



Case Study: The X Bank Group Head Office

The Business

Measured by total assets, the X Bank Group Bank Group is the largest financial enterprise in Denmark, and one of the largest in the Nordic region. The Group offers Danish and international customers a wide range of services in banking, mortgage finance, insurance, leasing, real-estate brokerage and asset management.

The Group serves personal and business customers through nationwide branch networks in Denmark, Sweden, Norway, Northern Ireland, the Republic of Ireland, Finland, Lithuania, Latvia, Estonia, as well as branches in London, Hamburg, and Warsaw.

A subsidiary in Luxembourg specialises in private banking services, and one in St. Petersburg serves the Bank's corporate customers. In addition, the Group is represented in the leading international financial centres and in Denmark's most important export markets.

The Problem

After VATit completed an audit and VAT recovery exercise for the X Bank Group Bank's London branch, the Group realised the impact that such a service could have on the bank as a whole. The X Bank Group Bank Group's Head Office company, X Bank Group Bank A/S, therefore contracted VATit's services to process VAT reclaims for the Group.

X Bank Group Bank A/S had previously not explored the option of claiming back VAT on foreign expenses for the following reasons:

- The large volume of invoices that required collection and processing in order to claim back VAT through the 8th Directive meant that the cost savings benefit would have been outweighed by the resource and time required for such a large project. Also, since no expense management system had been deployed at the Bank, all expense reimbursement files and purchase ledger invoices would have to be manually audited.
- Due to X Bank Group Bank's branch and company structure, VAT registrations and exempt trading activities, there were several challenges involved in the process of claiming overseas VAT back for the Group
- Many expense invoices had been issued in the names of traveling X Bank Group Bank A/S employees rather than in the name of the bank. Certain European tax administrations maintain steadfast rules that business-related invoices must be issued to the name of the paying company in order to be deemed eligible for a VAT refund.

The Solution

VATit assigned a team of full-time specialised service personnel to conduct a VAT invoice retrieval at the bank's locations situated in and around Copenhagen. As part of this exercise, VATit was able to review the expense reimbursement files of thousands of client staff members, as well as purchase ledger files consisting of high volumes of paper invoices.

VATit's in-house consulting and legal team conducted a thorough review of the X Bank Group Bank A/S company structure in order to determine the best way to submit claims for the Group that would be in compliance with European law.

VATit Processing's dedicated Re-issue department successfully liaised with the bank's hotel and accommodation providers to request reissues of original invoices in the name of X Bank Group Bank A/S, thereby allowing VAT to be reclaimed on them. VATit did this seamlessly, without X Bank Group Bank A/S having to contact any suppliers themselves.



The Benefits

Through its regular dialogue with the tax authorities, investigation of European and region specific VAT laws and case history, as well as liaison with the client, VATit was able to ensure that several VAT claims of considerable value which were initially rejected or queried were appealed and successfully refunded.