VAT AND REFUND

VAT Reconciliation and Refund Readiness

PT Contoh Ekspor Produk

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Executive assessment

Separate arithmetic reconciliation from refund eligibility. The sample supports a provisional net credit of 1,500 million after removing identified duplicates and unmatched entries from the working population, but legal creditability and refund conditions remain unverified.

The fictional exporter records input VAT of IDR 7,200 million and output VAT of 5,400 million. Review identifies 180 million of duplicate input entries and 120 million with no matching invoice record. Export documents exist for selected shipments, but the complete shipment and return linkage has not been assembled.

Priority	Matter requiring a decision	Current evidence position
High	Duplicate input entries need correction	Open for professional review
High	Invoice matching remains incomplete	Open for professional review
High	Refund basis is not yet documented	Open for professional review

This is a worked sample, not an issued client opinion. All companies, transactions, evidence records and calculations are fictional. The recommended actions demonstrate professional delivery; they do not establish a tax liability, filing eligibility, benchmark or regulatory approval.

Scope and analytical method

Purpose and intended use

The purpose is to help the fictional management team understand the evidence, the decision still required and the work needed to complete a defensible deliverable. The report is intended for internal discussion with the responsible Falcon professional. It is not a filing, an audit opinion or a guarantee of an authority outcome.

Work performed in the illustrative case

- Input and output VAT reconciliation
- Invoice identity and period matching
- Export and refund basis evidence
- Refund application and audit readiness

Match the ledger, invoice register and return by document identity, period and amount. Test duplicate entries, cancellations and credit notes. Reconcile export shipments to commercial, customs and payment evidence. Analyse creditability and the relevant refund route using current rules and the actual taxpayer facts.

Evidence population

Ref	Illustrative record	Role in the analysis
E01	VAT ledger and return bridge	Starting population and primary bridge
E02	Duplicate invoice analysis	Classification and factual support
E03	Original invoice matching register	Exception or corroboration testing
E04	Export and refund history pack	Decision history and completion support

The references are report-local training identifiers. They are not verified originals, app record IDs or hashes. No real client files were inspected. A live engagement must preserve the actual originals, their versions and the reviewer's assessment of each material claim. The descriptions above define the evidence that the case assumes or explicitly identifies as missing.

Coverage and limitations

Only the stated sample scope is covered. The report does not infer completeness of other entities, years, transactions or tax types. Where the record is incomplete, the analysis identifies the limitation rather than treating management's explanation as verified evidence. Any estimate remains subject to factual validation, current legal applicability and independent review.

Detailed findings and professional response

Priority is a qualitative judgement about the importance of resolving an issue before delivery. High means that the matter could change a material conclusion or prevent completion. Medium means that a control or corroboration improvement is required. These labels are not a probability of assessment or a calculated tax exposure.

Finding 1 Duplicate input entries need correction

High priority. E02 identifies 180 million recorded twice in the working input population.

Professional implication. The provisional credit is overstated unless the duplicate is resolved.

Recommended response. Confirm the original identity and correct the working ledger with an approved audit trail.

Finding 2 Invoice matching remains incomplete

High priority. E03 identifies 120 million without a matching original invoice entry.

Professional implication. The sample does not establish whether these entries are valid, incorrectly timed or unsupported.

Recommended response. Recover and verify originals, cancellation status and period treatment before including them.

Finding 3 Refund basis is not yet documented

High priority. E04 contains selected export evidence but no complete eligibility analysis or shipment-to-return bridge.

Professional implication. A net credit does not itself establish entitlement to a cash refund or a particular processing route.

Recommended response. Complete the legal applicability memorandum and index the supporting exports and return history.

Counteranalysis and judgement

An incomplete record is not proof that the taxpayer's position is wrong. Equally, an invoice, signed agreement or plausible narrative does not establish every factual or legal element. The reviewer should test alternative explanations and record what evidence would change the assessment. Preserve both supportive and adverse material so that the final conclusion remains balanced.

Financial analysis and decision alternatives

The schedule below makes the numerical reasoning reproducible. All inputs are fictional. The calculation basis states whether a value comes from the assumed record, a formula or an explicit scenario parameter. Figures should not be copied into a live return or used as a benchmark.

