



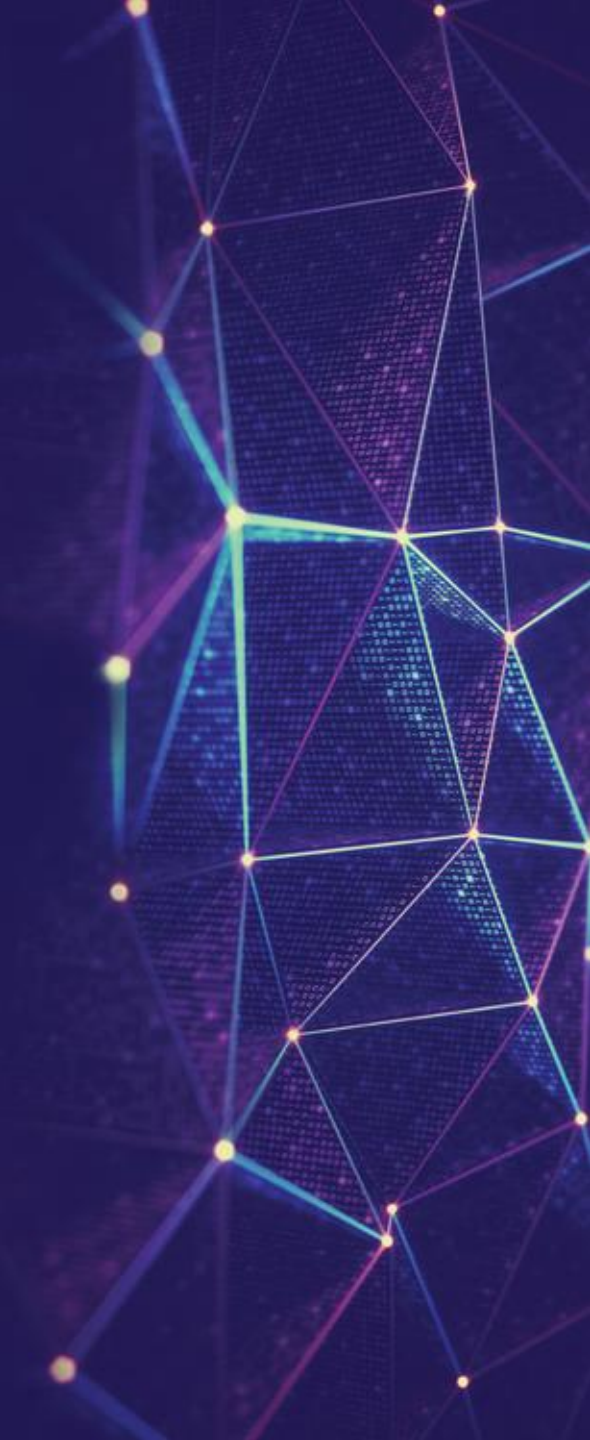
Meijburg & Co  
Tax Lawyers

# Tax Technology Bites

**Session 3 | ERP Tax sensitization**

Virtual MS Teams Session

4 February 2021



First...



**Please mute your  
microphone and camera**



**Do you have a question?  
Ask it via chat!**

# Tax Technology Bites Webinar Series

## Theme

Tax Technology Strategy & Roadmap

Tax Process & Controls

**ERP Tax Sensitization**

Tax Data Management & Intelligence

Tax Compliance

## Date

11 November 2020

8 December 2020

**4 February 2021**

4 March 2021

30 March 2021



# Introduction presenters



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**Senior Manager**

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KPMG Netherlands



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**Manager**

*Tax Technology & Transformation*  
KPMG Netherlands

# Today's Agenda



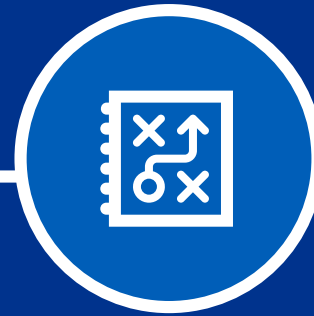
## **Introduction into ERP Tax sensitization**

