PwC Webinar

How the S/4HANA implementation transforms your day to day tax operations?

2 November 2021

Agenda

1. Changing tax landscape

2. Tax as integrator in the S/4HANA journey: Main drivers

3. Detailed tax management topics & solutions:
   - SAP DRC
   - SAP GTS
   - SAP Analytics Cloud

4. Implementation insights & lessons learned

5. Q&A and wrap-up

Today's speakers

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Changing tax landscape

How the S/4HANA implementation transforms your day to day tax operations?

A changing global tax reporting landscape...

Real-time
& More
Data

01
02
03
04

© 2021 - PwC - E-invoicing/e-reporting landscape

. . . 2014 2015 2016 2017 2018 2019 2020 2021
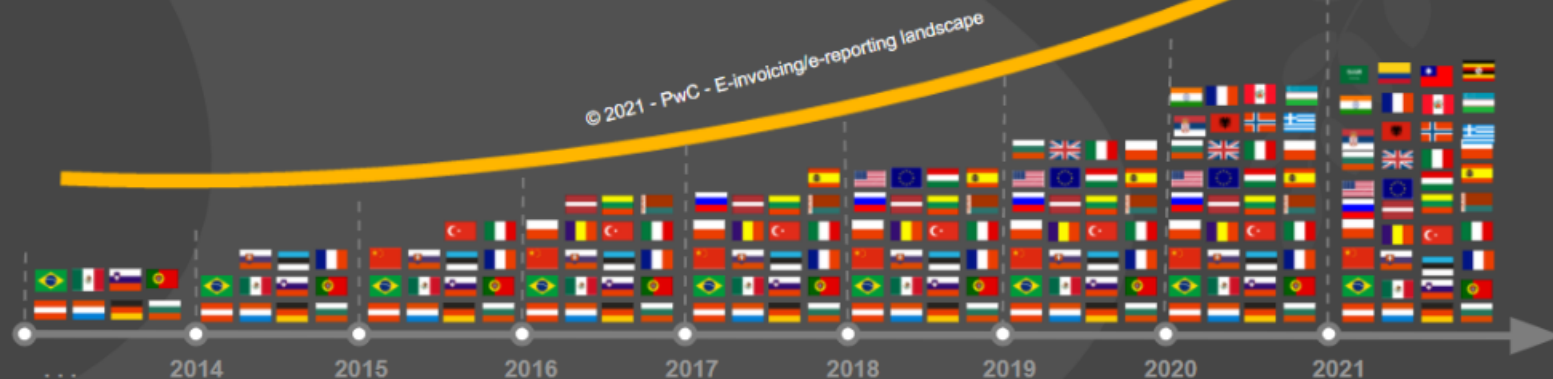
Different measures

On-request e-audit requirements
Obligation to be able to extract and present accounting/ transactional data in a predefined format on request of the tax authority.

Real-time reporting
Requirement to communicate incoming and/or outgoing transactional data to the tax authority in (near) real-time, usually within a few working days, in a pre-defined format.

Mandatory e-invoicing
Obligation to electronically exchange invoices/ transactional data using a predefined format, sometimes via a government run platform.

Other changes

Different measures

01

02

03

04

Fundamental overhaul of the international tax system: two-pillar approach
On 8 October 2021, the Inclusive Framework (IF) announced a further agreement backed by 136 (out of 140) members of the Inclusive Framework on the two-pillar approach redesigning the international tax framework. With this, all EU Member States that are part of the IF are supporting the reform.

Link: https://news.pwc.be/political-agreement-on-fundamental-overhaul-of-the-international-tax-system/

OECD Tax administration 3.0: The Digital Transformation of Tax Administration
This digital transformation has the potential to build-in compliance in an increasing number of areas, to move taxation closer to taxable events and to significantly reduce the burdens that can arise from using different processes for taxation to those used in taxpayers' daily lives and businesses.

Link:
https://www.oecd.org/tax/forum-on-tax-administration/publications-and-products/tax-administration-3-0-the-digital-transformation-of-tax-administration.htm

Belgium budget and State of the Union as an example:
It is announcing a.o. Gradual transition to E-invoicing for B2B transactions and increased efforts in the fight against tax fraud.

Link:
https://news.pwc.be/belgian-government-announces-measures-to-transition-belgian-economy-post-covid/?utm_campaign=58417
78873a6a3015304fe3b&utm_content=61669fd3fea97f0001a88b0f&utm_medium=smarp
share&utm_source=linkedin

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Tax as integrator in the S/4HANA journey: Main drivers

Benefits of using a Tax Business Integrator

"The most successful business transformations are undoubtedly business led and supported by people with experience (and battle scars) to help predict and avoid pitfalls. I've led a number of finance transformations and having tax support embedded in 02C, P2P and R2R has proved invaluable, especially in the increasingly prevalent digitalisation of the tax agenda."

Sam Waller PwC Finance Transformation Partner, From: *Tax business integration carrots and sticks*

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02

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Upfront structured collation of TLS requirements to avoid late changes and expensive rework

Broader experience and perspective on Key Design Decisions

Linkages to territory tax SMEs to quickly collate and analyse local TLS requirements

Combing global mindset with local content

Proven methodology and accelerators to meet deployment timetable

Ability to scale up / scale down resources over the life of a project

Minimise distractions for in-house tax from other value added activities

BI influence to police and minimise requested variations from a standard template

Linkage to other inflight planning strategies

Ability to leverage global learnings across multiple implementation waves
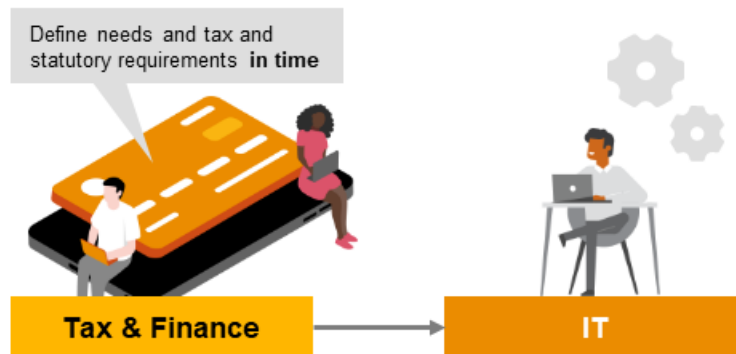
The ERP implementation journey

The importance of setting up your future ERP in a tax and statutory compliant way

Define needs and tax and statutory requirements **in time**

Tax & Finance → **IT**

SAP deadline: 2027
(no deadline for Oracle, but same challenges apply)

When implementing a new ERP, the tax and finance teams must inform the IT project team of their needs in due time

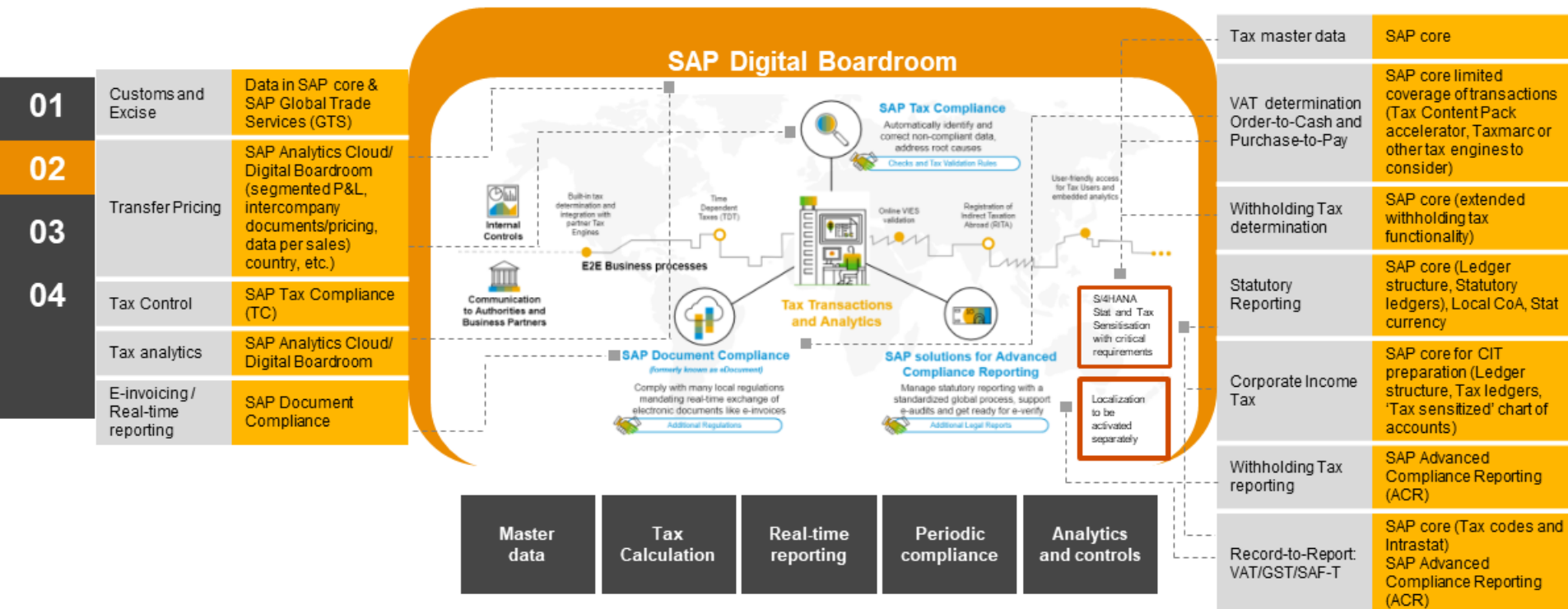| The three main challenges	**Reduce risk:** provide tax authorities with more detailed data	**Increase efficiency:** e-invoicing, e-filings, e-ledgers, real-time reporting	**Increase insights:** advanced analytics, real-time tax calculations
Business requirements	**Statutory/direct tax reporting** • Statutory and tax sensitisation • Statutory and tax ledger setup • GAAP to STAT to tax reconciliation	**VAT/customs** • VAT reporting • Advanced controls and analytics • Electronic filing • Compliance • Dashboards	**Transfer pricing (TP)** • Operational TP • Country by country reporting (CbCR)

