

FAIA services



Your challenges

Luxembourg VAT law requires businesses to produce a Standard Audit File for Tax (SAF-T), called FAIA. The FAIA must be provided upon request from the tax authorities.

We have observed a shift in the enforcement approach of the Luxembourg VAT authorities with an increase in the application of penalties. These penalties, which can reach up to €10,000 per failure (or in extreme cases up to €25,000 per day), are now being applied more

consistently. In many cases, penalties of around €2,000 per infraction have been issued. We believe this trend reflects a new status quo which is settling for good.

The FAIA (Fichier d'Audit Informatisé de l'Administration) remains a critical component of VAT compliance in Luxembourg. This standardised file can be requested during a tax audit to verify the accuracy of your VAT returns.



Which businesses fall within the scope of FAIA?

It applies to entities meeting the following cumulative conditions:

- They are established and VAT-registered in Luxembourg.
- They prepare their annual accounts using the standard chart of accounts requirements.
- They file periodic VAT returns.
- They process more than 500 transactions* annually.

The FAIA file includes a wide range of data, such as sales, purchases, payments, inventories, clients, and suppliers' information, as well as other static data stored in the entity's accounting software. Importantly, the FAIA extract covers only a calendar year (1 January to 31 December) and is limited to information already recorded in the accounting system.

* A transaction is the sum of the accounting entries in relation to an operation. For example, when performing a sale, you will have 3 accounting entries impacting 3 accounts: Clients, Products, Output VAT, these elements combined are 1 transaction.



Why is this important?

Failure to comply with FAIA requirements or submitting incomplete files can lead to:

- Delays in the audit process and in VAT refunds.
- Increased risk of tax adjustments.
- Significant financial penalties, now applied more frequently under the stricter enforcement regime.

With the growing intensity of VAT audits and the increased likelihood of penalties, businesses must ensure that their accounting systems and FAIA files are fully compliant with regulatory standards.

In addition, ongoing parliamentary discussions around the draft Bill 8186B suggest that the FAIA obligation could be extended to direct taxes in the future. While the bill is expected to be debated in the course of 2025, businesses should start considering how this potential change might impact their compliance strategies.



Recommended actions to ensure compliance

To proactively address FAIA requirements and mitigate risks, we recommend the following actions:

1. **Confirm Scope:** Identify entities registered for VAT in Luxembourg and review their general ledgers to determine if they exceed the 500-transaction threshold.
2. **Prepare for Extraction:** Evaluate whether your systems allow for automated data extraction. If not, consider implementing or optimising solutions.
3. **Generate and Validate:** Leverage our expertise and tools to generate and validate FAIA files, ensuring full technical and content compliance.



How we can help: our tailored FAIA Compliance Solutions

To support you in navigating this stricter environment, we offer:

- **Practical assistance:** We help you prepare your FAIA file using a structured Excel template tailored to your needs through our online platform (saft.pwc.lu).
- **In-depth reviews:** We analyse your FAIA file, whether generated via your accounting software or through our online platform, ensuring it meets all compliance standards.
- **Simplified conversion:** We can convert your FAIA file into several Excel files, making its review and validation more efficient for your finance team.
- **Trainings:** We can provide you with basic/advanced training on the FAIA requirements and how it applies in practice to your information system.



New! Test your FAIA file quality for free!

Our online platform features a free option to upload your FAIA file — whether a test version or a final file, for a calendar year or a shorter period — in our secured environment and instantly assess its compliance based on the technical specifications published by the VAT authorities.

Welcome to your PwC SAF-T Platform!

Test your FAIA file



Perform a free pre-assessment of your FAIA (Fichier d'Audit Informatisé de l'Administration) to have a quick overview of its quality and check out if you are ready in case of a request from the Luxembourg VAT authorities !

Our pre-assessment will verify if your file is in line with the structure and format requirements provided by the Luxembourg VAT authorities.

How we can help

PwC Luxembourg has assembled a dedicated team of **FAIA experts** to support you with the help of our web-based collaborative platform in:

- Generation of your FAIA; and/or
- Assessment of your FAIA in accordance with the local requirements.
- Conversion of your FAIA to excel documents for corrections outside your system and/or review of the data extracted

For more information, please visit:

<https://saft.pwc.lu/>



The collage displays several key features of the PwC SAF-T Platform:

- Step 2 of 4: Import data**: A screen showing a 100% progress bar and a 'File imported Valid' status.
- Master Files**: A section with a list of files (General Ledger Accounts, Customers, Suppliers, Tax Table, Unit of Measures Table, Products, Owners) and a detailed view of the Master Files table.
- Global Conclusion**: A summary screen showing test results for various categories (Structure, XSD Rules, Data population, Pre-fiscal tests, Data quality, Coherence, Reconciliation between billing and accounting, Fiscal diagnostics, Coherence, Reconciliation of accounting and periodic VAT declarations, Verification of the fiscal environment of the invoices issued, Fiscal tests - Sales).
- PwC Tests**: A section showing detailed test results for specific rules (KREF - Key refs, EME - Mandatory fields empty, EMP - Mandatory fields populated with a non expected value, ENME - Non-mandatory fields empty, ENMP - Non-mandatory fields populated with a non expected value, CTRY - ISO Country code validation).
- PwC Assessment Results**: A screen showing the overall assessment results, including a 'Data source (templates)' download button and an 'Assessment Report' download button.
- Test results**: A detailed list of test results, including the test name, the file path, and the status (e.g., 'EMP - <The 'UnitPrice' element is populated with a bad context').



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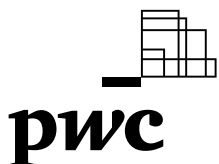
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At PwC, our purpose is to build trust in society and solve important problems. We're a network of firms in 149 countries with more than 370,000 people who are committed to delivering quality in assurance, advisory and tax services. Find out more and tell us what matters to you by visiting us at www.pwc.com and www.pwc.lu.



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