Context & Setting the  
scene



## **Key Tax elements in your ERP system**

The operation of an  
ERP system from a Tax  
perspective



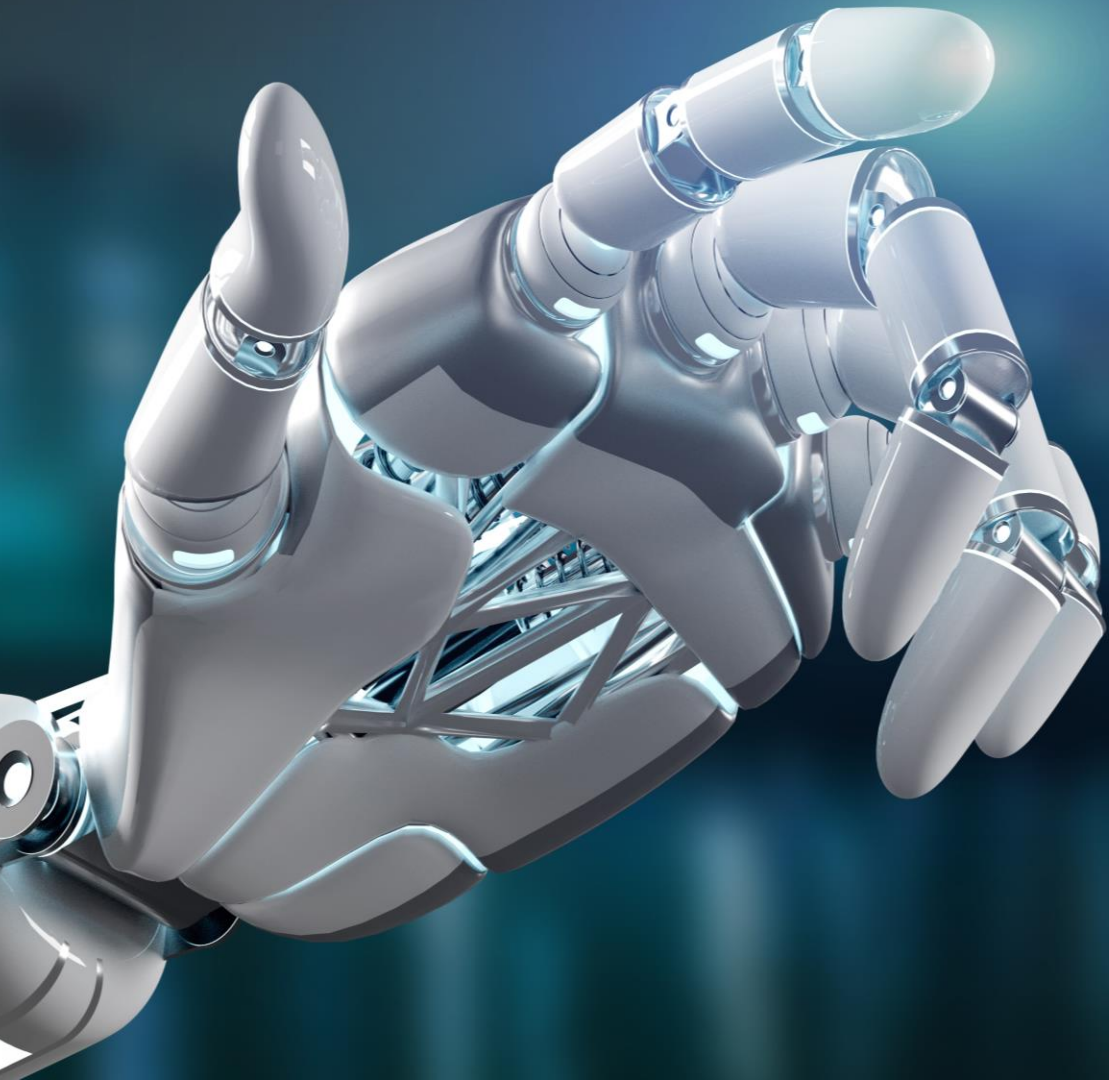
## **Tax beyond the ERP system**

High level view of  
IT landscape from  
a Tax perspective



## **Top of mind**

Key message that  
should be  
remembered



# Introduction into ERP Tax sensitization

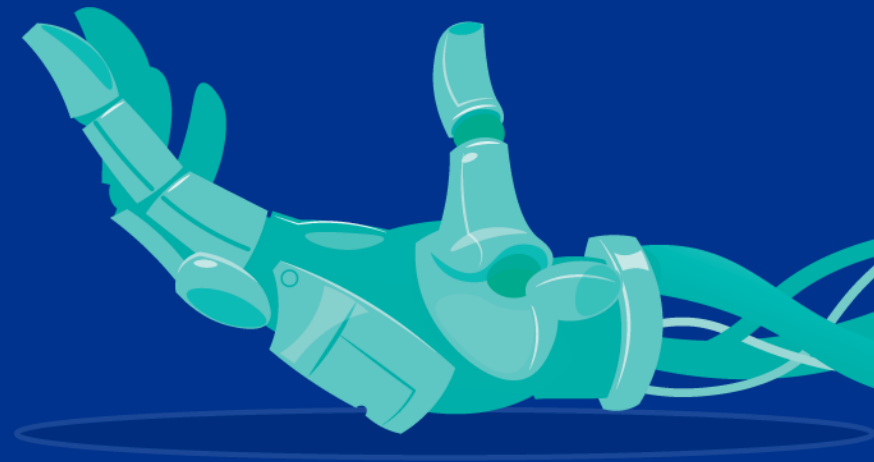
# When to think about ERP

- ✓ **Mergers & acquisitions**
- ✓ **Changes to your operating model and/or supply chain**
- ✓ **New products and business lines**
- ✓ **Changes in tax legislation, for instance changes in tax rates**
- ✓ **Changes to Tax policies**
- ✓ **Changes to ERP systems, for instance the migration to a new ERP system like SAP S/4 HANA**
- ✓ **Changes to non-ERP systems that interact with the ERP system**
- ✓ **High number of manual interventions in your tax process(es)**