Tax/Stat challenges when moving to SAP S/4HANA
Why Tax/Stat should have a seat at the table

Tax/Stat challenges

SAP solutions*

(* other options can be considered as well)

01	Customs and Excise	Data in SAP core & SAP Global Trade Services (GTS)
02	Transfer Pricing	SAP Analytics Cloud/ Digital Boardroom (segmented P&L, intercompany documents/pricing, data per sales) country, etc.)
03	Tax Control	SAP Tax Compliance (TC)
04	Tax analytics	SAP Analytics Cloud/ Digital Boardroom
	E-invoicing / Real-time reporting	SAP Document Compliance

SAP Digital Boardroom

Internal Controls

Built-in tax determination and integration with partner Tax Engines

Time Dependent Taxes (TDT)

Online VIES validation

Registration of Indirect Taxation Abroad (RITA)

User-friendly access for Tax Users and embedded analytics

SAP Tax Compliance
Automatically identify and correct non-compliant data, address root causes

Checks and Tax Validation Rules

E2E Business processes

Communication to Authorities and Business Partners

Tax Transactions and Analytics

SAP Document Compliance
(formerly known as eDocument)

Comply with many local regulations mandating real-time exchange of electronic documents like e-invoices

Additional Regulations

SAP solutions for Advanced Compliance Reporting

Manage statutory reporting with a standardized global process, support e-audits and get ready for e-verify

Additional Legal Reports

S/4HANA Stat and Tax Sensitisation with critical requirements

Localization to be activated separately

Master data	Tax Calculation	Real-time reporting	Periodic compliance	Analytics and controls

Tax master data	SAP core
VAT determination Order-to-Cash and Purchase-to-Pay	SAP core limited coverage of transactions (Tax Content Pack accelerator, Taxmarc or other tax engines to consider)
Withholding Tax determination	SAP core (extended withholding tax functionality)
Statutory Reporting	SAP core (Ledger structure, Statutory ledgers), Local CoA, Stat currency
Corporate Income Tax	SAP core for CIT preparation (Ledger structure, Tax ledgers, 'Tax sensitized' chart of accounts)
Withholding Tax reporting	SAP Advanced Compliance Reporting (ACR)
Record-to-Report: VAT/GST/SAF-T	SAP core (Tax codes and Intrastat) SAP Advanced Compliance Reporting (ACR)

What is part of SAP Localization?
example for Belgium of Localization toolkit

MASTER DATA

Multilingual G/L Account Name

Customer Tax Number

Vendor Tax Number

Tax Number Validation: For more information, see SAP Note 638214

Bank Data Validation

Single Payment Indicator

Withholding Tax Data

ACCOUNTING: Taxes

Nondeductible Input Tax

Withholding Tax Reporting: Overview

For more information, refer to the RFQST70 and RFKQST70 report documentation in the system.

Taxes on Sales/Purchases: Overview

Taxes on Sales/Purchases: Report Documentation

ACCOUNTING: Payment Transactions

Country-Specific Payment Methods

The following payment formats are available: BE_CGI_XML_CT, BE_CGI_XML_DD, BE_BEPDTA_FOR

Balance-of-Payments Reporting

ACCOUNTING: General

Monthly Journal (Journal Centralisateur)

EU Sales List (Paper/DME): Overview

EU Sales List (Paper): Report Documentation

TREASURY

Transfer of Account Statements: Overview

Transfer of Account Statements: CODA

For more information, refer to the RFEBBE00 report documentation in the system.

MATERIALS MANAGEMENT

Purchase Account Management

HUMAN RESOURCES

Payroll

Supported Features per Report

The following features are supported in the reports:

Feature	Annual Sales Listing	Balance of Payments	VAT Return	Withholding Tax
Embedded Analytics	Yes	Yes	Yes	Yes
Manual Adjustment	Yes	No	Yes	Yes
Data Preview	Yes	No	Yes	Yes
Electronic Communication with the Government Gateway	No	No	No	No
Correction and Additional Correction Phases	No	No	Yes	Yes
Reporting Activity – Manage Tax Items	Yes	No	Yes	No
Reporting Activity – Post Tax Payable	Not Applicable	No	Yes	No

Related Information

Advanced Compliance Reporting

Polling question 1a

When is your organisation planning on migrating towards SAP S/4HANA?

- N/A
- Do not know
- 2021/2022
- 2023
- 2024

Polling question 1b

If currently in a migration, where are you currently in the S/4HANA journey?

- Design phase
- Implementation phase
- Go live
- Post go live phase

Statutory & Direct Tax: Drivers

Getting the basis for Tax Reporting right - Statutory & direct tax requirements

Core Design (Big Rocks)

Localizations

Statutory

- Ledger setup (GAAP vs STAT prime, non-leading vs extension ledger)
- Reconciliation and transparent G2S reporting
- Currency and FX setup
- Calendar setup
- Sequential numbering
- STAT & TAX sensitized CoA (Business & Local)
- Local language requirements
- Country-specific reporting

Direct Tax

- Tax sensitisation (permanent vs temporary differences)
- Country-specific reporting
- Fixed assets tax vs stat depreciation
- Calculation of current and/or deferred tax position
- Withholding tax (WHT)
  - Customer WHT and Vendor WHT
  - Invoice or payment
  - Calculation & Reporting

Tax Reporting

Polling question 2

Are you currently using (or envisaging to use) a multiple ledger setup?

- Yes: for Group GAAP and Local GAAP (STAT) purposes
- Yes: for Group GAAP, Local GAAP (STAT) and direct tax (TAX) purposes
- No: only one ledger will be setup

Indirect Tax: Drivers

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Master data governance	• Transactional taxes are in various process (P2P, O2C, R2R) • Tax is dependent on correct master data collection (i.e. VAT, Customs & Excise data elements) • Tax rates and tax codes (VAT, WHT) • Follow-up on legal changes (e.g. Brexit) and maintenance	
Tax determination (VAT/GST and WHT)	• PTP automation in the ERP system • OTC automation in the ERP system • WHT determination in ERP system • Pro-rata calculation	
Real-time reporting	• E.g. Spanish SII, Hungary, Poland (potential change), Colombia, Brazil, etc.	
Periodic compliance	• Classic VAT reporting to check coverage in SAP ACR/BCR • Intrastat reporting capability • Withholding tax reporting and returns • SAF-T files (e.g. Poland, Norway, Portugal, Luxembourg, France) • Customs compliance	
SAP Analytics & Digital Boardroom	• Data reconciliation and comparison (e.g. VAT, Customs & Excise) • Compliance tracker • ITX cash under 'management'	

SD Tax determination process: Content packs

Business Process

OTC
RTR
PTP

GAP GS6 System

1. Providing tax determination logic

2. Providing invoice elements

Configuration
- MM-SD-FI Entity definition and assignment
- Tax Condition type logic

Master Data
- Vendor/Customer/ Material Master data
- Condition Record
- Tax Codes

Unique Tax code with predefined rate (A1,A2..)

Transaction
- Vendor Invoice
- Customer invoice
- Incoming/Outgoing Payment
- Stream specific transactional data

Periodic Compliance Reports
- STAT reports
- VAT reports
- WHT reports
- Other country specific Ad hoc reports (Intrastat, Local forms)

FIORI ACR

GS6 - FIORI Interface
- Setup Connectivity
- Country specific Role creation and definition
- Define country specific **SAP ACR reports**

3. Accelerating reporting configuration

- Different Indirect Tax reports in SAP ACR: VAT returns, EC Sales & Purchase listing, SAF-T, etc.