Measure	Illustrative result	Calculation basis
Recorded input VAT	7,200	E01
Recorded output VAT	5,400	E01
Unadjusted net credit	1,800	7,200 minus 5,400
Duplicate entries	180	E02
Unmatched entries	120	E03
Provisional credit for review	1,500	1,800 minus 180 minus 120

Amounts are IDR million and are fictional VAT balances, not transaction values multiplied by an assumed rate. Removing the unmatched amount is a conservative working scenario rather than a final legal denial. If authentic support is recovered, treatment must be reconsidered. Timing of refund receipts is excluded from the base cash plan until the route and status are verified.

Alternatives for management discussion

Alternative	Practical rationale	Condition before adoption
Correct the reconciliation first	Establishes an accurate population	Does not establish refund entitlement
Assess the available refund route	Connects facts with legal conditions	Requires current rules and taxpayer status
Prepare an audit evidence pack	Improves traceability of the claim	Does not guarantee acceptance or timing

Management should compare the alternatives using verified facts, operational feasibility and the applicable legal analysis. A more favourable numerical scenario is not evidence that its assumptions are valid. The report therefore recommends completing the unresolved work before selecting a final tax position or an external action.

Recommendations and delivery plan

The following sequence is an illustrative internal work plan measured from engagement kick-off. It is not a statutory timetable. Any external response or filing date must be verified separately and may require faster escalation. The engagement partner remains responsible for the scope and resources agreed with the client.

Work step	Responsible role	Indicative timing	Completion evidence
Confirm scope and procedural facts	Engagement lead	Days 1 to 2	Approved scope and verified external date where relevant
Resolve finding 1	Client finance and Falcon adviser	Days 2 to 5	Original evidence and documented resolution or scope limitation
Resolve finding 2	Technical workstream lead	Days 3 to 7	Originals and approved technical treatment
Resolve finding 3	Client owner and Falcon adviser	Days 3 to 8	Reviewed action and completion evidence
Review analysis and computations	Independent Falcon partner	After evidence closure	Documented challenge and approved current version
Authorise delivery and preserve receipts	Engagement lead and client signatory	After professional approval	Final report version and any external acknowledgement

Escalation and change control

Escalate immediately if an actual external date is near, an original contradicts the working facts, the legal framework changes, or the proposed action exceeds the authorised scope. New evidence can change the recommendation. Update the affected calculations, issue analysis and report version, and obtain fresh independent review where the conclusion has changed.

Client communication

Tell the client what is established, what remains uncertain and what they must supply or decide. Explain how missing evidence limits the deliverable. Obtain approval of the final audience and language. Preserve the distinction between internal review, client delivery and authority acceptance.

Technical references and completion record

The official references below were located on 3 October 2026. They are starting points for a real technical review, not a representation that every operative article, amendment, treaty or transitional provision has been checked. No quoted legal passage or current statutory rate is relied on to decide this fictional case.

Indonesian tax administration

PMK 81 of 2024 and amendment history - The JDIH page lists amendment history including PMK 1 of 2026. Retrieve applicable originals and check all later amendments before use.

Open official reference

Import administration starting point

Directorate General of Customs and Excise import guidance - Service guidance does not determine the product code, valuation, origin, exchange rate or tariff for a shipment.

Open official reference

Required legal applicability record

For each material position, retain the original provision and exact article, authority and version, effective dates, relevant amendments and the reason it applies to the client's facts and period. Record competing interpretations and the specialist's conclusion. Official service pages and OECD guidance have different authority from domestic legislation and treaty text.

Independent completion checks

- The client identity, period and authorised scope match the actual engagement.
- Every material statement is traceable to the original record and preserves any contradiction.
- The calculations are independently reperformed and assumptions are distinguished from legal rules.
- The applicable law and source history support the conclusion for the actual period.
- A different qualified Falcon reviewer records the judgement and material limitations.
- The client authorises the intended delivery and any separate external submission is evidenced.

Sample status: not approved for client issue. No preparer, reviewer or client signature is simulated. Replace the fictional dataset and complete the real engagement review before using this document as a delivery model.