



Ninety-Eighth Session
5 – 8 October 2021

EC-98/DG.2
C-26/DG.4
26 July 2021
Original: ENGLISH

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 and related administrative directives stipulate 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 12,821.95 in irrecoverable foreign value-added tax (VAT) 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 Twenty-Sixth Session.

Irrecoverable foreign value-added tax receivables (EUR 12,821.95)

4. The OPCW is exempted from VAT and claims reimbursement of VAT paid to vendors in the Netherlands and in other European Union countries. Dutch VAT reimbursement claims are filed directly with the local tax authorities, who regularly make refunds. In recent years, for purchases made in European Union countries other than the Netherlands, the Technical Secretariat (hereinafter “the Secretariat”) has followed a new process to pay the majority of invoices exclusive of VAT, thereby removing the requirement to reclaim VAT at a later stage. In a small number of cases, however, claims for refund of VAT paid to vendors in the other European Union countries are 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 Secretariat. Despite these efforts, as at 30 June 2020, a total amount of EUR 12,821.95, involving 20 vendors based in 10 different countries, remained outstanding. The individual VAT amounts range from EUR 55.12 to EUR 3,035.66 per invoice and date back to between December 2018 and April 2020.



Conclusion

5. The amount recommended for write-off is summarised in the table below.

Item	Amount (EUR)
Irrecoverable foreign VAT	12,821.95
Total	12,821.95

6. It should be noted that the write-off of the foreign VAT totalling EUR 12,821.95 will entail expenditure in 2021, subject to approval by the Conference.
7. The Council is requested to consider recommending the write-off of the irrecoverable accounts receivable totalling EUR 12,821.95 to the Conference for its consideration and for the adoption of a decision at its Twenty-Sixth Session.

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