



S/4HANA Data Management Can
Help You Achieve Digital Tax
Compliance Around the World

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ASUG Seattle

Our Agenda for Digital Tax Compliance

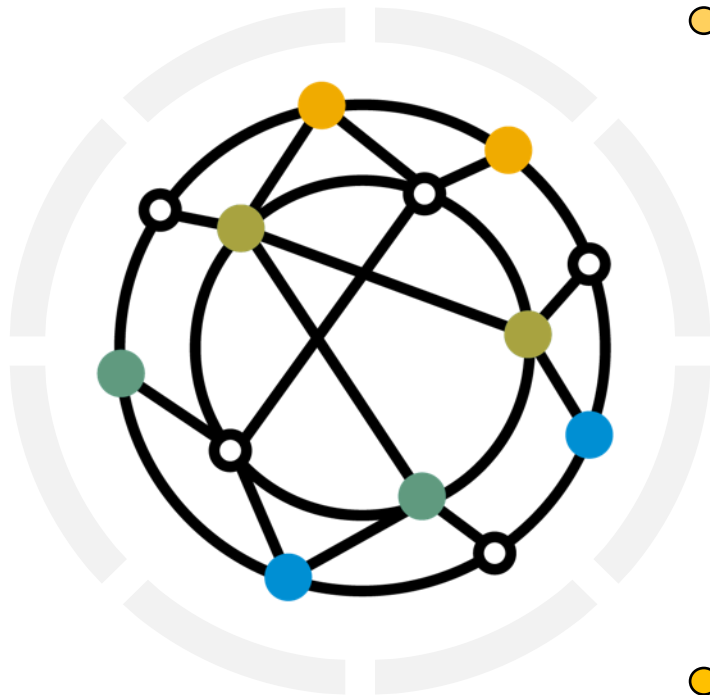
- 1. Global Market Situation for Digital Tax**
- 2. An SAP Global Tax Portfolio Overview**
- 3. Our Global Tax Portfolio in Detail**
- 4. Three Customer Success Stories**
- 5. The Business Benefits**

1. Global Market **Situation**



Global Tax Transformation - why now?

Tax has not been a core enterprise technology focus in the past, but indirect tax automation is increasingly important for enterprises to remain compliant in the **digital world**.

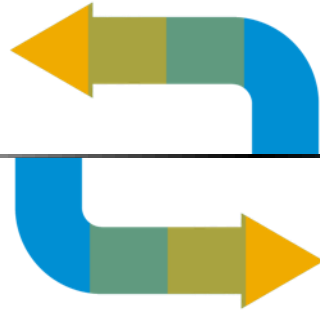


- Digitalization of Businesses and Governments
- Emerging Trends in Automation
- Legal Pressure and Scrutiny from Regulators
- Global Economic Disruption and Evolution
- International Trade Rules and Regulatory Reforms
- Reducing the Overall Cost of Tax Reporting and Compliance
- Intersection with Sustainability and Climate Response Agendas

The Rising Importance of Digital Tax Technology

Digitalization and Technology

- Increased centralization of finance activities
- Tax functions needing to do more with less
- Requirement to drive higher value from tax data
- Maximize return on investment in finance function transformations



Legislative and Regulatory



- More data transparency demanded by authorities
- Increased volume and quality of data required more frequently and on a real-time basis
- Increased reporting and auditability requirements
- Use of co-operative compliance models and focus on risk-based approaches by tax authorities



Functional Areas of Digital Tax (and Trade) Management Solutions

Direct Tax

- ✓ **Enable** streamlined tax accounting, closing and provisioning
- ✓ **Manage** operational transfer pricing and ensure compliance to numerous local regulations
- ✓ **Ensure** direct tax compliance, by reporting to local authorities according to a variety of calendars
- ✓ **Keep** flexibility and scalability



**Income,
Property
& Capital
Gains**

Indirect Tax

- ✓ **Manage** statutory reporting worldwide with a unified user experience
- ✓ **Gain** visibility of tax compliance issues
- ✓ **Comply** with many local regulations mandating the use of electronic documents
- ✓ **Gain** the flexibility and scalability to respond to new business opportunities



