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CHAIRMAN

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### VAT revenue recording modification – assesment

Council for Budget Responsibility (CBR) has been asked to assess the proposal of the Ministry of Finance (MF) and the Statistical Office (SO) to modify the present recording of value added tax (VAT) revenues.

CBR appreciates efforts of both authorities to improve accuracy of VAT revenue recording and wants to highlight the amount and quality of work that has been done on this issue, including regular publication of monthly amounts of “adjusted time series”.

CBR shares the MF’s view that the currently used fixed time difference between the economic activity and the cash tax receipt (mainly regarding the 3 months’ time difference for VAT refunds) does not fully reflect economic substance. CBR confirms that the real average time difference changes over time (in some periods substantially) for the reasons explained by the MF and thus affects accuracy of the national accounts.

CBR therefore welcomes **efforts to attribute the cash receipts to those periods where they actually economically belong**. From the fiscal surveillance point of view, improvement of general government data accuracy and reliability would contribute to better fiscal assessments prepared by the CBR and other international institutions.

**CBR agrees with the proposal**, which is considered a good compromise between accuracy of recording and stability of time series after the autumn notification to EUROSTAT.

Yours faithfully,