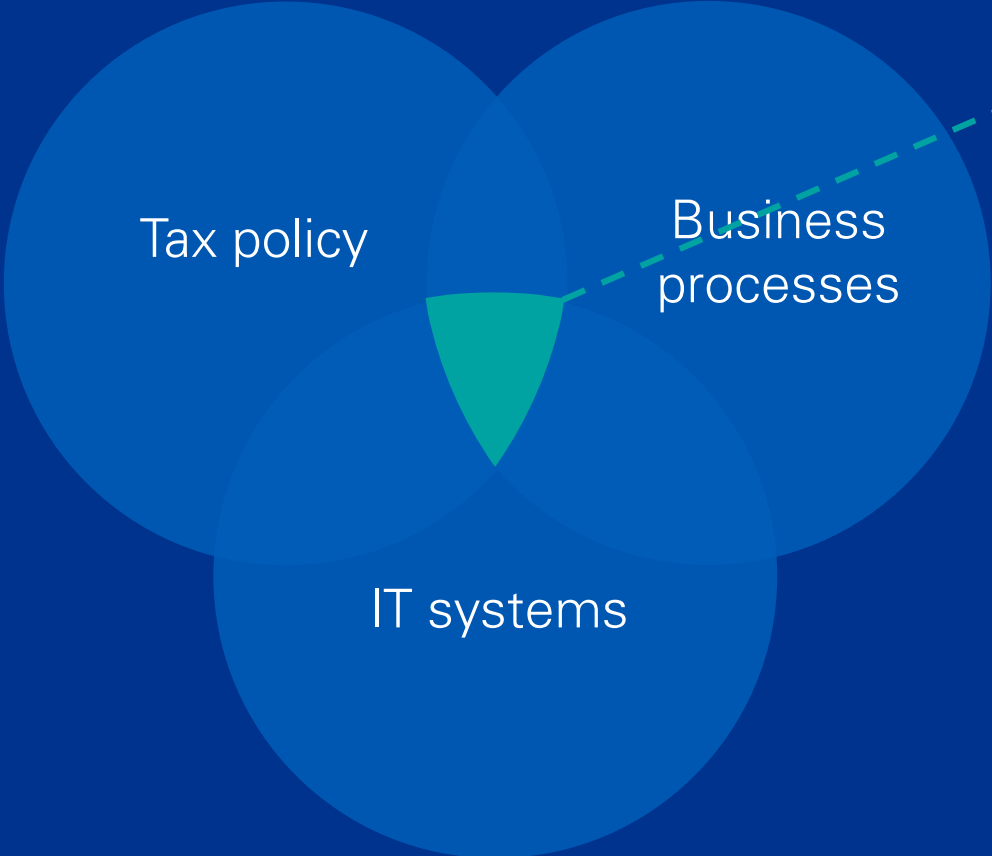
# Key items we will discuss today

- 1 Why does Tax need to be involved in ERP projects?
- 2 Which elements in an ERP system are relevant for Tax?
- 3 Which Tax (Technology) considerations should be taken into account in ERP projects?
- 4 Which other IT systems next to ERP should be considered for integration of Tax in the business?