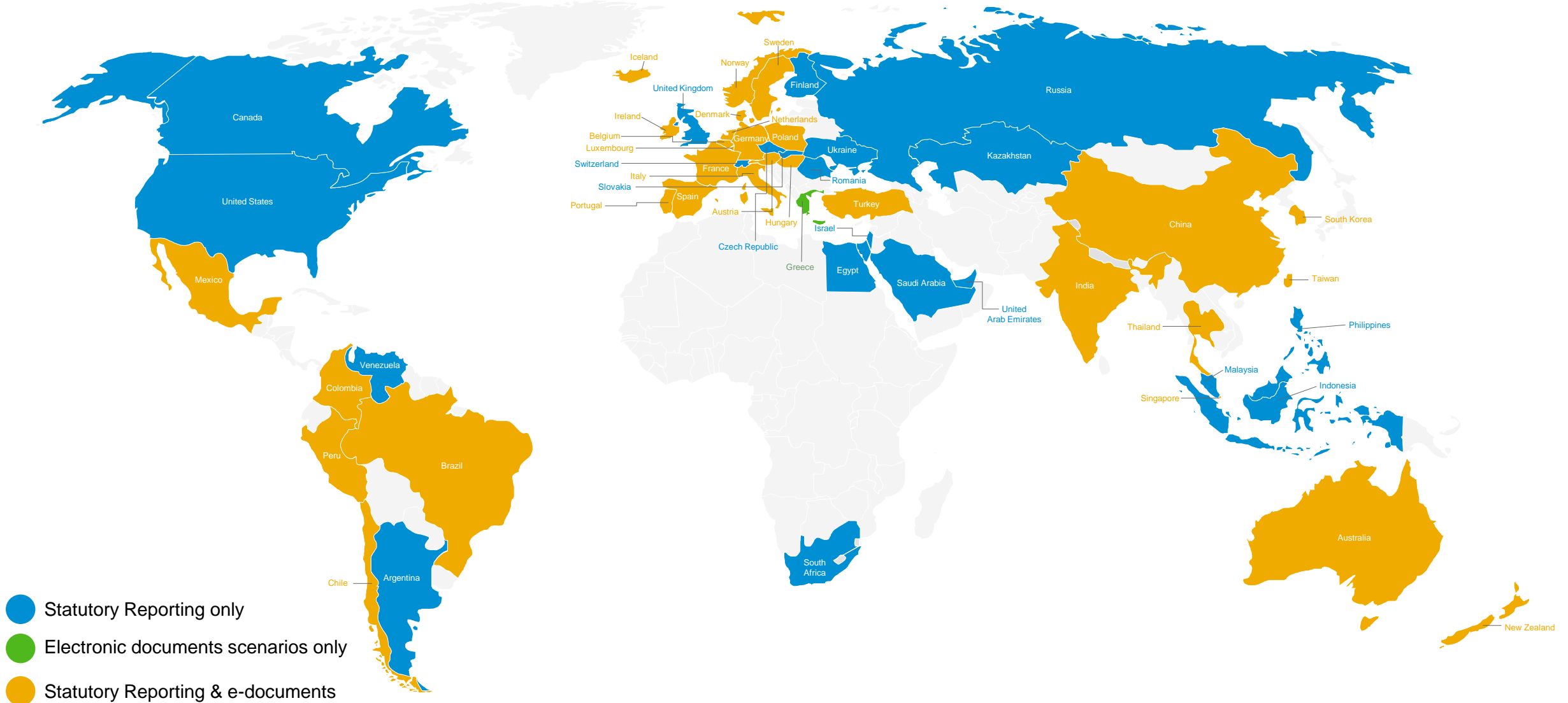
**VAT
and
GST**

Customs & International Trade

- ✓ **Automate** trade processes for imports and exports
- ✓ **Leverage** free trade agreements to drive bottom line savings
- ✓ **Manage** special customs procedures such as e-filing, bonded warehouses, processing trade in China, foreign trade zones to optimize duty rates
- ✓ **Centralize** international trade on a single platform to drive consistency across global operations



Different Countries are at Different Stages in the Tax Digitalization Journey



The Velocity of Local Reporting and Compliance Obligations

Governments worldwide are rapidly evolving applicable laws and governance frameworks

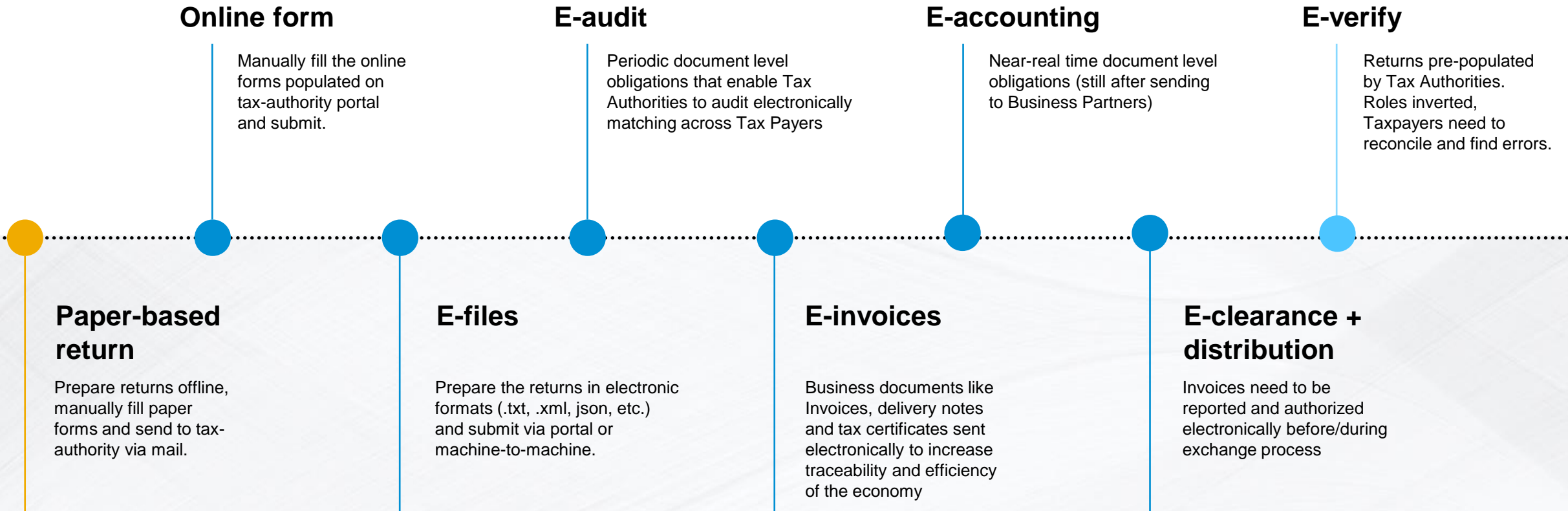
Multiple drivers

- ❖ Tax authorities (clearance and reporting)
- ❖ Public procurement agencies (B2G obligations)
- ❖ Digitalization agencies (local B2B standards)



The Milestones of Business Reporting Compliance

Regulations and systems continue to evolve, becoming more challenging for our customers

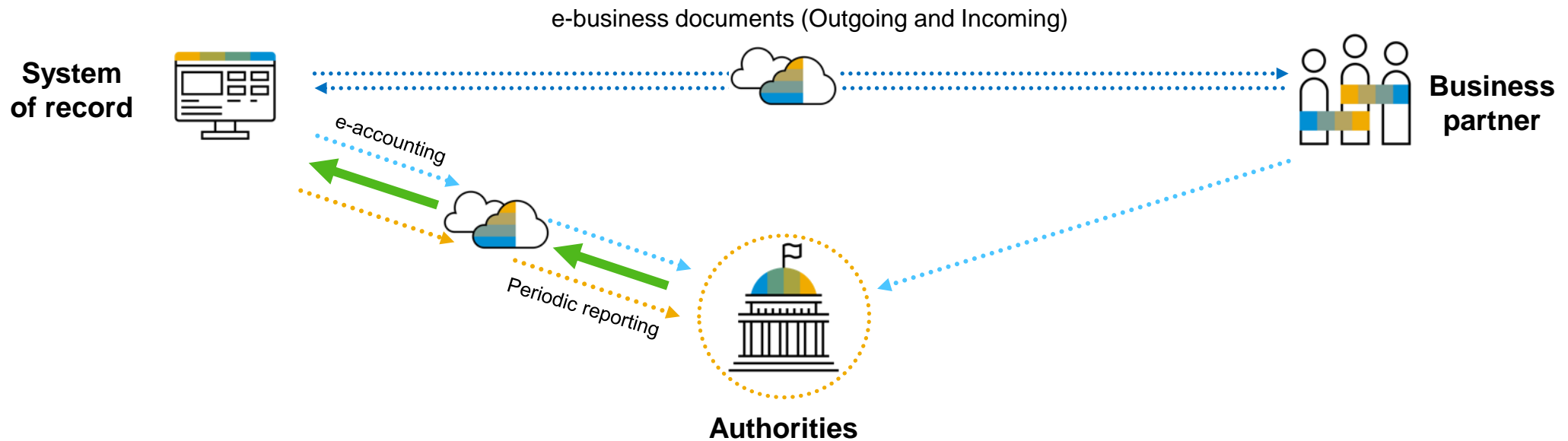


Legal mandates require **more and more data delivered nearer to real-time**, creating an operational necessity for all businesses