SAP digital boardroom

AP tax determination process: PO based

Level 1 - Manual Tax code selection and determination

- By company code select a tax code for the Purchase Order

Level 2 - Purchase Info Records (PIRs)

A PIR uses a combination of the Material Number and the Supplier Number to define the expected tax code. This is suitable for organizations that make frequent purchases of the same materials from the same suppliers (e.g. manufacturing businesses purchasing for their production lines).

PIR Ref.	Supplier	Material	Tax Code
PIR A	001	M123	V1
PIR B	001	M456	V2
PIR C	002	M987	V1

Level 3 - Extension: Condition Records

This would follow broadly the same logic as determination through condition records in the SD module. Key differences:

- Would rely on supplier master data, as opposed to customer master data.
- Would use a different condition type (and related access sequence for the condition tables).

Condition records for PO invoices are not recommended, due to the high complexity of determining VAT for AP transactions.

Optionally - Manual Assignment / Defaulting

- By company code set a tax code to default on the Purchase Order; or,
- Make the creator of the Purchase Order manually select the tax code, usually based on guidance provided by the tax team.

Important remarks!

- PO needs to contain sufficient data to be able to determine the correct tax code
- PO data is accurate -> quality of master data

Tax engine: 3 levels of automation

Good **opportunity** to optimize your tax determination when **implementing S/4HANA**. This could consist of a better structure in SD as seen before or also the acquisition of a tax engine or VAT add-on.

Internal ERP
(SAP)

Add-in
(Localizations internal logic extensions)

Bolt-on

Internal ERP
- Tax content, including codes, rates and rules are not provided
- Extensive ERP configurations for tax processing and master data are required for each jurisdictions
- Tax configuration is required for tax determination, for all tax types, and to ensure appropriate tax accounting
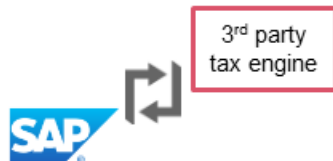- Re-configuration and maintenance is required for each rate and rule change

Add-in
- Programing or module logic which enhances or extends internal engines
- Small firm development with limited rate and rule support
- Internal ERP system development requiring system and database access

Bolt-on
- External automation system using transaction data for tax determination
- Contains Global content (rules, rates, logic)
- Able to support complex intercompany, intracompany and multiparty transactions
- Provides global content updates for tax, rules and decision logic with automated updates
- Reduces long term maintenance, resource and implementation costs

SAP Field Description	VAT determination field	SAP Header Fieldname	Functional Grouping
Group Indicator for Tax Line Items		BSET-TXGRP	SAP Acc document tax item
Tax Jurisdiction		BSEG-TXJCD	SAP Acc document tax item
VAT Registration Number	Vendor/Customer VAT-identification number	BSET-STCEG	SAP Acc document tax item
Tax account		VWSTB-AKONTO	SAP Acc document tax item
Reference Document Number		BKPF-XBLNR	SAP Acc document header data
Billing Document	Document number/Invoice number	VBRK-VBELN	SAP Billing document (OTC)
Billing item		VBRP-POSNR	SAP Billing document (OTC)
Billing date for billing index and period		VBRK-FKDAT	SAP Billing document (OTC)
GoodsReceivedCountryOfOrigin		VBRP-ALAND	SAP Billing document (OTC)
GoodsDispatchedCountryOfDestination		VBRP-LLAND_AUFT	SAP Billing document (OTC)
GoodsDispatchedCountryOfOrigin		ERP-ALAND	SAP foreign trade data for PO/SO

3rd party
tax engine

Important remark! Tax engine will need more data parameters that should be available within S/4HANA

TaxMarc - key characteristics

Standard SAP
Taxmarc is based on the principle that all VAT relevant data is captured within (standard) SAP.

Compatible with all recent SAP versions
Built in enhancement implementations / BADI's (no core modifications!) and therefore compatible with all recent versions (7.01 SP level 18 and higher) in SAP incl. SAP S/4HANA.

Flexible architecture
Can be installed as an internal or as an external engine, on premise or in the cloud to be able to cater for every clients IT landscape. Each (ERP) system can connect to Taxmarc via XML/JSON file format.

Independent embedded engine
VAT determination done within SAP with standard SAP functionality. Taxmarc runs independent from existing (old) developments. There is no need (except US) to communicate with an external tax engine. No impact on existing developments because of 'Stand alone' principal.

Data linking/gathering
Improves data linking in SAP in order to achieve automated VAT determination in an accurate manner, eg. AP and AR data is linked for automated VAT determination of supply chains exceeding two parties. 70% of Taxmarc is based on intelligent data gathering within SAP.

TCF
A tax control framework (TCF) at transactional level is embedded for each supply chain transaction. Real time email messages send by the TCF alert function.

Smart testing approach
Earlier booked transactions can be used to automatically test the new Taxmarc functionality. This will decrease the time spent on UAT and regression testing significantly.

Navigation
With the embedded navigation tool, a tax manager doesn't need SAP knowledge. All relevant data to analyze a problem is captured together at one place (/TAXMARC/CP).

Maintenance/instruction guide
Easy maintenance at one central point; Taxmarc Implementation Guide (/TAXMARC/IMG) includes embedded instruction guide.

Tax data warehouse / data quality
All relevant data used for tax determination is stored in SAP and is therefore owned by the company itself (no black box). This provides real time access to company's sales and purchase blueprint.

Automatically in compliance,
Always in control

Polling question 3

How do you want to determine the VAT treatment of your company?

- Standard SAP
- Customized SAP
- Add-in solution
- Considering tax engine
- Do not know (yet)

Required data - Sample VAT 1 (basic invoice content)

Left table

FIELD REQUIRED	NECESSITY	NOTES PwC
Following data is required per invoice line for VAT declarations		
Supplier Number	Minimum	Unique reference for the master data. Highly recommended, e.g. In case where reference to supplier claissification is required.
Supplier Name	Minimum	
Supplier VAT number	Minimum	
Customer Number	Minimum	Unique reference for the master data. Highly recommended, e.g. In case where reference to supplier claissification is required.
Customer Name	Minimum	
Customer VAT number	Minimum	If applicable (B2B)
Supplier Country	Minimum	Suggestion to also add address details
Customer Country	Minimum	Suggestion to also add address details
Ship from Country	Minimum	Suggestion to also add address details
Ship to Country	Minimum	Suggestion to also add address details
Invoice number	Minimum	
Original Document Reference	Optional	In case of Credit Note
Transaction Reference (internal reference)	Minimum	Unique reference for the transaction
Document Date	Minimum	
Payment Date	Minimum	
Delivery Date	Minimum	
Reporting Period	Minimum	
Posting Date	Minimum for Germany AP	
Document Type or transaction type	Minimum	e.g. CN needs to be reported separate from regular invoices
Invoice Description	Minimum	
Goods Services Classification	Minimum	Classification of type of material or service
Base Curr	Minimum	Local currency if no EUR e.g. for DKK, CZK etc
Invoice Curr	Minimum	
Net Value in Base Curr	Minimum	Local currency if no EUR e.g. for DKK, CZK etc
Net Value in Invoice Curr	Minimum	
Tax Value in Base Curr	Minimum	
Tax Value in Invoice Curr	Minimum	
Exchange Rate	Minimum	For reporting purposes
Tax Code	Optional	
Tax Value deducted in base Curr	Minimum	
Tax Value non-recoverable in base Curr	Minimum for Belgium, France, Czech Republic and Italy	
VAT rate	Minimum for Slovakia, Czech Republic, Luxembourg	
Tax Point	Minimum for Slovakia, Czech Republic	In case tax point needs to be included in reports as a seperate field: e.g. VAT Control Statement CZ, SK
Consignment	Optional	
PO number	Optional	
Discount amount	Minimum	
Gross invoice amount	Minimum	
Quantity of the goods supplied / services rendered	Minimum	
Specific text mention to justify exemption	Minimum	

