VAT Identification Number Verification

Federal Central Tax Office VAT ID Number Retrieval
From the Oracle E-Business Suite

The VAT identification number (VAT ID no./Ust-Id-Nr.) is a unique identification feature for EU entrepreneurs related to the value added tax. It is used to process intra-community, tax-free services. Every company that sells goods or services to foreign invoice recipients within the EU must state the recipient's correct VAT ID number on their invoice documents. Since the supplying company may be liable for the tax debt incurred if an invalid VAT ID number is used, checking the validity of the customer's VAT ID number in advance is mandatory (diligence of a prudent business person).

Particularly in the case of a first-time business relationship with a new customer, confirmation of the VAT ID number must therefore be obtained from the Federal Central Tax Office in accordance with Sec. 18e of the Value Added Tax Act (Umsatzsteuergesetz, UstG).   The entrepreneur must be able to provide evidence that he or she has carried out a verification of the VAT ID number.

The Federal Central Tax Office offers companies an interface to automatically retrieve VAT ID numbers of EU customers (VAT ID no./Ust-Id-Nr.) from their own ERP software.

The "VAT ID Verification for Foreign Companies" PDG AddOn enables this mandatory verification of the VAT ID number directly from the Oracle E-Business Suite. The comparison takes place when a new VAT ID number is entered in the E-Business Suite's customer list. Deviations in the case of invalid combinations of VAT ID number and customer names/customer addresses, as well as invalid VAT ID numbers, are detected immediately. Based on the feedback, incorrect information can be verified and corrected already when creating new customer master data. The verification result (qualified confirmation) is archived alongside the customer data as an attachment.

In addition, all existing customers with already recorded VAT ID numbers can be verified on a regular basis by the AddOn. In this case, the VAT ID number, company name and address are verified and the result of the verification is archived alongside the customer data. The frequency of the regular verification process is determined by a predefined schedule.

Benefits

- The automated implementation of the legal obligation to verify the VAT identification number for customers from the European Union.

- Reduction of manual effort through the integration of the VAT ID number verification process in the Oracle E-Business Suite.

- Assurance that only valid VAT ID numbers are used.

- Automatic and secure archiving of proof showing that the verification was performed .

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