2. A Portfolio Overview



E-invoicing, E-reporting and Statutory reporting: A quick process overview

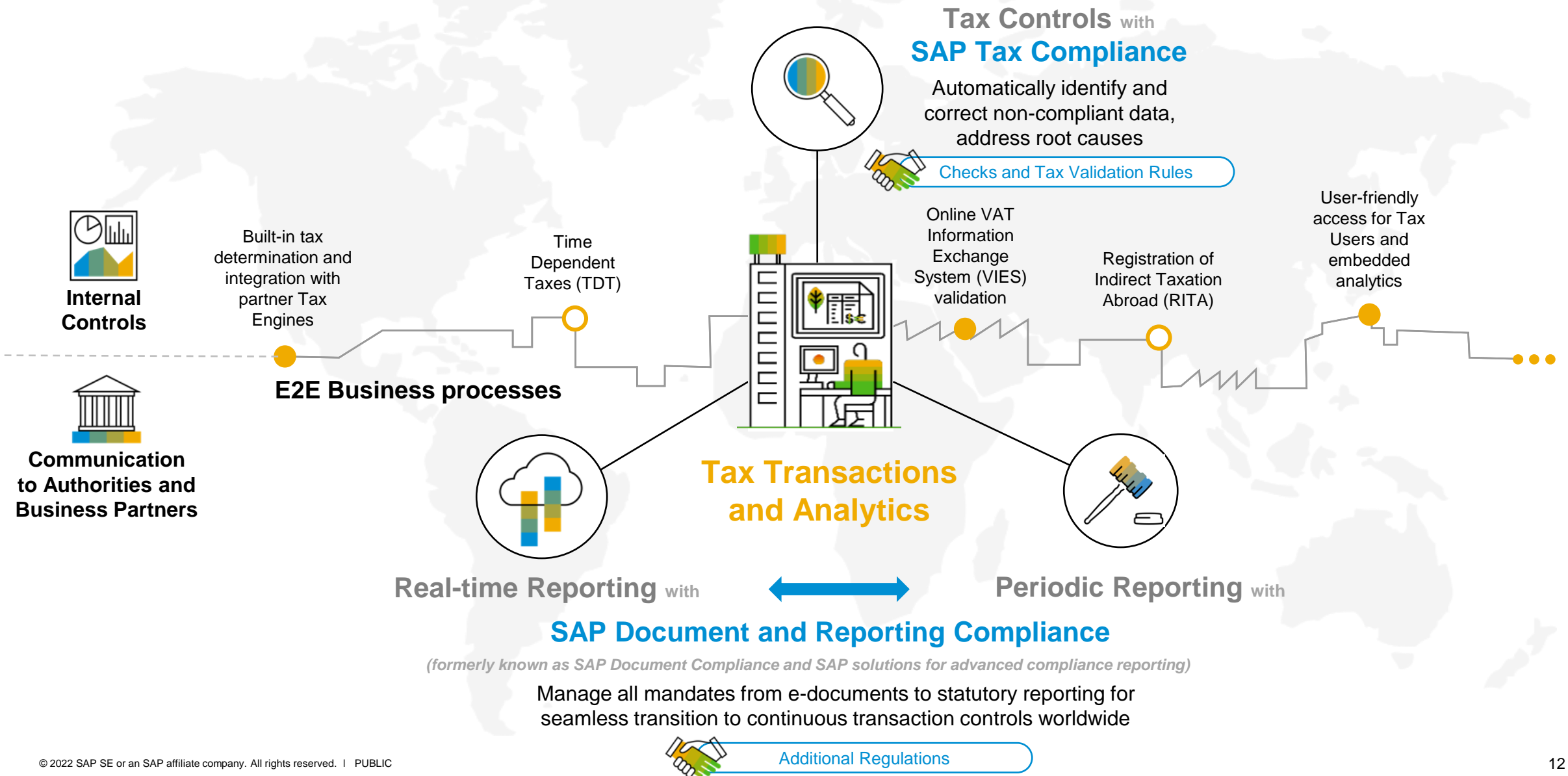


As live, digital links on business document levels are established, traditional roles in tax reporting are inverting

The tax authorities' records are becoming the **source of truth** for aggregated reports prepared on behalf of taxpayers

Taxpayers need to keep all data sources in sync (real-time reporting, financial records and draft reports) with national and local tax authorities

SAP Solutions Foundation for Global Tax Management



SAP Solutions for Global Tax Management

SAP's tax portfolio

SAP solutions for tax management help our customers **manage indirect tax reporting consistently and cost-effectively**, enabling CFOs to adapt to extensive and rapidly changing regulations around the world.

They do so by digitizing tax *determination, calculation, reporting and compliance*, and by integrating this cycle with core business processes **on a global scale.**