Right table

Data item	Description	Type:	Conditions
Supplier information			
Name	The full name of the supplier	Mandatory	
Address	The address of the supplier	Mandatory	
VAT ID	The VAT ID-number of the	Mandatory	Mandatory in so-far the supplier has a
Fiscal Rep. Name	The supplier's tax	Conditional	The supplier is represented by a tax
Fiscal Rep. Address	The supplier's tax	Conditional	The supplier is represented by a tax
Co. Reg. Num.	The supplier's Company	Conditional	Only required in sofar the VAT
Place of Reg.	A precise indication of the	Conditional	In principle mandatory, but made
Bank Account	The bank account number of at	Conditional	The supplier is holder at a credit
Liquidator Name	The name of the person that is	Conditional	The company is in liquidation
Reference to the register of legal entities or the abbreviation "RPR/RPM"	This reference needs to be followed by the competent Commercial Court resulting from the registered office of the company.	Conditional	The supplier is not a civil company
License number	The number of the license is	Conditional	The supplier practices a regulated
Buyer information			
Name	The full name of the buyer	Mandatory	
Address	The address of the buyer	Mandatory	
VAT ID	The VAT ID-number of the	Conditional	Mandatory in so-far the buyer has a
Fiscal Rep. Name	The buyer's tax	Conditional	The buyer is represented by a tax
Fiscal Rep. Address	The buyer's tax	Conditional	The buyer is represented by a tax
Invoice level information			
Invoice Date	The date of issue of the invoice	Mandatory	
Date of Supply	The date of the supply of the	Conditional	If the date of supply is different from
Original invoice	Reference to the initial invoice	Conditional	Mandatory in case of a credit note
Invoice Number	The number under which the	Mandatory	
Tax law reference		Conditional	Mandatory in case of intra-community
Currency	Invoice currency	Mandatory	
Local currency	The local currency used on the	Conditional	The used currency is not EUR
Net Total	Amount payable (VAT	Recommended	
Quantity	The quantity of the goods	Mandatory	
Description	The description/nature of the	Mandatory	
Taxable Amount (per VAT rate and exemption)	Mandatory per VAT rate or exemption (expressed in Euros)	Mandatory	
Tax Rate	Applicable VAT rate (per	Conditional	No VAT rate should be mentioned in
Total tax amount in	VAT Payable	Conditional	This amount can be zero in case of
Unit Price	Exclusive of VAT	Mandatory	
Discount Amount		Conditional	The discount amounts are not
Discount terms		Conditional	The discount amounts are not
Any others, please specify:			
Reference to self-	In case an invoice is drafted by	Conditional	
Reference to the		Conditional	The invoice relates to e.g. an intra-
Reference in case		Conditional	The invoice relates to a supply of
Cash Accounting		Conditional	The cash accounting system has
Margin scheme		Conditional	The profit margin method for Eligible
Supply of a new		Conditional	The invoice relates to a supply of a

Required data - Sample VAT 2 (SAF-T / Peppol)

Reference	Customer	Document Date	Posting Date	Entry Date	Material	Material Description	Plant	Storage Location	Movement Type	Special Stock	Material Document	Material	Qty in Un.	Unit of Entry	Invoice #	Billing date	Sold-to party	Material	ValA	CoCd	Type	Itm	Pstng Date	Doc. Date	Entry Date	Quantity
0080018086	126000001	7/28/2020	7/28/2020	7/28/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900008981	1	-1	PC	#N/A	#N/A	#N/A	H11	2610	2600	WE	1	28.07.2020	28.07.2020	28.07.2020	-1
0080018087	126000001	7/28/2020	7/28/2020	7/28/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900008982	1	-1	PC	#N/A	#N/A	#N/A	H11	2610	2600	WE	1	28.07.2020	28.07.2020	28.07.2020	-1
0080018088	126000001	7/29/2020	7/12/2020	7/29/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900009990	1	-1	PC	#N/A	#N/A	#N/A	H11	2610	2600	WE	1	12.07.2020	29.07.2020	29.07.2020	-1
0080018111	126000002	8/12/2020	7/12/2020	8/12/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004025	1	-1	PC	198000053	14.07.2020	126000002	H11	2610	2600	WE	1	12.07.2020	12.08.2020	12.08.2020	-1
0080018110	126000001	8/12/2020	7/12/2020	8/12/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004024	1	-1	PC	198000052	14.07.2020	126000001	H11	2610	2600	WE	1	12.07.2020	12.08.2020	12.08.2020	-1
0080018091	126000001	8/10/2020	7/12/2020	8/10/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004002	1	-1	PC	198000025	14.07.2020	126000001	H11	2610	2600	WE	1	12.07.2020	10.08.2020	10.08.2020	-1
0080018108	126000005	8/11/2020	7/12/2020	8/11/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004022	1	-10	PC	198000043	13.07.2020	126000005	H11	2610	2600	WE	1	12.07.2020	11.08.2020	11.08.2020	-10
0080018107	126000010	8/11/2020	7/12/2020	8/11/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004021	1	-5	PC	198000042	13.07.2020	126000010	H11	2610	2600	WE	1	12.07.2020	11.08.2020	11.08.2020	-5
0080018116	126000001	8/14/2020	7/12/2020	8/14/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004033	1	-1	PC	198000061	14.07.2020	126000001	H11	2610	2600	WE	1	12.07.2020	14.08.2020	14.08.2020	-1
0080018114	126000010	8/13/2020	7/8/2020	8/13/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004031	1	-5	PC	198000058	08.07.2020	126000010	H11	2610	2600	WE	1	08.07.2020	13.08.2020	13.08.2020	-5
0080018112	126000001	8/12/2020	7/5/2020	8/12/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004026	1	-1	PC	180000083	12.07.2020	126000001	H11	2610	2600	WE	1	05.07.2020	12.08.2020	12.08.2020	-1
0080018102	126000001	8/11/2020	7/5/2020	8/11/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004013	1	-10	PC	198000035	05.07.2020	126000001	H11	2610	2600	WE	1	05.07.2020	11.08.2020	11.08.2020	-10
0080018096	126000001	8/10/2020	7/4/2020	8/10/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004007	1	-10	PC	#N/A	#N/A	#N/A	H11	2610	2600	WE	1	04.07.2020	10.08.2020	10.08.2020	-10
0080018115	126000001	8/14/2020	7/2/2020	8/14/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004032	1	-10	PC	198000060	04.07.2020	126000001	H11	2610	2600	WE	1	02.07.2020	14.08.2020	14.08.2020	-10
0080018101	126000001	8/11/2020	7/2/2020	8/11/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004012	1	-10	PC	198000034	02.07.2020	126000001	H11	2610	2600	WE	1	02.07.2020	11.08.2020	11.08.2020	-10
0080018097	126000001	8/10/2020	7/2/2020	8/10/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004008	1	-10	PC	198000030	04.07.2020	126000001	H11	2610	2600	WE	1	02.07.2020	10.08.2020	10.08.2020	-10
0080018092	126000001	8/10/2020	7/2/2020	8/10/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004003	1	-10	PC	#N/A	#N/A	#N/A	H11	2610	2600	WE	1	02.07.2020	10.08.2020	10.08.2020	-10
0080018100	126000001	8/11/2020	7/1/2020	8/11/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004011	1	-10	PC	198000033	03.07.2020	126000001	H11	2610	2600	WE	1	01.07.2020	11.08.2020	11.08.2020	-10
0080018095	126000001	8/10/2020	7/1/2020	8/10/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004006	1	-10	PC	198000029	03.07.2020	126000001	H11	2610	2600	WE	1	01.07.2020	10.08.2020	10.08.2020	-10
0080018099	126000001	8/11/2020	6/30/2020	8/11/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004010	1	-10	PC	198000032	02.07.2020	126000001	H11	2610	2600	WE	1	30.06.2020	11.08.2020	11.08.2020	-10
0080018094	126000001	8/10/2020	6/30/2020	8/10/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004005	1	-10	PC	198000028	02.07.2020	126000001	H11	2610	2600	WE	1	30.06.2020	10.08.2020	10.08.2020	-10
0080018098	126000001	8/11/2020	6/25/2020	8/11/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004009	1	-10	PC	198000031	02.07.2020	126000001	H11	2610	2600	WE	1	25.06.2020	11.08.2020	11.08.2020	-10
0080018093	126000001	8/10/2020	6/23/2020	8/10/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004004	1	-10	PC	198000027	02.07.2020	126000001	H11	2610	2600	WE	1	23.06.2020	10.08.2020	10.08.2020	-10
0080018105	126000001	8/11/2020	6/20/2020	8/11/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004019	1	-100	PC	198000040	20.06.2020	126000001	H11	2610	2600	WE	1	20.06.2020	11.08.2020	11.08.2020	-100
0080018106	126000001	8/11/2020	6/3/2020	8/11/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004020	1	-10	PC	198000041	02.07.2020	126000001	H11	2610	2600	WE	1	03.09.2020	11.08.2020	11.08.2020	-10
0080018090	126000000	8/7/2020	6/1/2020	8/7/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004001	1	-1	PC	198000025	01.06.2020	126000000	H11	2610	2600	WE	1	01.06.2020	07.08.2020	07.08.2020	-1
0080018089	126000000	8/6/2020	6/1/2020	8/6/2020	H11	Trading Good,PO,Reg.Trading.	2610	1014	601		4900004000	1	-1	PC	198000024	01.06.2020	126000000	H11	2610	2600	WE	1	01.06.2020	06.08.2020	06.08.2020	-1
0080018103	126000001	8/11/2020	7/12/2020	8/11/2020	H12	Trading Good,Reorder Point,Reg.Tr.	2610	1014	601		4900004014	1	-20	PC	198000037	14.07.2020	126000001	H12	2610	2600	WE	1	12.07.2020	11.08.2020	11.08.2020	-20
0080018110	126000001	8/12/2020	7/12/2020	8/12/2020	H12	Trading Good,Reorder Point,Reg.Tr.	2610	1014	601		4900004024	2	-1	PC	198000052	14.07.2020	126000001	H12	2610	2600	WE	3	12.07.2020	12.08.2020	12.08.2020	-1
0080018105	126000001	8/11/2020	6/20/2020	8/11/2020	H12	Trading Good,Reorder Point,Reg.Tr.	2610	1014	601		4900004019	2	-200	PC	198000040	20.06.2020	126000001	H12	2610	2600	WE	3	20.06.2020	11.08.2020	11.08.2020	-200
0080018104	126000001	8/11/2020	7/12/2020	8/11/2020	YH11	Trading Good, 5% VAT	2610	1014	601		4900004018	1	-20	PC	198000038	14.07.2020	126000001	YH11	2610	2600	WE	1	12.07.2020	11.08.2020	11.08.2020	-20
0080018106	126000001	8/11/2020	6/3/2020	8/11/2020	YH11	Trading Good, 5% VAT	2610	1014	601		4900004020	2	-5	PC	198000041	02.07.2020	126000001	YH11	2610	2600	WE	3	03.08.2020	11.08.2020	11.08.2020	-5
		6/1/2020	6/1/2020	8/11/2020	YH11	Trading Good, 5% VAT	2610	1014	561		4900004015	1	1000	PC	#N/A	#N/A	#N/A	YH11	2610	2600	WE	1	01.06.2020	01.06.2020	11.08.2020	1.000
0080018109	126000001	8/12/2020	7/12/2020	8/12/2020	YH12	Trading Good, tax exempt	2610	1014	601		4900004023	1	-1	PC	198000051	13.07.2020	126000001	YH12	2610	2600	WE	1	12.07.2020	12.08.2020	12.08.2020	-1
		6/1/2020	6/1/2020	8/11/2020	YH12	Trading Good, tax exempt	2610	1014	561		4900004016	1	1000	PC	#N/A	#N/A	#N/A	YH12	2610	2600	WE	1	01.06.2020	01.06.2020	11.08.2020	1.000
0080018113	126000001	8/13/2020	7/5/2020	8/11/2020	YH13	Second-hand material	2610	1014	601		4900004030	1	-1	PC	#N/A	#N/A	#N/A	YH13	2610	2600	WE	1	05.07.2020	13.08.2020	13.08.2020	-1
		6/1/2020	6/1/2020	8/11/2020	YH13	Second-hand material	2610	1014	561		4900004017	1	1000	PC	#N/A	#N/A	#N/A	YH13	2610	2600	WE	1	01.06.2020	01.06.2020	11.08.2020	1.000

