

Introducing the Vat reconciliation bot that's knocking municipalities into shape

FIRtech has introduced a Vat reconciliation bot to help these cash-strapped municipalities simplify their Vat administration and recover unclaimed revenues.



Source: Supplied. FIRtech chief executive officer, Ugan Maistry.

It affords municipalities the opportunity to customise functionality and outputs, as well as the support to extend Robotic Process Automation (RPA) into supporting processes to create a fully automated business process.

The Vat reconciliation bot's ability to mimic human actions is the most decisive attribute elevating RPA to the most appropriate technology for Vat reconciliation. This tool automatically generates a Vat reconciliation report that can be reviewed by humans.

FIRtech chief executive officer, Ugan Maistry says cash-strapped municipalities are missing obvious opportunities to recoup unclaimed taxes. “Often, they are focused on bigger budget items, but they need to realise that one obvious answer to cash preservation is hiding in plain sight.”

Local authorities consume goods and services from the private sector to provide services to the public. These goods and services attract Vat, but the municipality does not levy Vat on all of their services to the public. This means there is a massive imbalance between the input and output tax namely taxes paid versus taxes charged.

The incentives for the execution of exhaustive and accurate Vat reconciliation surpass that of naive compliance; the products thereof can ensure substantial savings by minimising erroneous over-payments of Vat obligations within payment periods and guarantee maximum recoveries of any overpayments at the close of the tax year. Furthermore, underpayments result in penalties and interest.

That a robust Vat reconciliation system is essential in any business is undisputable, however contemporary businesses remain seeking effective solutions primarily due to the high dependence on irreplaceable human capabilities at several points in the Vat reconciliation process.



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The challenges many municipalities face to resolve their Vat reconciliation woes include:

- The requirement to deploy a multitude of specialised skills to obtain a final reconciliation (IT personnel, data analysts or engineers, accountants and auditors, admin personnel and clerks);
- The long lead times required to prepare reports for physical investigation (extending to months in most cases);
- The inaccuracies that proliferate the final review reports
- The need for perpetual management oversight of the Vat reconciliation process; and
- Auditors have to resort to sampling of the set of transactions in order to validate the robustness of the business systems.

The Vat reconciliation process works across legacy Enterprise Resource Planning software (ERPs) mainframes, custom applications, desktop applications and all other IT platforms. Any technology platform that can be utilised by a human can also be navigated by an RPA robot.

It leverages other application software through the existing application's interface; therefore, it is not technically integrated. Since complex integration is not required, RPA programs can be launched in a matter of days or weeks, resulting in a low-cost implementation and high return on investment.

Furthermore, it is non-disruptive, the municipalities' core technology remains intact. It is extremely versatile, and able to process a variety of input file formats and configurations. More importantly, it is non-intrusive, in that it does not require specialised integration into existing systems.

The Vat reconciliation bot is modular, so it allows one to extend the functionality as per client requirements, so it can, for example, retrieve ledgers from ERP systems; and read, validate and reconcile documents using customised machine-learning models.

In conclusion, it reduces the lead times for the generation of a Vat reconciliation report from months to hours. Software bots do not introduce subjectivity in a process; they are extremely accurate and require minimal management oversight or specialised skills to operate.

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