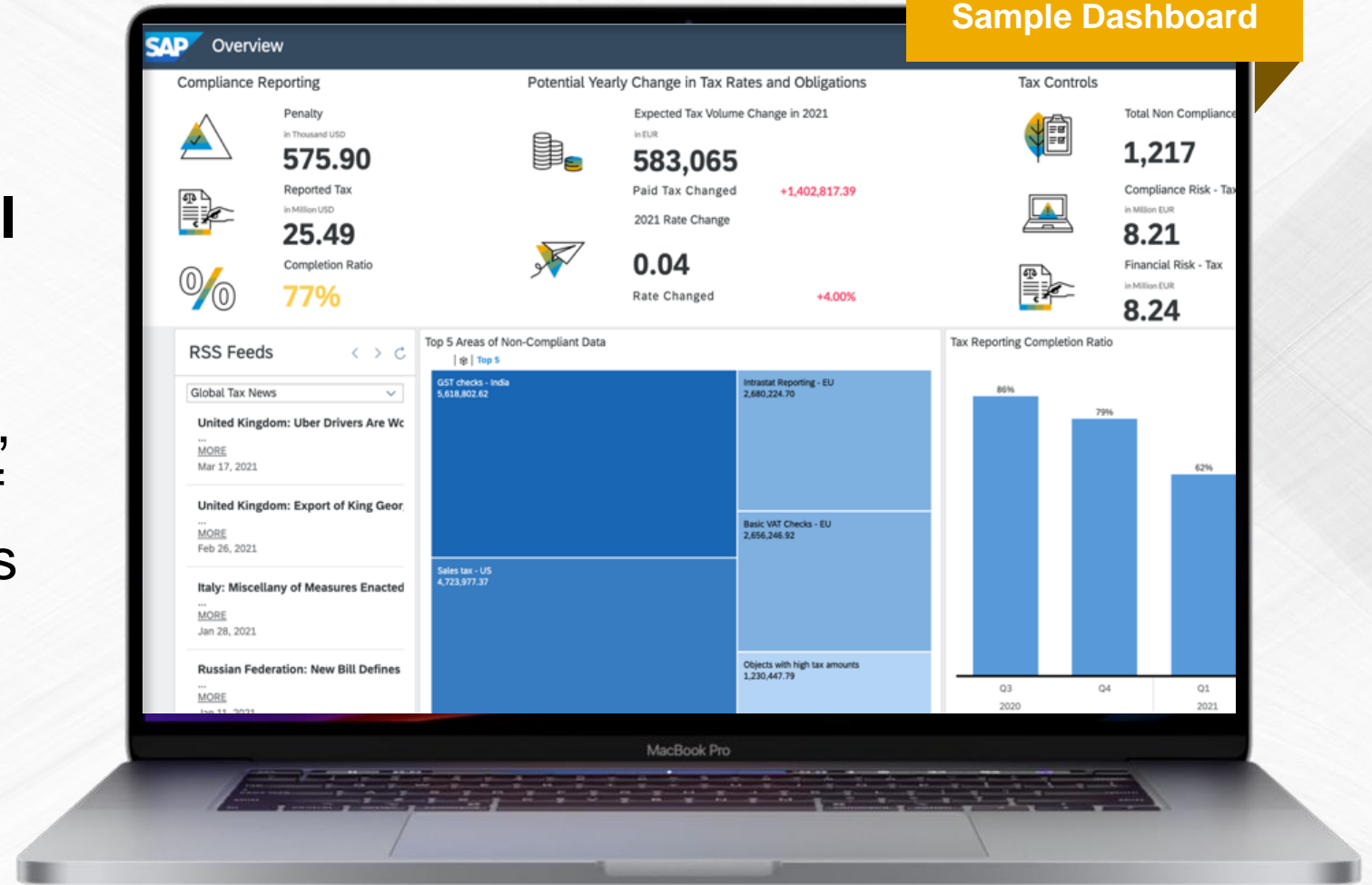


Centralized Tax Overview Accessible to Tax Organizations

Centralized and user-friendly overview to enable actionable insights

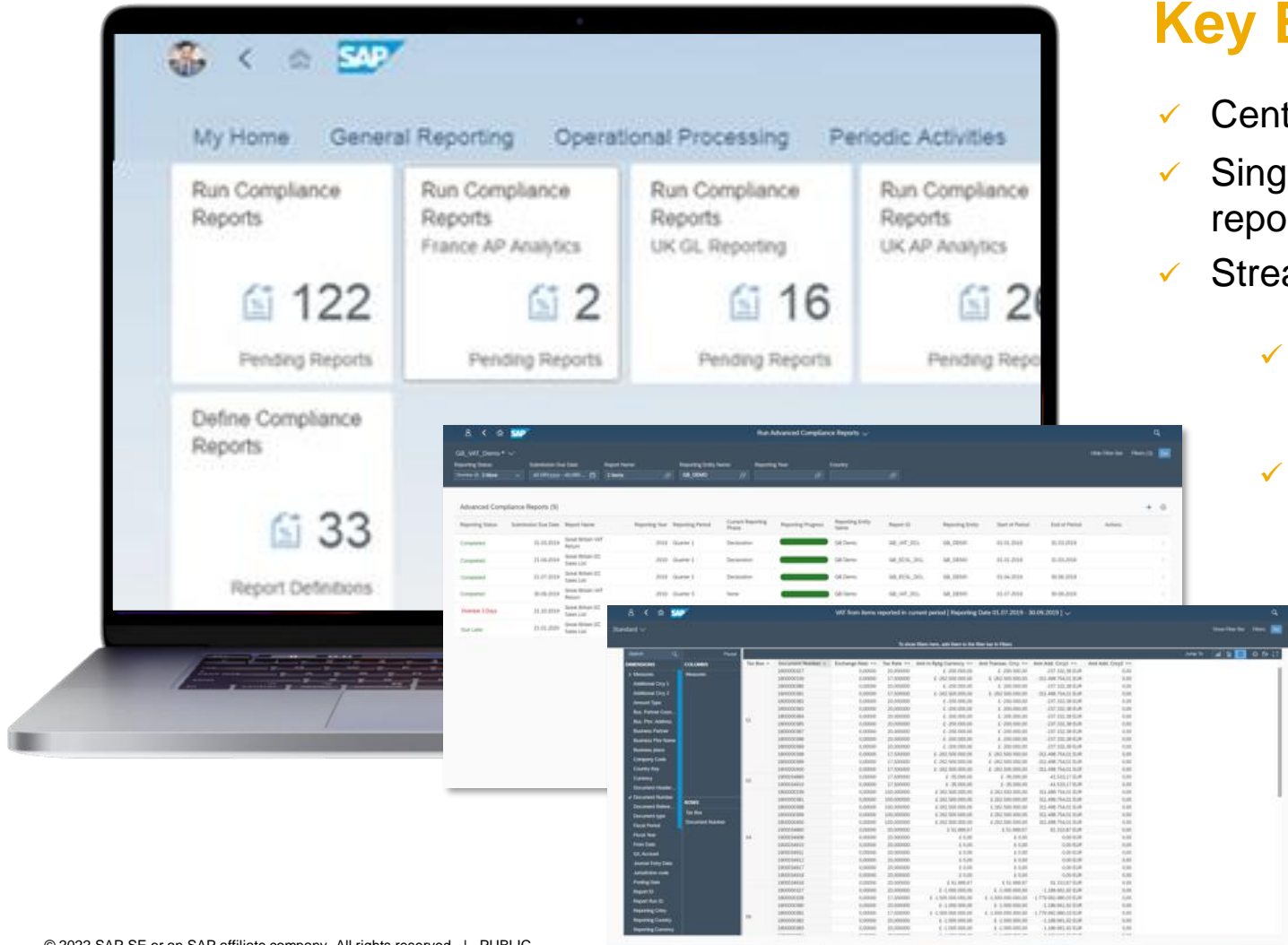
SAP S/4HANA offers a **user-friendly, centralized UI** that allows tax organizations to monitor compliance status and analyze reporting cycles, mitigating the financial risk of potential errors and violations