Remark

OECD SAF-T or, SAF-T Warehouses structure (JPK_MAG) and others will require another level of data, where Peppol also requires e-invoicing formalistic conditions (mandate) in certain countries

Transfer Pricing: Drivers

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Data definition

- Definition of required data fields to generate transfer pricing insights
- Determine what can be sourced from the ERP database and what needs to be supplemented outside of it

Reconciliation

- Reconciliation of TP data (at product level) with financial statements
- Linking transactions to products
- Mapping year-end statutory adjustments
- Reconciliation of year-end adjustments

Real-time testing

- Automated transfer pricing testing of local margins to avoid heavy year-end adjustments
- Automated CUP testing
- Spotting anomalies vis-à-vis transfer pricing policies

Automated compliance

- Automated data pull for TP documentation (local files)
- CbCR filings
- Local specific transfer pricing forms

Operational TP

- Continuous control over margins (operational TP)
- Structural control over cash pool and intercompany lending activities
- **Remark:** multiple technologies available (e.g. Anaplan, Optravis, SAP Analytics Cloud, OneSource, etc.)

IT support within the TP lifecycle

1	2	3	4	5	6
TP Policies	**Price setting and Agreements**	**Transfer Price ERP set-up**	**Monitoring and Adjustment**	**Generate TP Compliance reports**	**TP Audit / Controversy**

• TP Benchmarking • TP Model Design • Group TP Policy • Documentation Strategy	• Transaction mapping • Transfer Pricing setting • Budgeting and forecasting • Service charge budgeting • Intercompany agreements	• Invoicing • Netting and settlement • Reconciliation • Price upload and validation • ERP journal entries	• TP margin monitoring • TP adjustments • Price updates • Segmented P&L	• Compliance check • CbC Reporting • YE Segmented P&L • Documentation update	• Management of Audit Cycle • Strategy • Information retrieval • APA and ruling

Operational Transfer Pricing Solutions

Automatically calculate product transfer price so that each legal entity distribution margin is within targeted TP benchmark range

Semi-automatically load transfer prices into the ERP pricing tables on periodical basis

Automatically calculate remaining year-end TP True-ups

Automatically generate TP compliance reports for TP doc:
• Segmented P&L by function
• Intercompany transaction by type & affiliate counter-part

Profitability and Performance Management (PaPM)

SAP Probability and Performance Management
Main Use Case in sample content: Probability and cost management

3

Detailed tax management topics & solutions
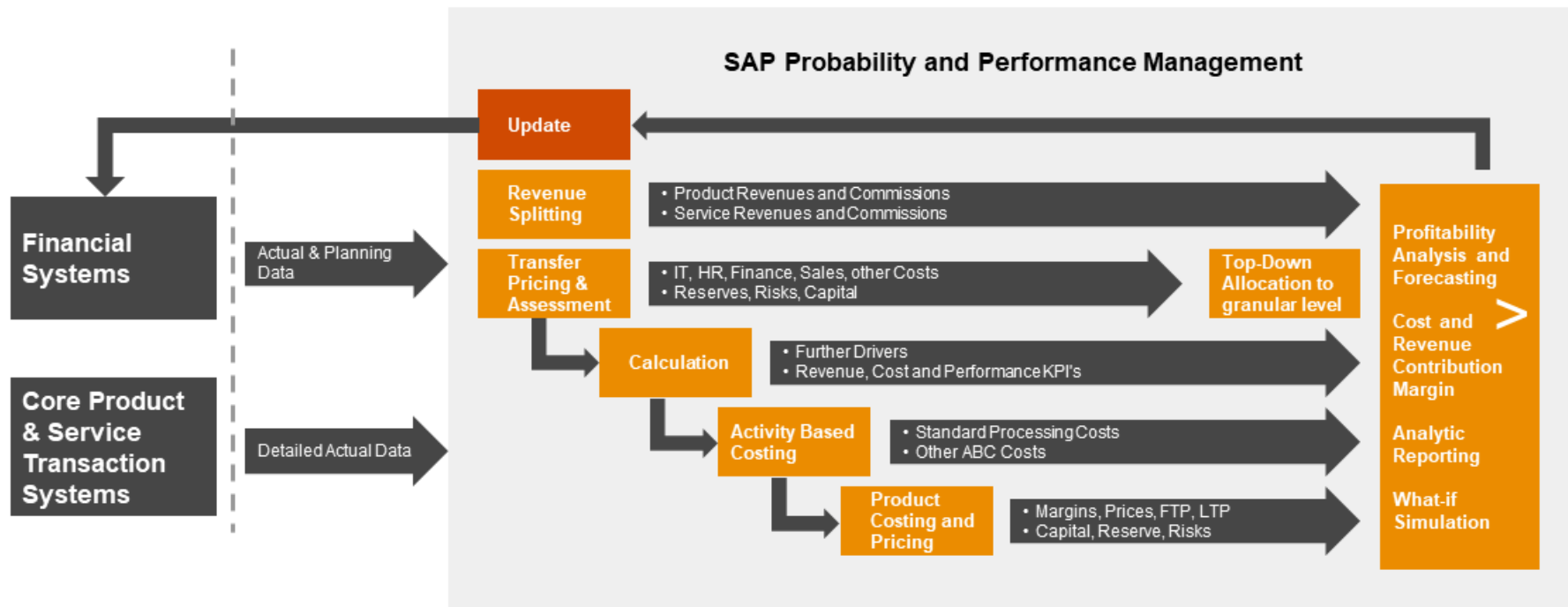
How the S/4HANA implementation transforms your day to day tax operations?
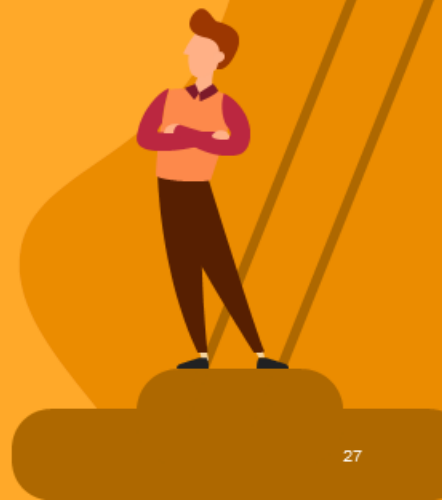
SAP Document and Reporting Compliance (DRC)

