



Seventy-Seventh Session

7 – 10 October 2014

EC-77/DG.2

C-19/DG.5

30 July 2014

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NOTE BY THE DIRECTOR-GENERAL

RECOMMENDATION FOR WRITE-OFFS OF IRRECOVERABLE ACCOUNTS RECEIVABLE AND LOSSES OF ASSETS

1. Financial Regulation 10.5 of the OPCW stipulates that the write-off of losses of funds, stores, equipment, and other assets (other than arrears of assessed contributions and the payment of verification costs under Articles IV and V of the Chemical Weapons Convention) is subject to the recommendation of the Executive Council (hereinafter “the Council”) and the approval of the Conference of the States Parties (hereinafter “the Conference”), where the items to be written off involve amounts exceeding EUR 500 per item and exceeding a total amount of EUR 10,000 in a given financial period.
2. The External Auditor of the OPCW recommended in his past reports examining the OPCW Financial Statements that the OPCW should identify all irrecoverable receivables and take necessary steps to write them off.
3. Accordingly, a total amount of EUR 18,002.95, representing irrecoverable accounts receivable, is presented for the consideration of the Council at this session and for its subsequent recommendation for the adoption of a decision by the Conference at its Nineteenth Session.

Irrecoverable foreign value-added tax (VAT) receivables (EUR 18,002.95)

4. The OPCW is exempted from VAT and claims reimbursement of VAT paid to vendors in the Netherlands and in other European Union (EU) countries. Dutch VAT reimbursement claims are filed directly with the local tax authorities, who regularly make refunds. However, claims for refund of VAT paid to vendors in the other EU countries must be submitted to the vendors concerned, who then file the claims with their local tax authorities in order to request the reimbursements owed to the OPCW. While some vendors have processed the OPCW’s VAT reimbursement claims, others have not, despite being sent repeated requests and reminders by the Technical Secretariat (hereinafter “the Secretariat”). The Secretariat has also directly approached the tax authorities in four countries, requesting their assistance in the VAT refund process. Despite these efforts, as at 30 June 2014, a total amount of EUR 18,002.95, involving 22 vendors, remained outstanding. The individual VAT amounts range from EUR 32.82 to EUR 2,925.17 per invoice and date back to between April 2011 and June 2013.

Conclusion



5. It should be noted that the write-off of the irrecoverable foreign VAT totalling EUR 18,002.95 will entail expenditure in 2014, subject to approval by the Conference.
6. The Council is requested to consider recommending the write-offs of the irrecoverable accounts receivable totalling EUR 18,002.95 to the Conference for its consideration and for the adoption of a decision at its Nineteenth Session.

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