Sample Dashboard



Centralized and Harmonized Process Accessible to Tax Organizations

Consistent, intuitive and efficient user experience with embedded data analytics



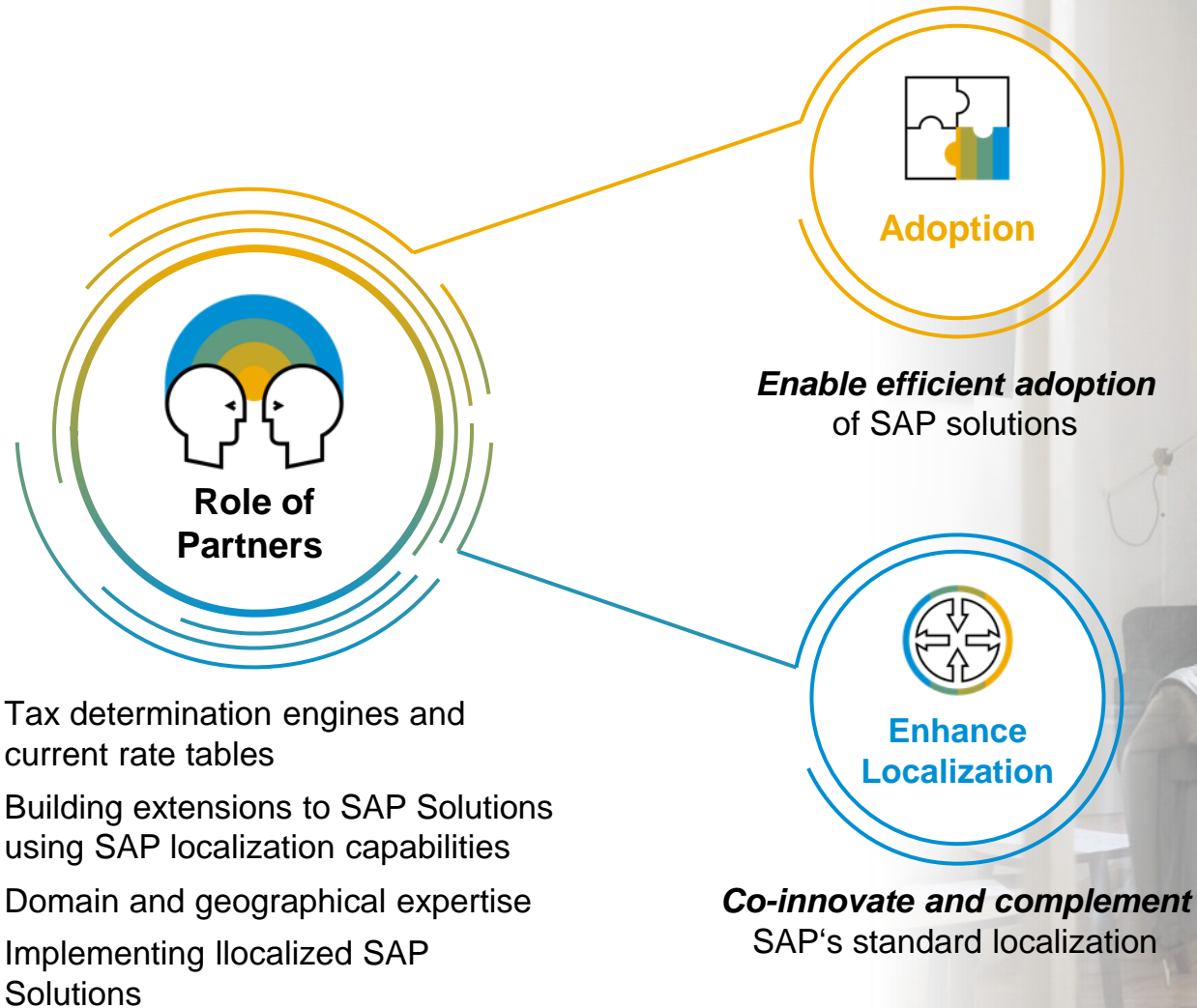
Key Benefits

- ✓ Centralized data instantly available to Tax Organizations
- ✓ Single source of information with one company-wide KPIs repository
- ✓ Streamlined reporting and analyses worldwide
- ✓ Embedded analytics with pre-defined dashboards to monitor compliance
- ✓ User-friendly tools for actionable insights (with granular real-time data)



Accelerating Value Through Partnerships

Working with Thomson Reuters, Vertex, Avalara, etc.



3. Portfolio Details

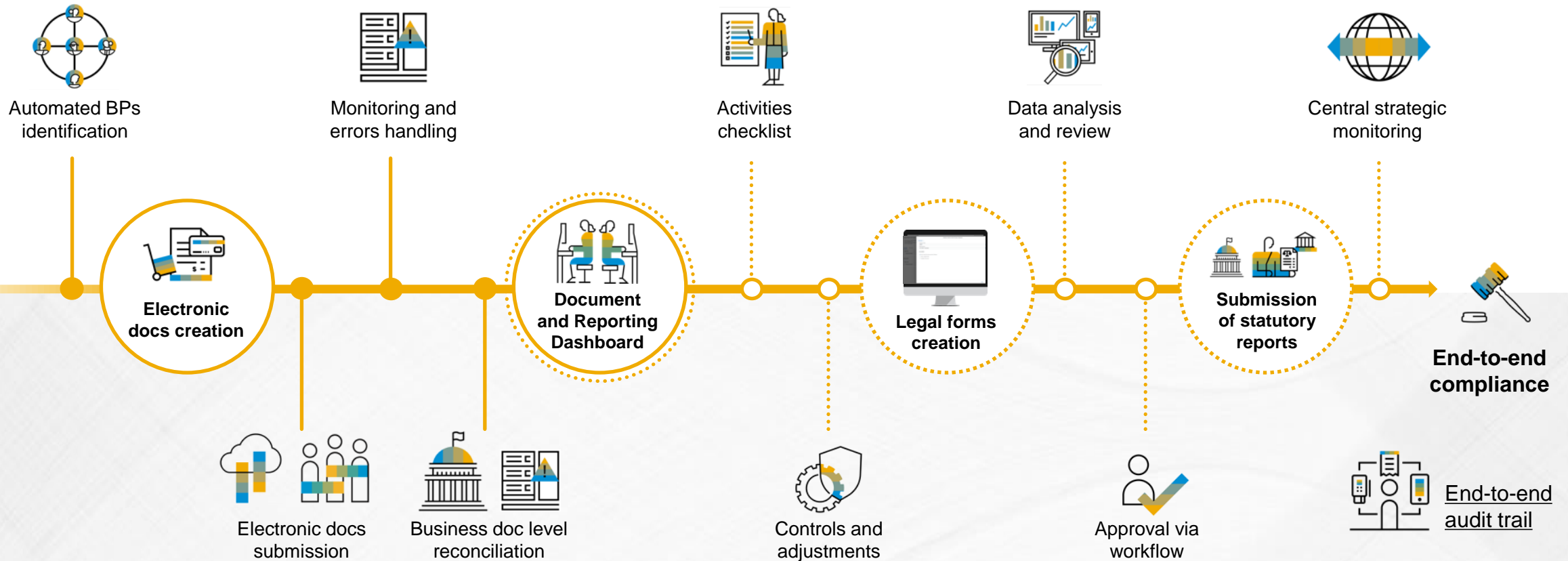


SAP Document and Reporting Compliance (DRC)