# Relevance of ERP for Tax



# An ERP system supports your day to day business operations

## Customer

Marketing, Sales,  
Service

## Production

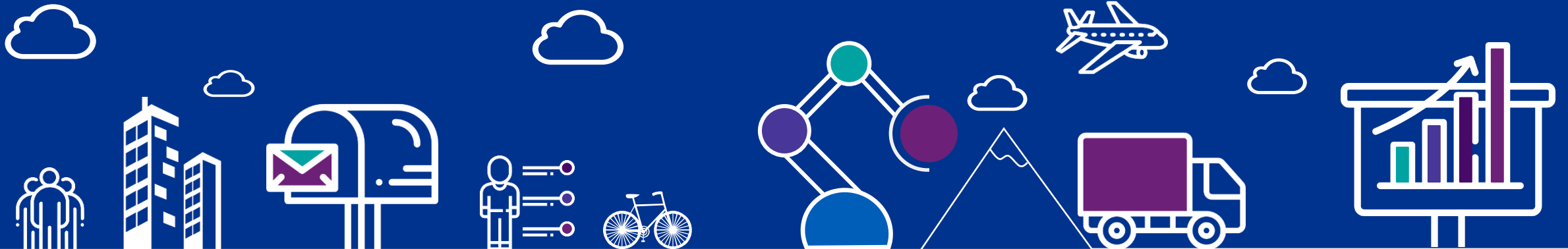
Product Development,  
Maintenance

## Supply Chain

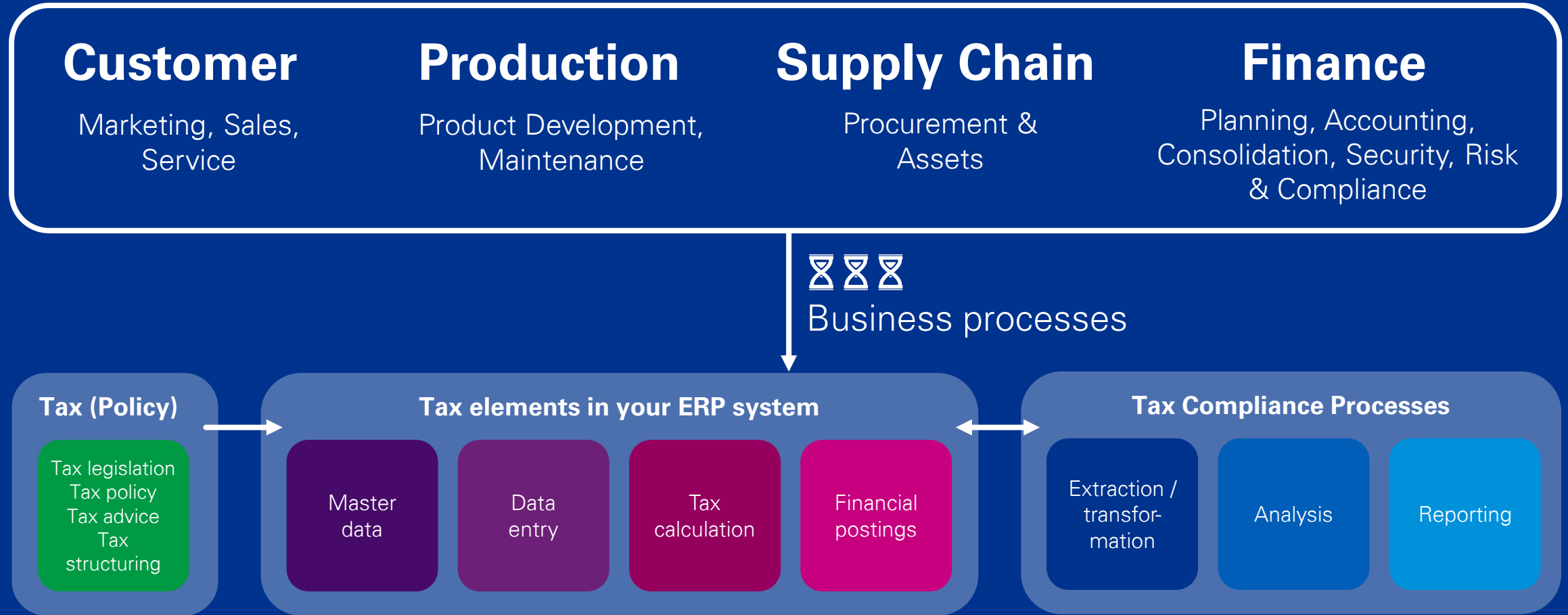
Procurement &  
Assets

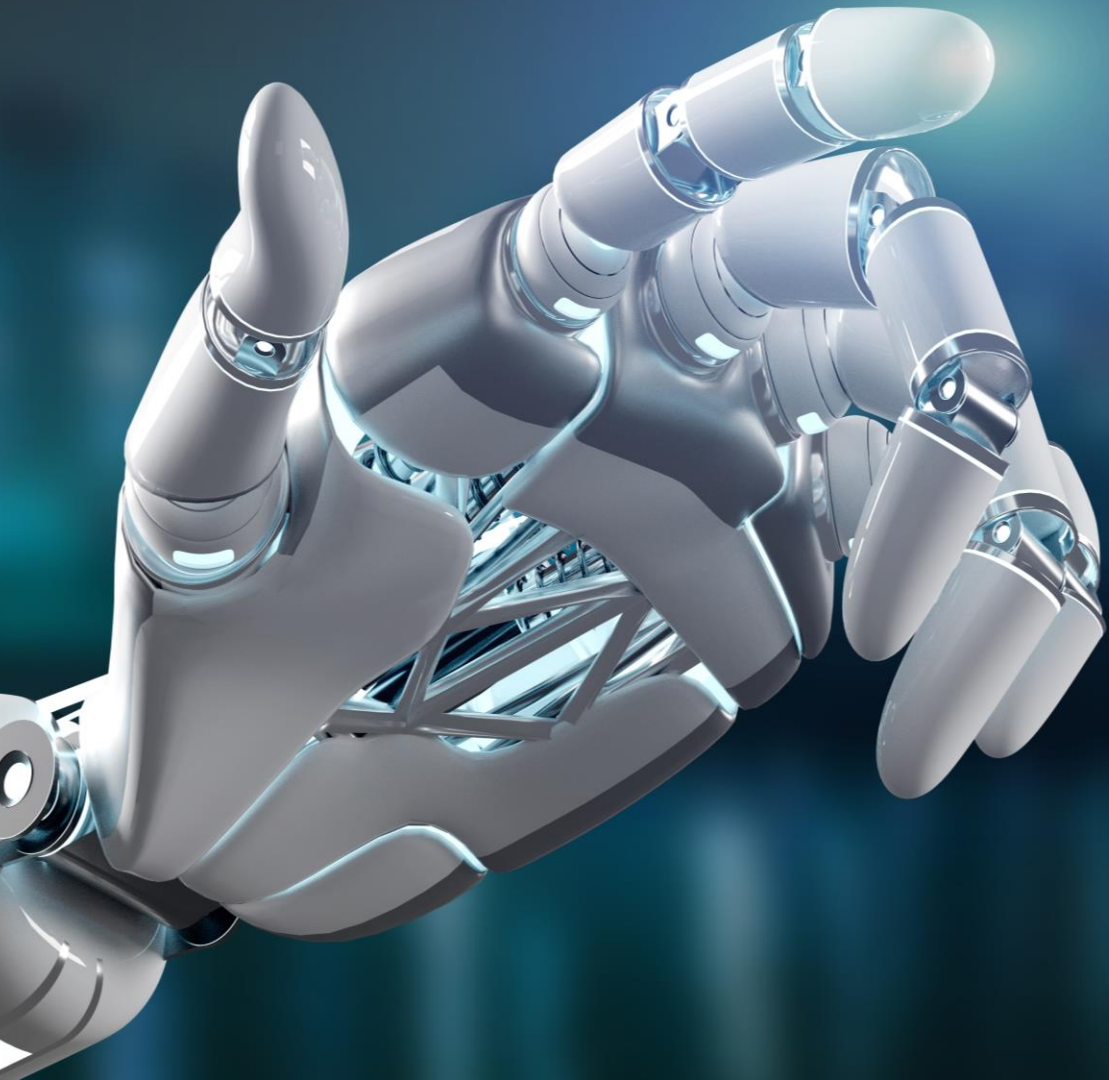
## Finance

Planning, Accounting,  
Consolidation, Security, Risk  
& Compliance



# From business (Tax) to system process





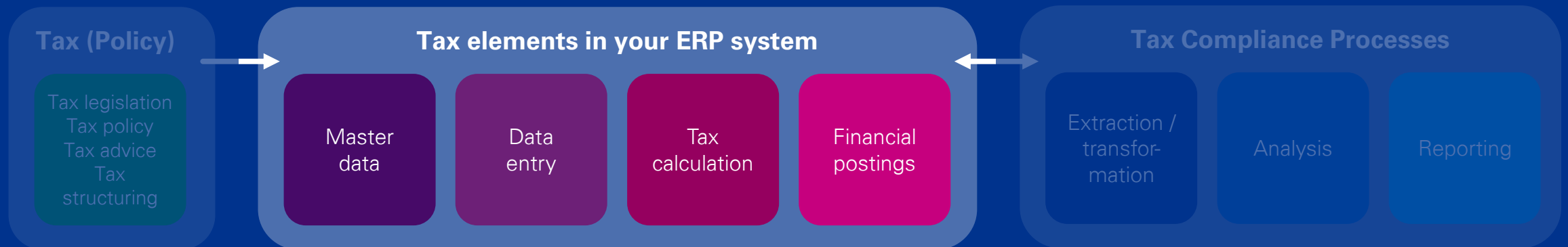
Key Tax elements  