Overview of functionalities

Functionalities

- **Harmonize real time periodic and ad hoc reporting** to fulfill all mandates worldwide
- Seamless transition to CTC (continuous transaction controls)
- Consistency between real time business documents and statutory reports
- Reconciliations between internal and external documents
- Invoices created in S/4HANA simultaneously create eDocuments, that are automatically send to authorities and business partners
- Users can receive supplier invoices in real time, can be posted automatically, eliminating AP backlog at the end of reporting period
- Manage all mandates in one central dashboard, ability to **harmonize tax controls X-country** (e.g. SOX key controls)
- As invoices are processed throughout the month, they are synthesized together with eDocuments, to fulfill periodic reporting requirements

SAP Document and Reporting Compliance

| Transaction | Data Preparation and Submission | Reconciliation | Reporting |

1. Transaction

Data from business transaction, exchanged with external systems

2. Data Preparation and Submission

Adjusting data to legally required formats, so electronic processing is possible

3. Reconciliation

Reaching internal data consistency prior to filing legal or statutory reports

4. Reporting

Reaching internal data consistency prior to filing legal or statutory reports

SAP Document and Reporting Compliance (DRC)

Benefits & Features
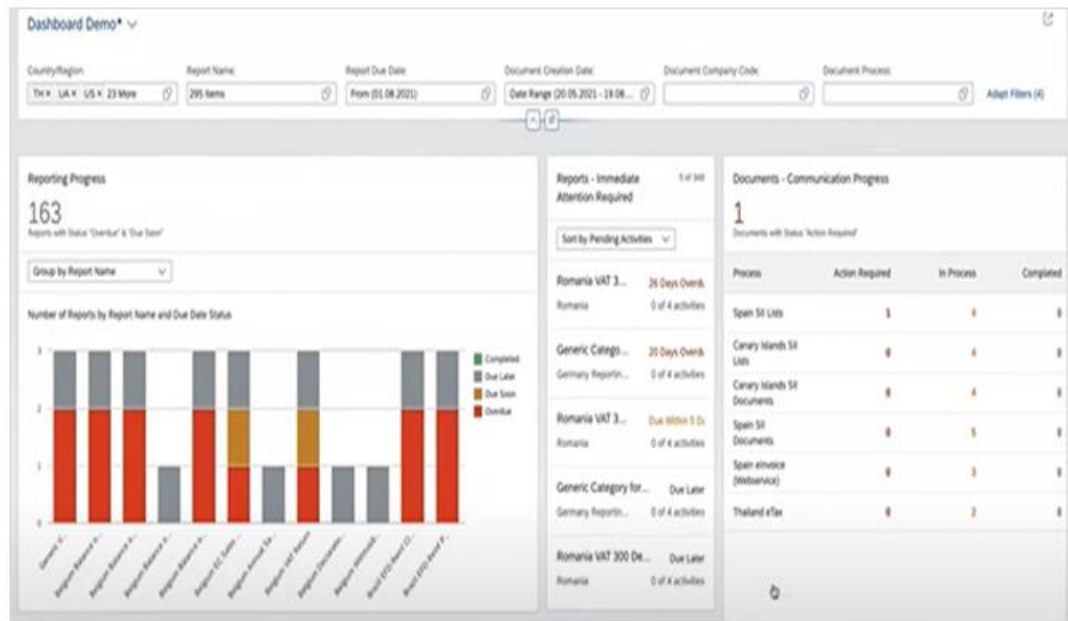
Benefits

- Boost standardization, efficiency and automation
- Streamline operations with scalable capabilities
- Comply globally in an ever-changing digital world.
- One centralized dashboard

Features

- Define and connect to source systems
- Configure reporting
- Data replication
- Report generation
- Analytics for report data
- Report submissionUser authorization
- Data security

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Polling question 4

Are you envisaging to centralize (even) more of your indirect tax compliance work in a shared service center, center of excellence or similar?

- No
- Yes, for Indirect tax compliance
- Yes, for real-time reporting
- Yes, for both Indirect tax compliance and real-time reporting
- We leave it as it is

Drivers of change in Global Trade

Between the COVID-19 pandemic and trade tensions, the past few years have created a highly uncertain environment for MNCs. At the same time, large-scale multilateral trade agreements such as CPTPP and RCEP present opportunities.

Companies will need to continue reevaluating their position due to the evolving landscape of Global Trade.
Link to Webex 4 November 2021

| Geopolitical tensions (Brexit, tariffs, WTO disputes) | Strict enforcement of export controls and sanctions | A growing and complex web of FTAs to navigate | Supply chain disruptions from COVID-19 pandemic |

Global trade: risks, controls and opportunities

Client challenges

Global trade rules the movement of goods across borders. It gives access to foreign markets and creates important growth opportunities for companies. However, global trade is subject to complex and constantly evolving regulations, both US and foreign.

Changes in trade policies and shifts to protectionist measures, combined with heightened concern for national security have created significant additional risks from a financial, operational and compliance standpoint.

While companies are facing ever more pressure from protectionist measures, **misconducts and violations are more frequent, leading to penalties, reputational damage and loss of market share.**

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How to create value while mitigating risks

Risks & Controls	Procure-to-Pay	Order-to-Cash	Finance

Strategic Impact

Optimized: Create duty optimization schemes and logistics efficiencies

Managed: Reduce taxes and streamline supply chain

Initial: Reduce risk and achieve compliance

Global trade integration with core processes

PwC Accelerators

IndustryEdge

PwC' preconfigured SAP S/4 System

RPA-based compliance configuration and testing

SAP GTS as a Service and Managed Services

Cloud-based SAP analytics

Manual and automated controls inventory

Success factors

Establish a cross-functional compliance team

Bring together Trade Compliance, Customs, Indirect Tax and Internal Audit to deliver unique and sustainable value.

Collaborate across the organization to generate maximum value

Establish and sustain awareness and involvement to constantly evaluate risks and opportunities as they occur.

Consider local operations while creating global principles

Understand regional processes while focusing on risks, duty optimizations and logistics efficiencies globally.

Embrace technology and initiate long lasting change

Use integrated systems such as SAP GTS to increase benefits, drive change and maximize the return on investment.

Test and maintain compliance in daily operations

Implement and maintain control over operations and compliance with digital solutions and analytics capabilities.

Global trade: risks and impact

Global trade gives access to foreign markets and creates important growth opportunities for companies. However, international trade is subject to complex and constantly evolving regulations, both US and foreign. While companies are facing ever more pressure from protectionist measures, misconduct and violations are more frequent, leading to penalties, reputational damage and loss of market share.

	Trade sanctions	Export control	Import / export procedures	Special customs procedures	Free trade agreements
Risks	Trading with restricted entities and embargoed countries / regions.	Shipments of controlled products to sensitive destinations and access to sensitive information.	Import and export activities not compliant or not complete of all customs forms and requirements.	Non-compliant use of special customs procedures.	Use of free trade agreements with false origin determination.
Impact	Violations and penalties of up to multiple billions USD. Reputational damage and risk of being sanctioned.	Violations of US export regulations, resulting in fines and loss of export privileges.	Shipments blocked and delayed, over/underpayment of taxes and duties.	Risk of tax fraud, fines, payment of arrears on duties, loss of authorization for tax avoidance programs.	Penalties and payment of arrears on shipments up to 5 years.

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< **Ensure compliance**

Reduce cost and increase efficiency >

SAP Analytics Cloud / Digital Boardroom – what is it?

- The SAP Digital Boardroom gives tax directors & managers a real-time, digital-enterprise experience and insights into their data.

- Thanks to SAP Analytics, it integrates with **tax data from the 4 SAP global tax management tools** and third-party applications to provide a **single source of truth** for the most important business metrics.

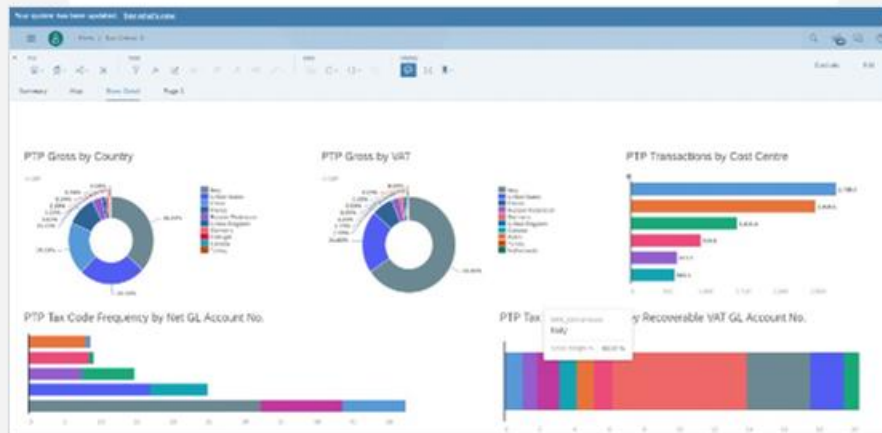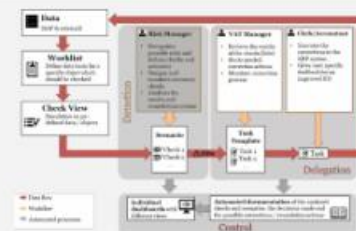- The visualization of the data can be tailored to the **specific role of the end-user**, e.g. showcasing VAT under management and keeping track of compliance reporting, legal updates and penalties.

