



A Simplified Approach to SAP Indirect Tax Processing

The indirect tax process is complex for everyone involved, especially those responsible for business tax accounting. Leveraging a tax engine is a solid step toward taming that complexity. For IT leaders, providing a reliable, performant tax engine for both traditional enterprise resource planning (ERP) and digital, cloud-native systems has become a top priority.

For organizations with on-premises or private cloud deployments of SAP, the clear market leader in ERP software, the choice of tax software is critical. In this paper, you'll learn about the return on investment (ROI) that tax software can deliver—along with the key components to consider when choosing a tax software package, including ease-of-use, robustness, and more.

In the end, it will be clear how Vertex's long relationship with SAP has helped the company create SAP-compatible tax software that assures reliability and accuracy for IT and finance leaders, along with an attractive ROI.

The ROI of modern tax software

Companies seek out tax software because they are desperate for help with a job that's simply become too complex.

Global businesses must keep track of, and consistently update, the rules and rates for various types of taxes in countries around the world. Varying local rules mean that even companies doing business in a single country face challenges. In the United States, for instance, it's not just the states that have their own rules, but individual counties, cities and towns.

Indirect tax accounting software can help ease the pain and penalties of non-compliance, delivering a sound ROI in a number of ways. For example, underpaying taxes can result in fines and "potentially massive back tax payments."¹ Auditors can look at two or three months of recent transactions and extrapolate penalties and back payments to determine taxes owed going back three to seven years. And while many organizations have contingency funds set aside for penalties, in inflationary times it's advantageous to reduce that reserve requirement.

Improve visibility

High on the ROI list is visibility into tax spending, so companies can properly recover what they are owed—no mean feat given the various ways different countries account for taxes. What's more, identifying appropriate tax rates and applying these rates — automatically reduces the chance of errors, which can further increase ROI.

Provide timely, accurate data

Good tax reporting software will also make it possible to provide timely, accurate data to the C-suite. Perhaps a department manager wants to know how much each of their direct reports spent at restaurants last quarter. Or the CFO wants a report on any audit exposures their organization may face. It should be a simple matter to run a report that answers such questions, giving you real, live data that ensures you stay in compliance with tax laws, thereby reducing your risk.

Improve the employee experience

Employees who currently rely on native or outsourced ERP systems to keep track of tax rates and laws will welcome the control and automation that advanced tax software offers.

Regular updates keep the software current, and can automatically identify and enter the correct tax rate for nearly any transaction—even those for which you weren't charged but should've been.

"In the U.S., if you don't pay tax as a vendor that doesn't mean you don't owe it," Jana Zeeb, Principal Consultant, Solutions Practice, Vertex, who has also spent some 20 years as an independent sales and use tax consultant, says. "The system can do an analysis that says, 'I'm shipping to Colorado but wasn't charged local tax. Do I owe it?' If the answer is yes, it will accrue it." What's more, none of the transaction has to be entered manually, saving untold numbers of hours.

¹https://www.vertexinc.com/sites/default/files/2018-03/vertex_sleeping_giant_tax_dept_20140417.pdf

Advanced decision-making

Automated tools such as Vertex Indirect Tax O Series offer programs that import data into SAP and run a suite of reconciliation programs. These tools assist tax accountants in their daily and monthly reconciliations, to make sure everything is ready to file with various jurisdictions, so you remain in compliance. Accountants can immediately detect if anything is out of balance and make appropriate adjustments.

Reduced implementation risk

A quality tax software package will also include components that reduce implementation risk, enabling you to reduce your time to value. Your solution should have a standardized implementation process with detailed project plans, including testing.

Components to look for in a tax engine

Not every SAP-compatible tax package delivers the same ROI. To maximize your investment, it's important to look for a number of key features and functions.

- **Global tax integration**

Keeping track of tax laws, rules, and rates for locations around the globe is one of the most basic functions of SAP tax automation software. It's also a task that's only getting more complex as jurisdictions of all sizes continually adopt new rules and rates.

Any Value-Added Tax you pay in Europe, for example, means a credit on your tax return. Traditionally, finding such credits means manually looking at invoices. A good tax reporting software package will systematically put that data at your fingertips, with reports that detail exactly how much tax you've paid and/or collected, and what you can take credit for.