in your ERP system

# The key Tax elements in an ERP system

## Business Process view



## System view



# Key ERP elements for an effective Tax design



**System functionality and configuration**

## Importance

- Have an understanding of the key functionalities available
- Identify which functionalities of the system you want to use
- Properly configure these settings

## Example

- Native Tax determination logic
- Account determination
- Tax condition records

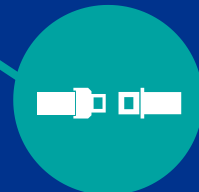
## Tax elements in your ERP system

Master data

Data entry

Tax calculation

Financial postings



# Client's key Tax challenge

Due to the VAT complexity of the changing supply chain and SAP's basic VAT determination engine, **the ERP system for VAT did not evolve with the supply chain**

Introduction of **complex business flows** as a result of evolving global supply chain

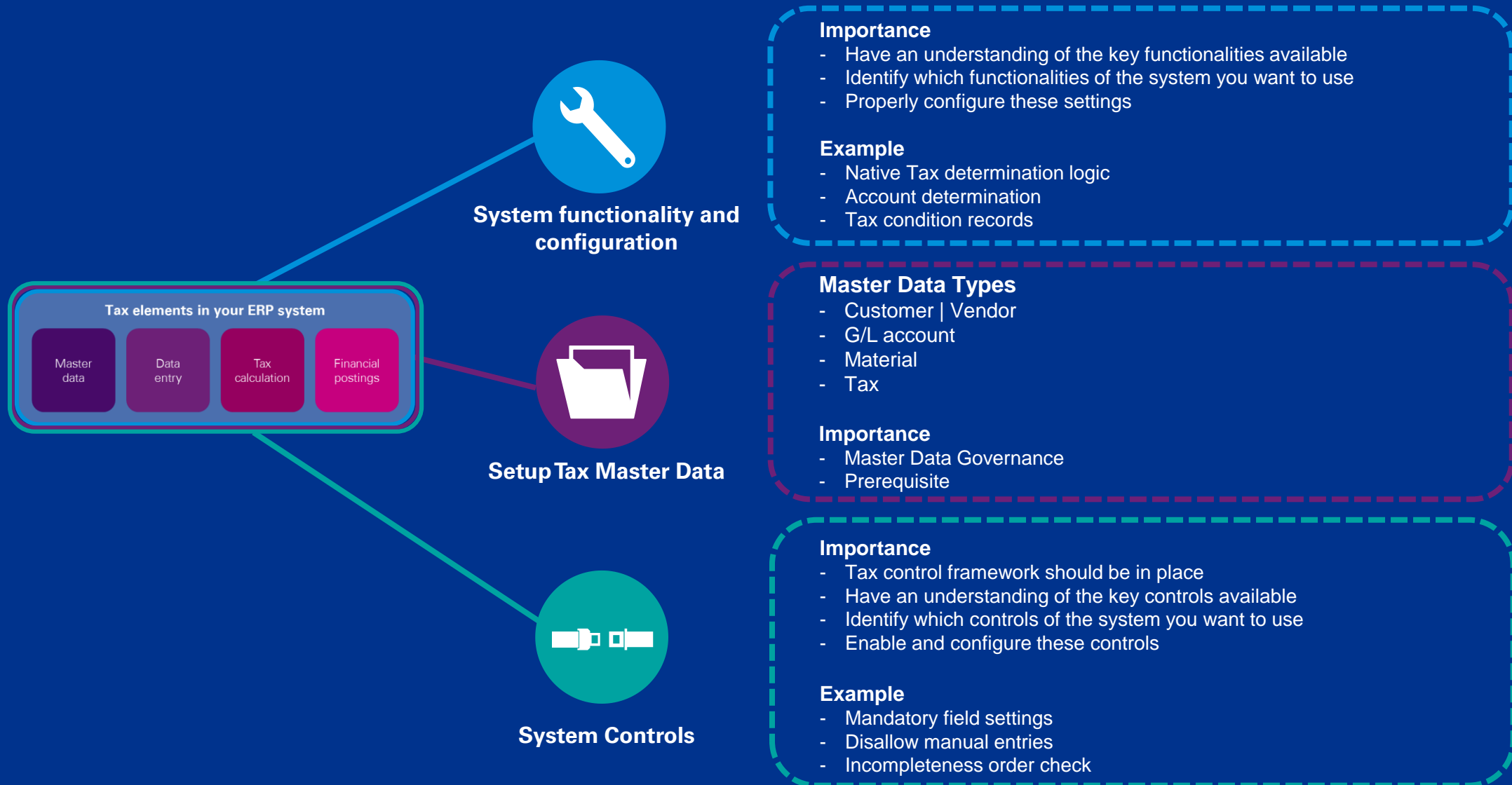
**Significant risk & time spent** in sales, purchasing and VAT reporting to manually select and correct appropriate VAT treatments

