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Croatian Tax Office implements new VAT systems with IBM
New computerized Systems prepare Croatia for EU Accession

Croatia, 14 September 2010 - The Tax Administration of the Republic of Croatia and IBM Croatia has successfully completed the implementation of the following Value Added Tax (VAT) related systems: VAT Information Exchange System (VIES), VAT Refund, VAT on e-services, mini One Stop Shop and Exchange of Forms . The "VIES Enhancements and VES Development" project presented today is funded by a 2 million Euro grant from the European Commission under the PHARE 2006 program. This project is key to preparing Croatia for the process of fulfilling EU requirements enabling transparency and creating a corruption free environment essential for sustainable development and economic stability.

The new computerized systems are based on a flexible Service Oriented Architecture (SOA), and will enable the Croatian Government to effectively manage cross-border VAT payments with other EU members, cutting administration and increasing efficiency for both VAT traders and Tax officers.

The VIES system provides a major improvement in detectin of all kind of irregularities and assists in combatting tax fraud. It will enable companies to quickly obtain rapid confirmation of the VAT numbers of their trading partners and provides the Croatian tax office with a powerful, on-line tool to monitor and control the flow of VAT payments. By enabling the electronic exchange of supporting documents, the system also reduces the administrative burden on companies by eliminating the majority of paper documents.

The supply of goods within the EU is exempt from VAT in the exporting country as long as the goods are sold to a taxable company in another member state which will account for the VAT on arrival. The VAT Information Exchange System (VIES) was put in place by the EU to assist in the control of European VAT arrangements. VIES is supported by a computer network operated by the Central Liaison Offices established in the tax administrations of the Member States of the European Union.

The VAT Refund system will also enable simplified recovery process and allow involved traders to directly request VAT refunds in their own member states for VAT paid in other member states.

During the last five years, IBM has supported the Croatian government with several important e-government projects. Developing and implementing VIES is one of the key projects to help enable Croatia's EU accession. The project is also a proof point of how adoption of innovative technologies positions Croatia as a best practice country for e-government.

Developed systems are required by the Croatian Tax Administration for integration with EU IT systems in order to enable exchange of information between member states following Croatia's accession to the EU. The systems were developed in accordance with functional and technical specifications, after successful implementation of the "VIES mandatory developments" project.

The implementation of the "VIES Enhancements and VES Development" projects was completed in September 2010.

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