End-to-end process from business documents to statutory reporting



New/enhanced scenarios via design time

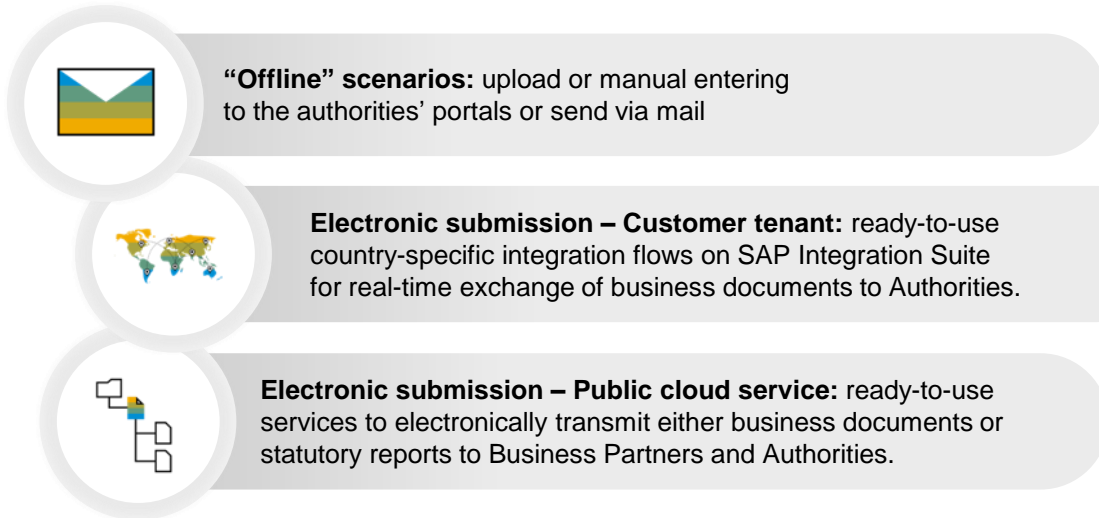


Continuous documents exchange

Period end/ad-hoc reporting

SAP Document and Reporting Compliance – Key Components

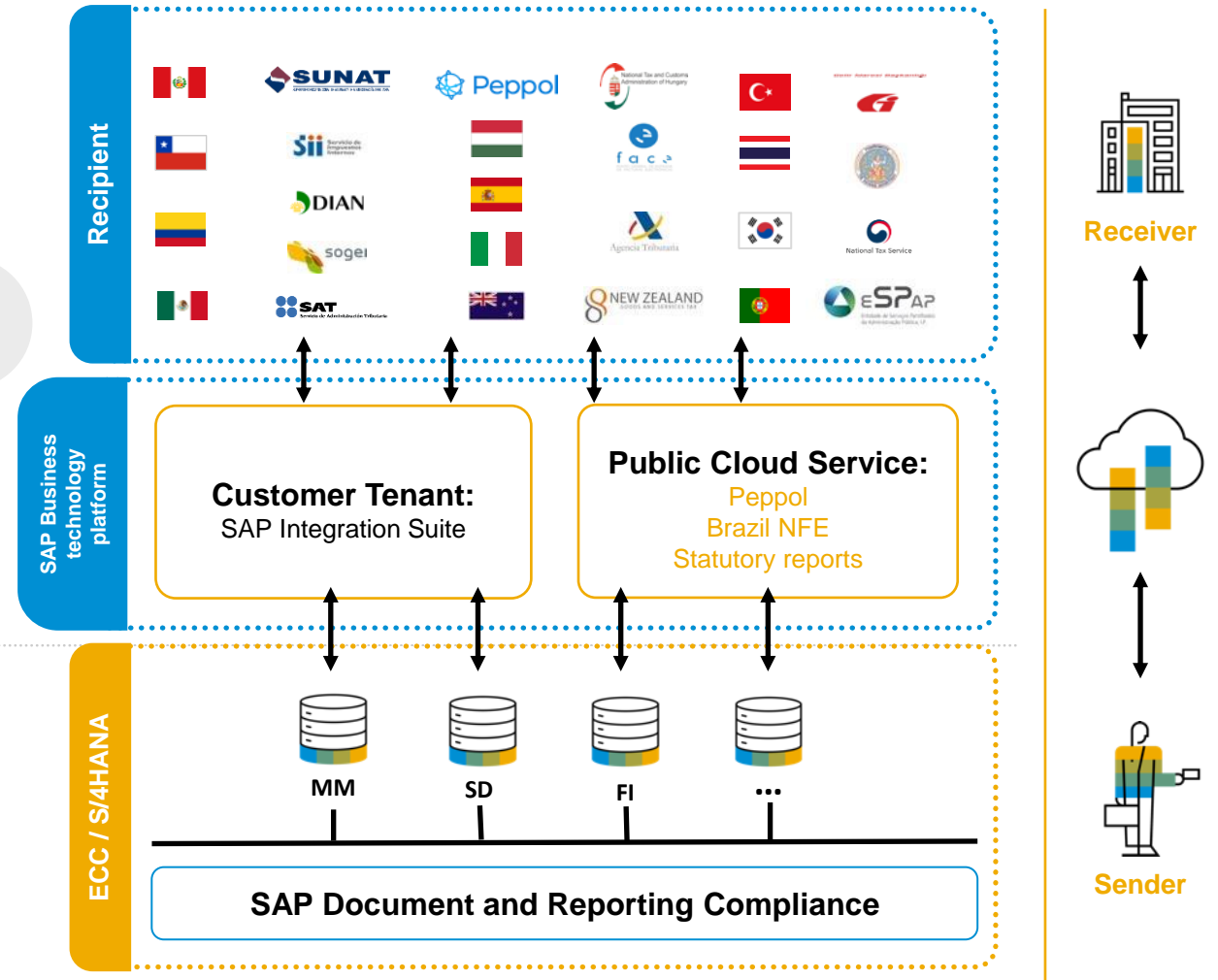
Cloud / electronic exchange / submission



Back-End (ECC / S/4HANA)

Out-of-the-box **electronic documents exchanged in real-time** and end-to-end **digitalized process** for **statutory reports**

Real-time monitoring and seamless corrections with an holistic dashboard to manage the end-to-end process spanning all types of mandates worldwide



*Each country requirement is covered either via PaaS (customer tenant) or SaaS (public cloud service) solution, they are not alternative solution options for the same country requirements.

Highlights on DRC Product Availability and Scope

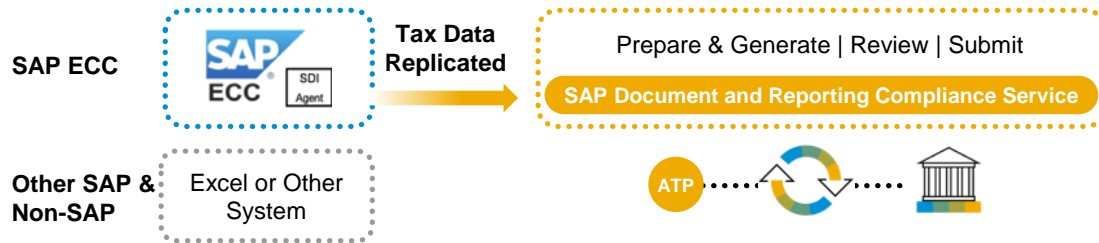
Across deployment options

ECC - SAP Document and Reporting Compliance

E-business documents: full scope.