ERP system (SAP) set up 10+ years ago



**Together with Tax and IT, we simplified and future-proofed client's SAP's VAT determination engine** based on all current and expected business flows + tax treatments

# Key ERP elements for an effective Tax design





# ERP system relevant for all tax disciplines

- **Indirect Tax**

The optimal model in ERP for tax determination, across supply chains

- **Transfer Price**

How best to setup your ERP system to translate the Transfer Pricing policy and methods

- **Customs**

Ensuring excise duties are correctly calculated and accounted for

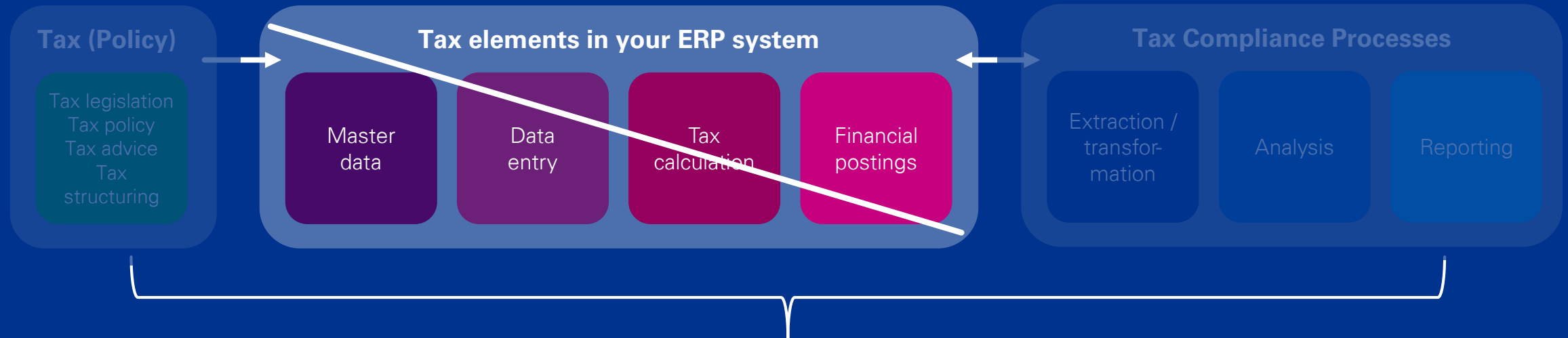
- **Direct Tax**

How best to setup data structures to maximize the information that CT have

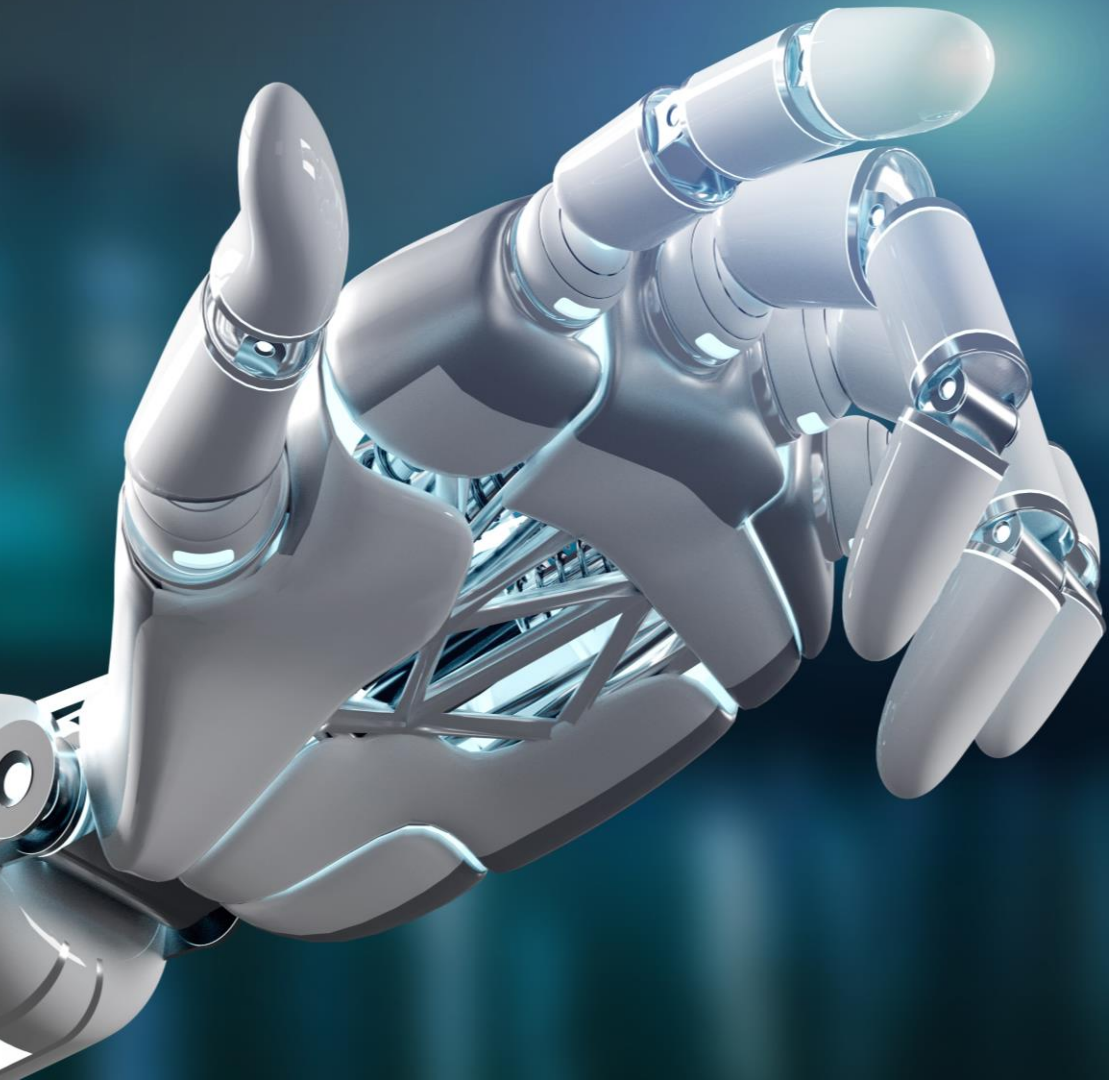
- **Other / Local country taxes**

Ensuring that other taxes and local country considerations are factored into the program –e.g. recognition of R&D, withholding tax and levies

# Impact when Tax is not properly embedded within an ERP system



- **Inefficiencies in your Tax process**
- **Delay in key business processes**
- **Tax compliance issues**
- **Penalties**
- **Incorrect Tax treatment**



# Tax beyond the ERP system

# ERP and other applications

**Instead of the ERP system:** Applications that replace certain functionalities from the ERP system

**Next to the ERP system:** Applications that complement the ERP system



# ERP and other applications

## Instead of the ERP system

Applications that replace certain functionalities from the ERP system

### ERP system

Master data

Data entry

Tax calculation

Financial posting

### Other system

Master data

Data entry

Tax calculation

Financial posting

- Mendix
- SAP Master Data Governance
- IBM MDM
- Informatica MDM
- ...

- SAP Ariba
- Coupa
- BASWARE
- Point of Sales system
- ...

#### Tax engines

- SAP Tax Service
- Vertex
- Meridian
- ...

#### Consolidation

- SAP Central Finance
- Oracle Hyperion
- ...