SAP ACR

SAP S/4

SAP BW   SAP Analytics Cloud

SAP Tax Compliance

Excel files & others

Excel   3rd Party Systems

SAP Analytics Cloud – Global Tax Monitoring

Video - https://www.youtube.com/watch?v=8M3tTI9_he4&feature=youtu.be

Other Benefits:

- Traceability into source transaction data driving issues or risk
- Ability to quantify "what-if" scenarios using combined actual and forecast/budget data
- Perform overall reconciliations to ensure management and legal entity reporting aligns

Benefits:

- Real time monitoring of global tax positions, product profitability, legal entity profit monitoring, elimination of profit in inventory
- Dashboard to view all shared service allocations, royalty charges, cost sharing agreements, profit splits and any other transfer pricing position

4

Implementation insights & lessons learned

How the S/4HANA implementation transforms your day to day tax operations?

ERP Implementation: Tax Integrated End-To-End in Project

We see that during an ERP implementation tax is only on the agenda in the Record to Report (R2R) workstream.
Tax should not only be looked at from the reporting point of view, but should be also considered in other streams like Order to Cash (O2C), Procure to Pay (P2P) and logistics or master data.

Tax department should define their needs prior to moving to a new ERP system!
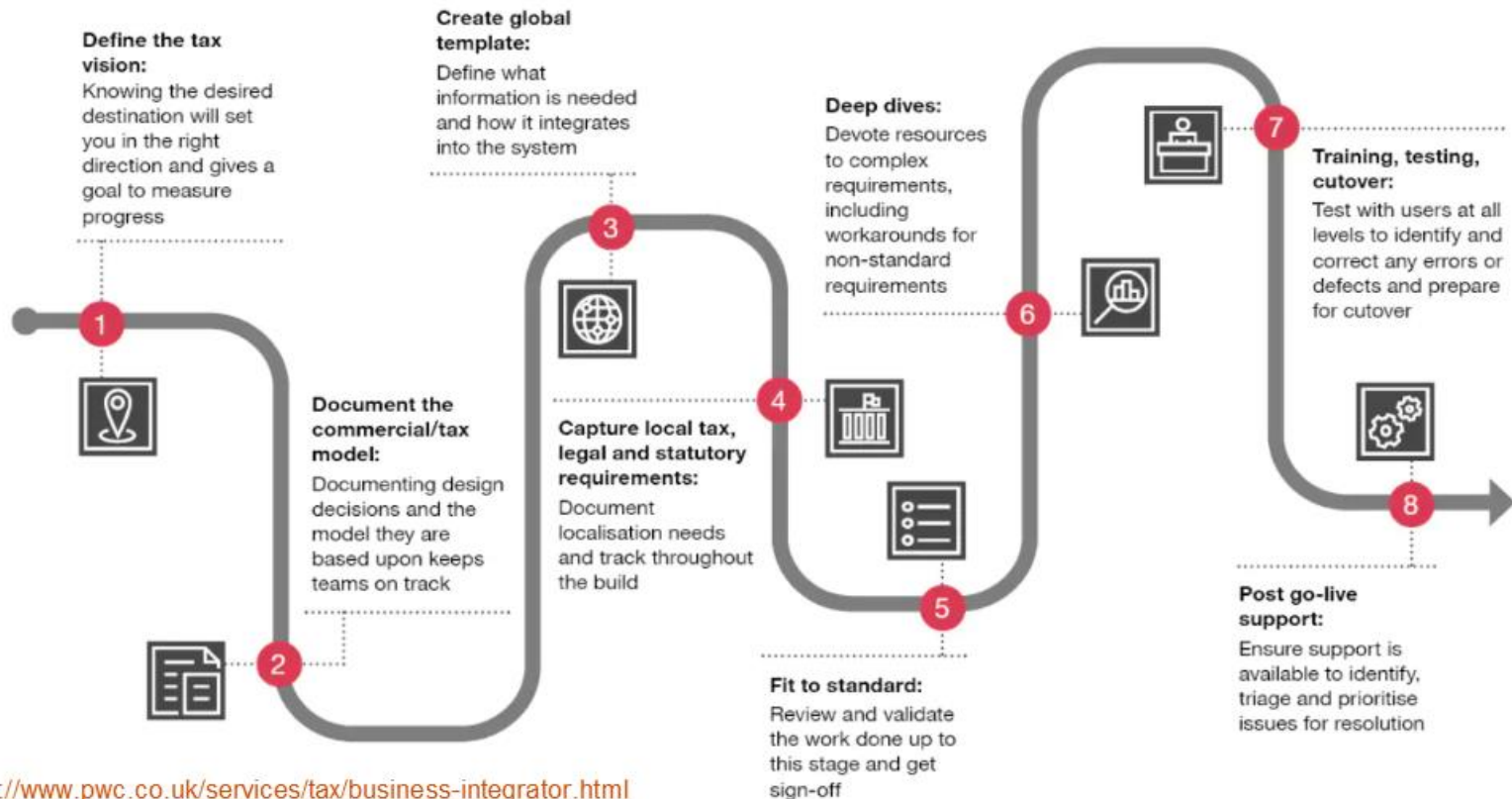
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Transformation Strategy	Business Concepts					Specification	Implementation

Transformation Strategy		Business Concepts					Specification	Implementation
Digital transformation journey	Tax	Master Data	Sales	Production	Procurement	HR / IT		Configuration
Business Case	Idea to Market						Master Data & Governance	BI Architecture
Project Approach	**Order to Cash**							Testing
Steering & Reporting Concept	Plan to Produce							Data Warehouse & Consolidation
	Source/**Purchase to Pay**							Migration
	Record to Report						Mandatory ERP settings	Rollout

End-to-end Processes

Project- and Change Management	Value & Quality Assurance	Risk Management	Legal Compliance

The tax transformation journey

Define the tax vision:
Knowing the desired destination will set you in the right direction and gives a goal to measure progress

1

Create global template:
Define what information is needed and how it integrates into the system

3

Document the commercial/tax model:
Documenting design decisions and the model they are based upon keeps teams on track

2

Capture local tax, legal and statutory requirements:
Document localisation needs and track throughout the build

4

Deep dives:
Devote resources to complex requirements, including workarounds for non-standard requirements

6

Fit to standard:
Review and validate the work done up to this stage and get sign-off

5

Training, testing, cutover:
Test with users at all levels to identify and correct any errors or defects and prepare for cutover

7

Post go-live support:
Ensure support is available to identify, triage and prioritise issues for resolution

8

Link: https://www.pwc.co.uk/services/tax/business-integrator.html

Solve big rocks decisions as a basis for your SAP design

Defining big rocks is a key element of our approach; driving alignment on the most important business & design decisions:

Certain design decisions (big rocks) come with significant financial and investment implications, tend to be foundational or persuasive in nature, and therefore influence the success of the project.
We find it helpful to identify and resolve the big rocks that senior leaders will want to engage in, as they form the foundational elements of the design, early in the program, to enable the project to achieve the stated outcomes.

Why tackle big rocks up front?

Proven approach to accelerate IT implementation, reduce risk, and deliver business value early

What qualifies as big rock?

- Foundational element of the design that is critical to full realization of program value
- Organizational capability gap that must be in place to realize the full program value
- Dependency area that needs resolution before downstream decisions are made
- Drive significant complexity, and hence effort, in the functional and technical designs
- Potential point of contention between stakeholders

Examples of big rocks for tax

Overall
- Define global enterprise structure - Business operations translated into SAP structures

Finance and management reporting
- Ledger design
- Chart of accounts

Output of "Big Rocks" workshops

Documented list of big rocks

Strong foundation for design

Next steps with ownership

Example: KDD

3. Future State

3.1. Alternatives and Pros and Cons of options

Pros of compliance using SAP ACR

- Having a single source of truth and data coming out of one database (no need to reconcile)
- Advantage of having VAT reporting centralized
- Benefit when also having harmonized and standardized tax codes, also in terms of governance and audit trail
- Possibility of harmonizing your SOX key controls which have been mentioned by different teams in the workshop sessions (e.g., monitoring thresholds, reconciliations)
- SAP maintains and updates reports based on legal changes for 'localization' countries which results in lower maintenance costs for Company (need to implement new feature pack of SAP ACR)
- Fewer hours are spent on tax compliance work by automating the data preparation and compliance process
- Fewer processes, systems and tools are used
- Easier on-boarding and training of staff (one system with one working logic, one core manual)
- Easier management of security user roles