Statutory reporting: limited scope via SAP Document and Reporting Compliance service

SAP Document and Reporting Compliance Service



An SAP BTP based solution which provides end-to-end legal reporting capabilities for VAT reporting in Egypt, Saudi Arabia, UAE, UK and Australia.

Approach:

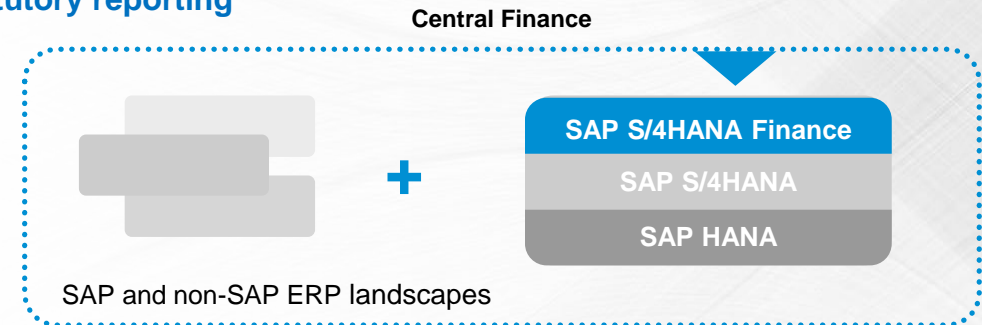
- Data is replicated from the ECC system to Cloud service where reports are prepared and submitted, if applicable
- Possibility to connect to multiple backend systems (SAP or non-SAP)

SAP Central Finance – Full scope

E-business documents: only inbound in combination with Central Procurement.

Statutory reporting: covered (scope defers vs SAP S/4HANA).

Statutory reporting



Statutory reporting is supported in SAP Central Finance, however some country reports require the implementation of AVL (Accounting View of Logistic Data). Note that real-time reporting is performed from the source system.

What is AVL?

Accounting View of Logistics Information allows replication of a subset of logistics data from source systems to Central Finance (*purchase orders, sales orders, supplier/customer invoices – separate tables*).

PEPPOL with SAP Document and Reporting Compliance

Key highlights for Pan-European Public Procurement Online



Seamless integration across the Intelligent Enterprise

One centralized Public Cloud Service integrated with **SAP S/4HANA, SAP ERP, SAP Business One, SAP Central Invoice Management***, **SAP Ariba*** and **SAP Concur***, **SAP Business ByDesign***.

A **compliant and secure public cloud service** offering piece of mind from a data security perspective by leveraging SAP Business Technology Platform (BTP).

Full **integration with the upstream business processes**, driving adoption with no process disruptions and low TCO.



Centralized and harmonized monitoring worldwide

Smart cockpit with actionable insights to manage and monitor all electronic business documents (Peppol and others) under a single interface.

Intelligent exception handling (both business content and Schematron errors) via a central cockpit harmonized worldwide.

End-to-end document traceability enabling real time visibility into invoice details and accounting postings (via embedded navigation).



Global coverage of end-to-end processes

Worldwide coverage:

- **APJ:** Australia, Japan*, New Zealand, Singapore
- **Europe:** Austria, Belgium, Germany, Denmark, France, Ireland, Luxembourg, Norway, Poland, Sweden, Netherlands

And electronic business documents in 16 more countries!

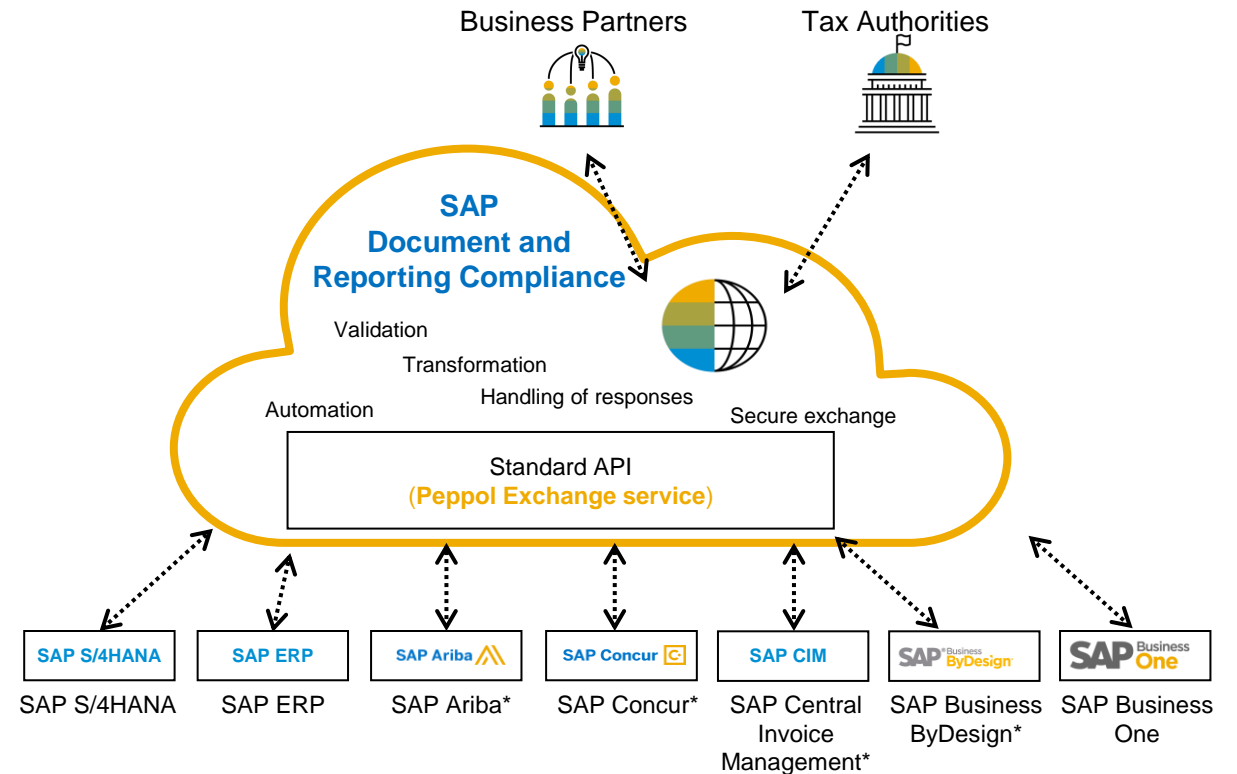
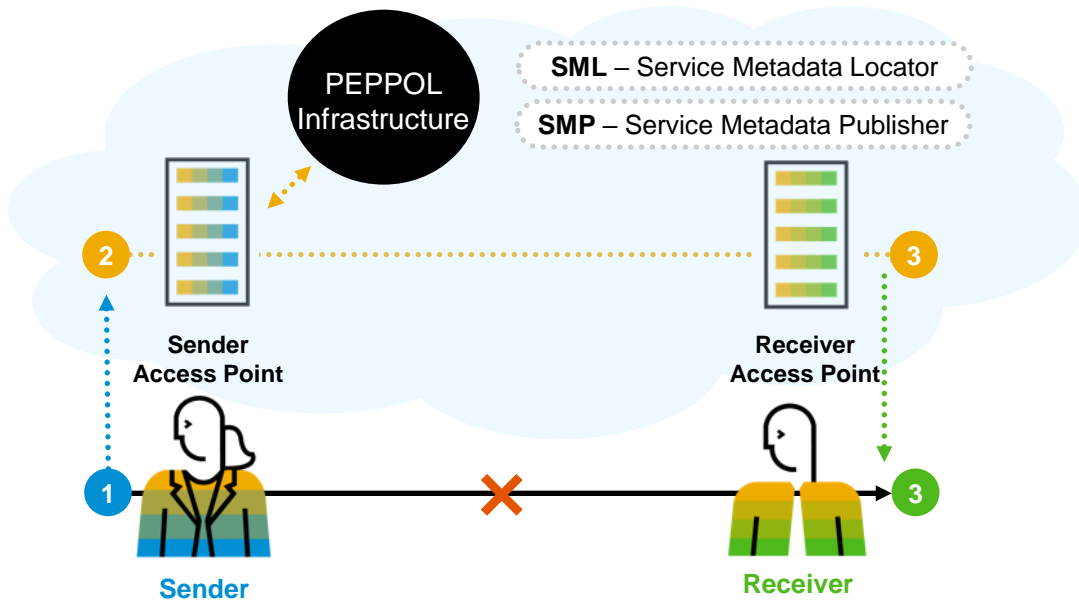
SAP Document and Reporting Compliance **Public Cloud Service**



