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Are your company officers personally liable for VAT and GST shortcomings? Increasingly, the answer is yes

Value-Added Tax (VAT) and Goods and Services Tax (GST) are levied in most jurisdictions, worldwide. While these consumption taxes are ultimately borne by final consumers, they are collected, accounted for, and remitted by businesses throughout the supply chain. Proper accounting for these taxes is a key focus of tax administrations. Tax authorities, globally, are increasing their use of technology to identify risks and are applying financial and other penalties to errors, omissions, and fraud.

These penalties are not just levied on corporations. Company officers may also be held personally liable for shortcomings in VAT and GST reporting, even if they are not responsible for day-to-day compliance. In fact, the majority of VAT and GST jurisdictions have adopted this approach — according to EY [Worldwide VAT, GST and Sales Tax Guide 2023](#), 105 of 144 jurisdictions apply personal liability for VAT and GST to corporate officers for VAT and GST shortcomings, and an additional 16 jurisdictions apply it in the case of fraud.

The details of how these rules apply differ greatly between jurisdictions. Company officers must be aware that they are “on the hook” for managing VAT and GST effectively, and for making sure that taxes on consumption are a high priority in their company’s tax risk framework.

Read more: [Worldwide VAT, GST and Sales Tax Guide 2023](#).

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