## Next to the ERP system

Applications that complement the ERP system

### Tax Compliance Process

Extraction/transformation

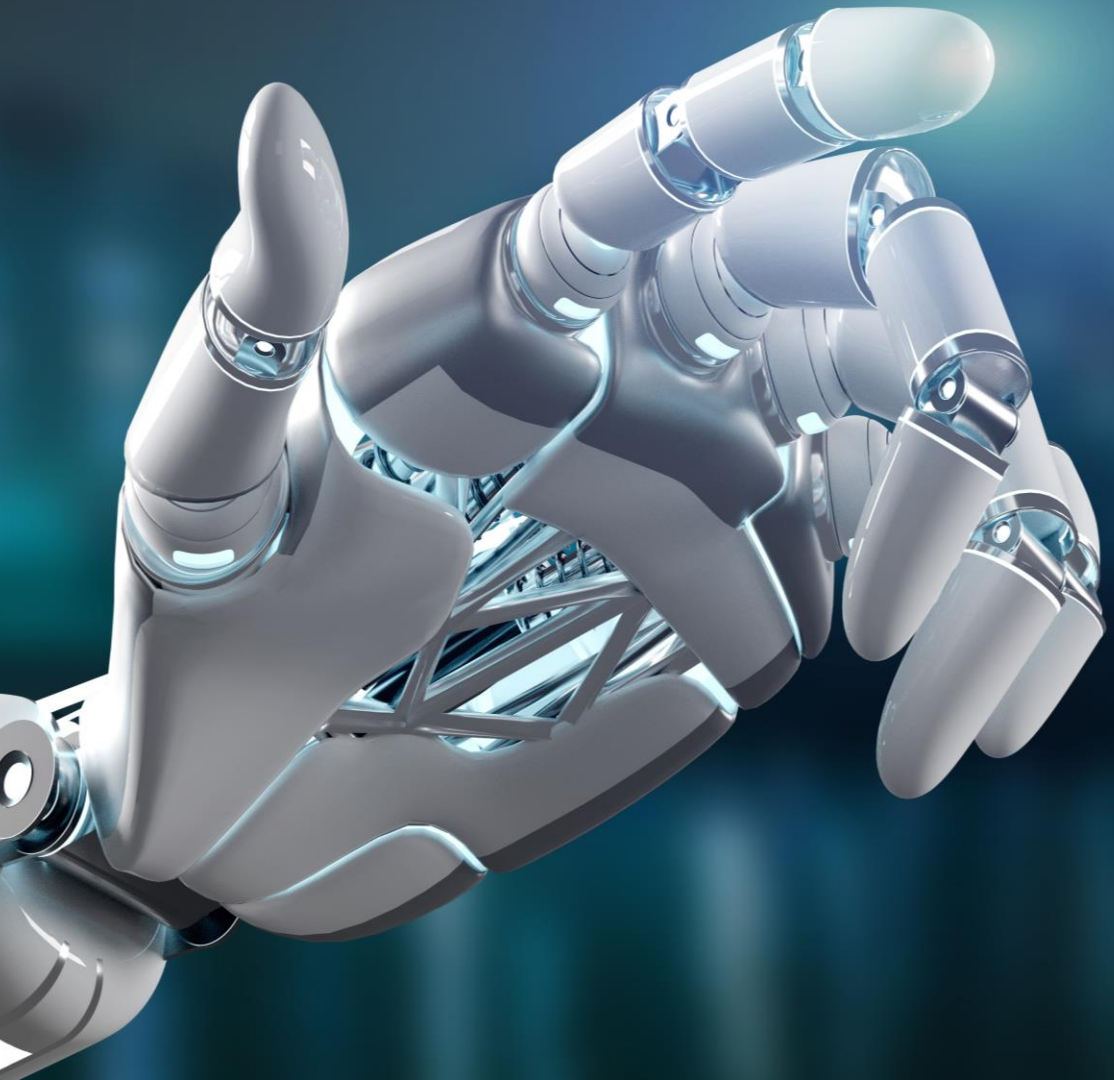
Analysis

Reporting

- MS Azure (SQL)
- Hana DB
- Alteryx
- Informatica
- IBM
- Caseware
- ...

- MS Power BI
- QlikSense
- Tableau
- Microstrategy
- Tibco spotfire
- ...

- CCH
- Avalara
- Sovos
- ThomsonReuters
- ...



Top of mind

# Top of mind

- 1 ERP systems are at the heart of business processes**
- 2 Incorrect settings and configuration lead to incorrect tax treatments, incorrect tax reporting and additional (manual) workload.**
- 3 As a tax department, you want to know of all projects related to your ERP system and be involved if these projects relate to tax.**
- 4 Elements of your ERP system(s) that require your attention are master data, data-entry, tax calculation and financial posting.**
- 5 Do not forget that if you look at an end-to-end tax process, other IT systems than your ERP system might be used (and require your attention).**



# Top of mind

## When to think about your ERP system and other IT applications?

- ✓ High number of manual interventions in your tax process(es)
- ✓ Mergers & acquisitions
- ✓ Changes to your operating model and/or supply chain
- ✓ New products and business lines
- ✓ Changes in tax legislation, for instance changes in tax rates
- ✓ Changes to Tax policies
- ✓ Changes to ERP systems, for instance the migration to a new ERP system like SAP S/4 HANA
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Questions?



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SAP S/4 HANA and SAP Central Finance

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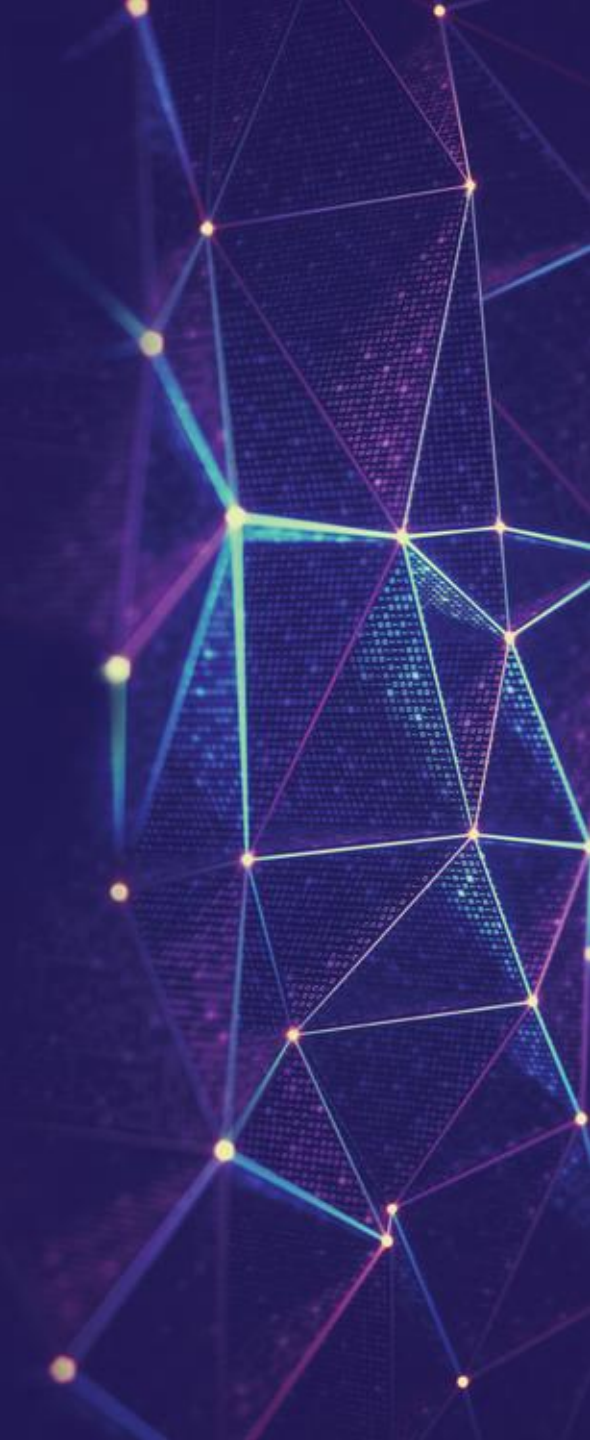
Spring 2021





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# Thank you





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