



Reducing Fraud in International Trade

Governments seeking to deter tax fraud and illicit capital outflows in cross-border trade are now looking to apply a digitalization model to international trade.

Governments lose billions in tax revenue every year in the 'VAT Gap'. Traditional invoicing methods make it easy for unscrupulous operators to commit tax fraud through the under-reporting of sales, discrepancies in purchase invoices, and business cessations.

Digitalization provides a better way for governments to enforce and monitor VAT. Enforced nationally, it eliminates the opportunity for fraud offered by traditional invoicing methods. Invoices may only be legally issued in electronic format ("eInvoice"), following clearance via the authority's centralized, digital clearance platform. This means suppliers cannot deny the issuance of an invoice and cannot alter an invoice once it has been cleared. Digitalizing the process in this way has achieved considerable success in Latin America, where VAT recovery has dramatically increased.

SGS CROSS-BORDER eINVOICING

Proactive governments seeking to deter tax fraud and illicit capital outflows in cross-border trade are now looking to apply this digitalization model to international trade. Making eInvoice clearance mandatory on all cross-border trade will ensure

goods and services procured from abroad are correctly invoiced, the right amount of tax is paid, and external payments are fully reconciled with import declarations.

Cross-border eInvoicing begins with the enrollment and verification of global suppliers, wherever they operate in the world. Our team assesses the identity and eligibility of the supplier with reference to the importing country's requirements. Suppliers must upload relevant documentation to the SGS Portal. Our experts then analyze this documentary evidence and cross reference it with recognized global databases. When necessary, our teams will perform remote or on-the-ground verifications to ensure the validity of the claims being made by the supplier.

Only authenticated foreign suppliers can then legally invoice for goods or services in cross-border trade. They must present digitally signed eInvoices for mandatory clearance in accordance with the prescribed format and content requirements. Once an eInvoice is cleared, it is given a unique identifier and can be transmitted and legally used by the buyer.

Standardizing the control of cross-border trade through eInvoicing simplifies the process for suppliers and buyers and reduces the opportunity for tax fraud and/or capital flight.



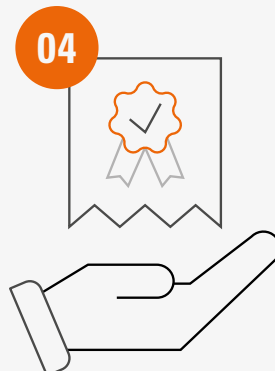
SUPPLIER ENROLLMENT



SUPPLIER AUTHENTICATION



CLEARANCE OF SUBMITTED eINVOICES



DELIVERY OF CLEARED eINVOICES

BENEFITS

FOR GOVERNMENTS:

- Prevents the issuing of fake invoices
- Encourages compliant customs declarations and forex operations
- Allows for full reconciliation of trade data by authorities
- Reduces domestic tax fraud
- Increases import duties and VAT revenue
- Digitalization allows enhanced compliance monitoring and continuous improvements

FOR BUSINESSES:

- Standardizes cross-border trade invoicing and customs declarations
- Simplifies the recovery of VAT paid on imports
- Reduces uncertainty in relation to additional costs from customs/VAT audits
- Reduces operating costs

WHY SGS?

SGS is the world's leading inspection, verification, testing and certification company. With more than 50 years of experience in operating trade verification programs, we are recognized as the global benchmark for quality and integrity. We utilize experts from multi-disciplinary backgrounds, all backed by a global network of more than 2,600 offices and laboratories. Our solutions incorporate the latest state-of-the-art technology to create efficient and cost-effective services that help governments increase VAT recovery and reduce tax fraud.

CONTACT US

To learn more about how SGS Cross-Border eInvoicing can help you, contact us today:

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