- **Automated reconciliation**

Manual data entry and reconciliation should be a thing of the past. A good tax software package will automate the process of importing data into SAP, running ledger reports, reconciling all accounts, and getting any required reports in order.

- **Specialized tools**

A provider that has a suite of specialized tools helps companies get more robust tax data inside of SAP. With 11-plus tools for every situation, Vertex has you covered. Vertex Indirect Tax Accelerator, codeveloped with SAP, provides technical and functional users with a series of automated capabilities.

These include the ability to drag-and-drop fields between SAP and Vertex rather than using ABAP to hard-code them, along with specialized reports that can encompass dozens or even hundreds of tables, for comprehensive reporting at your fingertips.

Other tools bolt on to the SAP AR system to systematically support more granularity in billing. Vertex flexRFC tools for AR and AP help simplify the processing of use tax adjustments and credits in SAP, complete with an audit trail. The tools help processors speed decision-making, requiring far fewer clicks to get the job done.



- **Accredited customer support**

Given how complex indirect tax processing with SAP can be, it's helpful to be able to rely on support from your tax software provider. That means more than an 800 number, however, or even "gold" and "silver" support models.

Vertex takes a team approach to support. Any customer can buy buckets of hours on a monthly basis, and each gets access to the same support team that has hands-on experience with SAP and Vertex. For longer-term issues, project-based support is also available. And customers can call in for help on an ad hoc basis.

- **Longstanding SAP relationship**

Integrating any software with SAP takes technical know-how and experience; when it comes to a category as complex as tax software, it's all the more important. That's why ensuring your software provider has a sound relationship with SAP is crucial to success.

Vertex's relationship with SAP goes back more than 25 years. You can be assured its solutions are accurate and applied consistently for jurisdictions around the globe. It also helps that Vertex is a certified SAP provider, which gives them the inside track on future enhancements and makes it easier to iron out any issues that may crop up.

- **Experience with multiple vertical industries**

An SAP tax software provider with experience in numerous verticals is helpful no matter what industry you're in—because you may need to do business with many of them.

From retail and manufacturing to oil and gas to everything in between, Vertex has a breadth of vertical industry experience. It also has relationships with key players in many of them, helping the company to stay on top of industry issues, trends, and developments.



Let Vertex deliver for you

Whether your SAP implementation is on-premises or in the cloud, choosing the right tax software is critical. Vertex's long relationship with SAP, certified customer support, and industry experience gives IT and financial leaders a competitive advantage when it comes to indirect tax processing and accounting.

Along with its Indirect Tax O Series software, Vertex has a portfolio of powerful tools and solutions that likewise give SAP users an edge.

Vertex PLUS tools, for example, address common gaps in the tax determination process and improve the precision of transaction tax operations, resulting in an end-to-end solution that helps companies realize a quicker ROI.

The Vertex Indirect Tax Accelerator for SAP ERP delivers additional capabilities and functionality, including:

- Robust data mapping, real-time address cleansing, and streamlined tax content maintenance tools
- A graphical user interface that gives tax professionals greater visibility into data mapping and system configuration, with minimal IT support
- Transaction Monitor, which removes and sends alerts about troubled transactions that are blocking the queue, and provides transaction logs to view detailed data and identify changes for improved troubleshooting
- Standard and custom SAP reporting for sales and purchases, reconciliation, tax management, and more

"Vertex is tried and true," Zeeb says. In her days as an independent consultant, she adds, "I converted lots of customers from other systems to Vertex, but never the other way around."

To learn more about how Vertex can help you more effectively process indirect taxes with SAP, visit: <https://www.vertexinc.com/partners/sap>

About Vertex

Vertex is a leading global provider of indirect tax software and solutions. The company's mission is to deliver the most trusted tax technology enabling global businesses to transact, comply and grow with confidence. Vertex provides solutions that can be tailored to specific industries for major lines of indirect tax, including sales and consumer use, value added and payroll. Headquartered in North America, and with offices in South America and Europe, Vertex employs over 1,300 professionals and serves companies across the globe.

To learn more, visit [VertexInc.com](https://www.vertexinc.com).



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