Cons of compliance using SAP ACR

- Not all reports for all countries are available in SAP ACR, but can be developed based on customer's request (see discussions with SAP product team)
- SAP ACR is merely a reporting tool with updated content & some features providing the correct legal formats to report, but has no sophisticated due date tracker or extensive analytics (to check if SAP Analytics Cloud is needed)
- SAP ACR should be considered in combination with SAP Document Compliance for the real-time reporting obligations in some countries (e.g., Spain, Hungary)

Key Decisions

5.1. Decision

Decision made

- Company will utilize the SAP Advanced Compliance Reporting Tool (see charts in the Problem Statement section above) for countries where currently the local team is doing the filing internally. Localization packages will be implemented as well for all in scope countries as applicable (except for USA where there is no localization package). Specifically, with regard to foreign VAT registrations (e.g., Belgian entity) VAT registration for Bulgaria, Hungary, Portugal, Romania, Spain) where currently external providers are assisting Company local contacts are best placed to decide on behalf of their entities due to their knowledge on the process. Here we suggest that following the pilot a live demo is performed for these local countries with foreign VAT registrations in order to decide whether this would satisfy their needs and whether they will also move to SAP ACR. As such, these outsourced VAT registrations can be put later on the implementation timeline.
- For now, Company will not set up a **workflow management process** (preparer/reviewer/approver) within SAP ACR. They will assign access to the SAP Advanced Compliance Reporting Tool based on the teams who are currently active with the legal & tax reporting obligations and the general security roles that can be set up in SAP ACR.
- Company will only keep a standard overview of transactions reported per tax code and related tax boxes in the **embedded analytics** in SAP ACR as a validation. They will not harmonize any internal controls or SOX key controls through the **embedded analytics**.
- Company will continue with SAP ACR for UK and they will also utilize SAP SLH ACR Service for direct submission of statutory or regulatory reports in the UK as this is a legal requirement under the Making Tax Digital rules.

Our approach to making your ERP tax- and futureproof

Future tax IT roadmap (link)
- Starting with 'As-is vs. to be ' workshop
- Ending with implementation / testing as needed

We help you prepare a long-lasting architecture and IT roadmap. It is tailored to your company for statutory and tax compliance in an holistic way (GAAP to statutory conversion, direct tax reporting, indirect tax determination and reporting, real-time reporting, e-invoicing, etc.). Our proven and standardised end-to-end approach consists of 5 steps in the ERP localisation process. Global PwC network

1

Gathering local and business requirements

- Database of local compliance requirements, including statutory, direct tax, VAT, WHT and e-invoicing requirements, reports and returns to be filed

- Gathering of business requirements based on questionnaires and a dedicated tax workshop with key stakeholders to validate and complete requirements

- Link to the Core Design

2

Fit-gap analysis

- Making a fit-gap analysis between what the company already has available to deal with the requirements as gathered in step 1 (fit), and which requirements, returns and reports are missing (gap).

3

RICEFW list

- Preparing or checking the RICEFW list per country - reports (R), interface (I), conversion (C), enhancements (E), forms (F) and workflow (W)

- Indicating available standard reports versus what is still needed

- Indicating required specific customisations based on steps 1 and 2

4

Blueprinting and tax determination

- Mapping of business transactions

- Design of tailored ITX/WHT determination logic

- Tax codes and mapping to boxes of the VAT return

5

Assistance with testing & training

- Preparing test scenarios based on business blueprint

- Assistance with testing and/or validating test results

- Preparing tax manuals

- Providing training to tax (compliance) teams

Example: Global Tax / Stat Process Design Document Content

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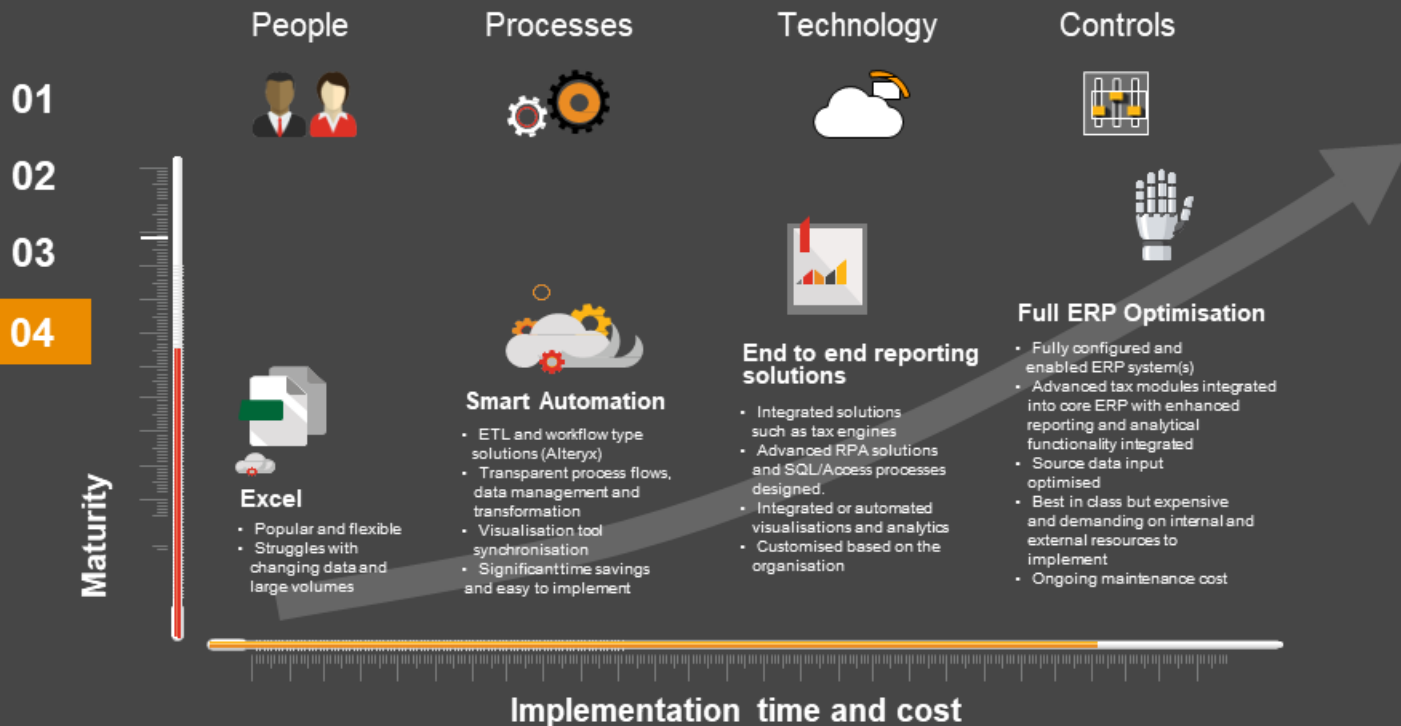**03**

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Table of Contents

Lessons learned Global implementations

- Tax to **prepare as team** what they want to improve going forward (incl. Talk to vendors on specific add-on solutions for e-invoicing, TP, Customs & Excise)

- Take time to **assess** roadmap, global coverage and perform complete fit-gap analysis

- Foresee preparation time for **supply chain mapping** in case required: can you lift and shift current SAP tax set up or do you require redesign?

- Draft a complete **project plan** with detailed timing (taking into account holiday, transports & change control, testing & defect resolving)

- Foresee sufficient **training** and also **testing time** for local client teams (provide training document/user manual)

- Conduct **review of tax codes** or tax code harmonization as any tax reporting will be tax code based (Detailed info per country on reports via SAP Help Portal (https://help.sap.com/viewer/26c2d5e366bc44c1a98f2a9212a0c49d/2020.002/en-US/3c0686e8948844408d0e97e79d8bbb18.html?q=netherlands%20configuration%20VAT%20return))

- Discuss upfront on required **set up of tax controls and data analytics** in order to be in control of your new compliance process

- Sufficiently **link with other workstreams** (P2P, O2C, MD) and highlight process transformations and improvements

Maturity Model - Where are you now and where do you want to be?

01

02

03

04

Maturity

People

Processes

Technology

Controls

Excel
- Popular and flexible
- Struggles with changing data and large volumes

Smart Automation
- ETL and workflow type solutions (Alteryx)
- Transparent process flows, data management and transformation
- Visualisation tool synchronisation
- Significant time savings and easy to implement

End to end reporting solutions
- Integrated solutions such as tax engines
- Advanced RPA solutions and SQL/Access processes designed.
- Integrated or automated visualisations and analytics
- Customised based on the organisation

Full ERP Optimisation
- Fully configured and enabled ERP system(s)
- Advanced tax modules integrated into core ERP with enhanced reporting and analytical functionality integrated
- Source data input optimised
- Best in class but expensive and demanding on internal and external resources to implement
- Ongoing maintenance cost

Implementation time and cost

5

Q&A and wrap-up

How the S/4HANA implementation transforms your day to day tax operations?

Thank you!

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