		
	1.06 Prepare and review outgoing invoices	Incorrect VAT management of outgoing invoices	1.06.1	Signing outgoing invoices is done (digitally) by two people from Accounting, using the four-eyes principle	Signed invoices stored on the Accounts server	Head of Accounting	when sending an invoice	×			×		
	1.07 VAT & transfer tax on purchase / construction / demolition / leasing and letting of real estate	Incorrect application of VAT system / incorrect transfer tax in property transactions	1.07.1	- Semi-annual sampling by tax department according to work instruction; - Review contract and 90% criterion of lease charged with VAT (see work instruction) - Review correctness of VAT regime for purchase and sales transactions (see work instruction)	Record results and findings of sample in file, including follow-up if necessary, to be stored on the tax department server	Tax manager	semi-annual		×		×		



VAT and Cooperative Compliance: a natural fit

- VAT risks arise continuously and are embedded in core business processes and systems
- Large volumes of transactions, processed via ERP systems
- VAT compliance is recurring. Errors quickly repeat themselves if not corrected
- Large (tax) cashflows (but risks of material assessments and penalties, interest charges, reputational damage, cashflow distortions)

The VAT Control Frameworks enables:

- Identification of VAT risks
- Upfront design and testing of VAT controls
- Upfront monitoring leading to early detection of structural issues rather than ex-post adjustments
- Timely identification of issues
- More cooperation between business and tax administrations



A look into the future

- Lower risk appetite largest businesses?
 - Corporate (tax) governance
 - CSRD
- Digitalisation and AI
 - Businesses will be able to be more in control, which will improve mutual trust
 - Interfaces/portals where information can be exchanged and real time (automated) supervision activities (via AI agents) are possible
 - New tax professions: tax data specialists



More information

https://www.belastingdienst.nl/wps/wcm/connect/bldcontenten/themaoverstijgend/brochures_and_publications/supervision_large_business_in_the_netherlands