SAP Document and Reporting Compliance, cloud edition provides a ready-to-use end-to-end integration that allows the sending and receiving of authority-compliant invoices through the PEPPOL network with no need for communication flows to be independently deployed/maintained by customers.

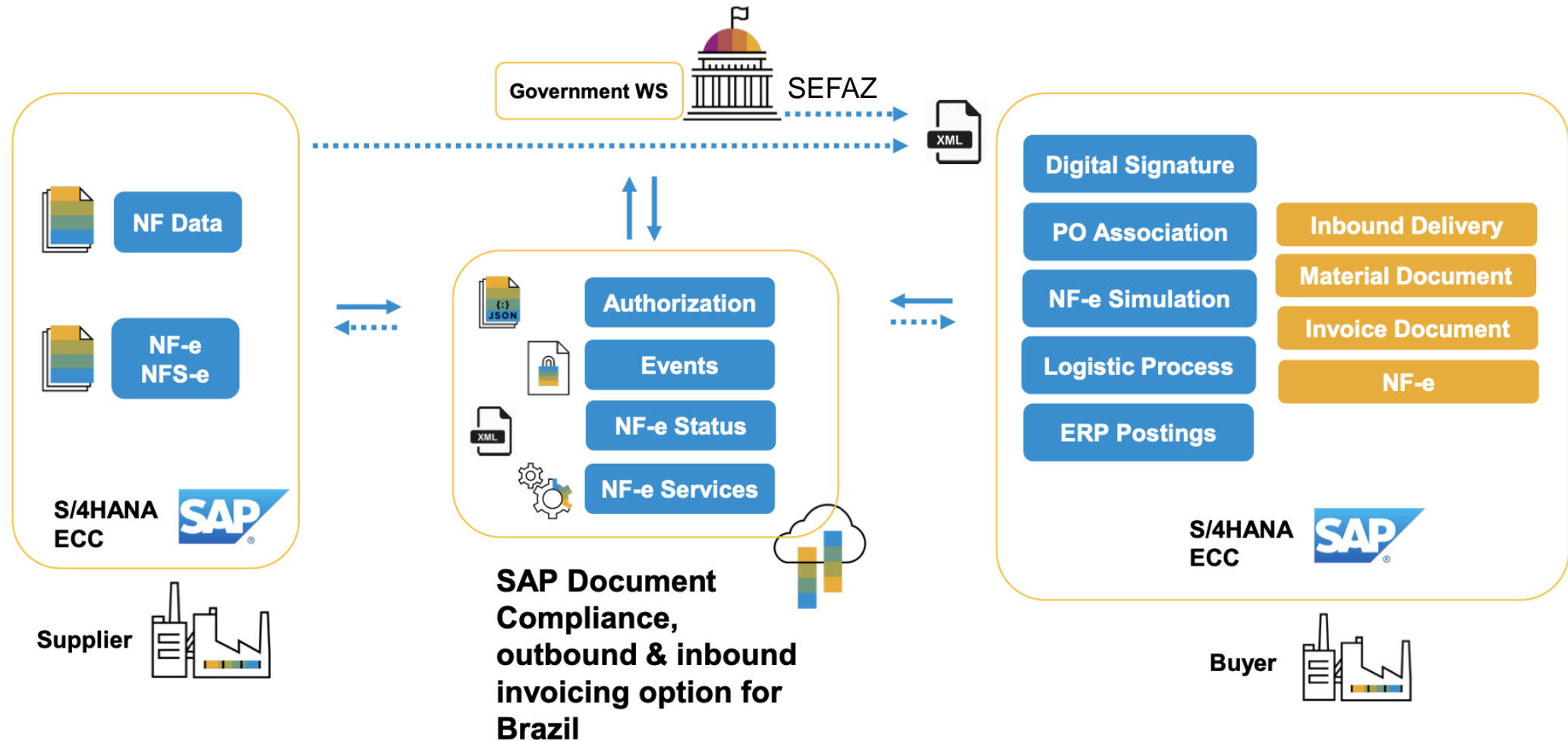
Four corner model:

Sender and **Receiver** connected to a **Service Provider**



SAP Document and Reporting Compliance for Brazil

Business Process Flow for Nota Fiscal Eletronica (NF-e)



4. Customer Success in the US, Germany & China



NIKE: Business to Government **Efficient Indirect Tax Management**

Before: Challenges and Opportunities

- Due to rapid international growth and increased complexity of each country's tax requirements the NIKE tax org grew from 60 to 110 FTE. Many processes performed manually in spreadsheets.
- Additionally there were 40+ systems related to indirect tax and multiple ERP environments.
- There is no consistent and granular enough data source which can address all indirect tax requirements globally.

Why SAP

- SAP provided a tax solution allowing NIKE to consolidate in-country tax FTEs in a central organization with cross-country standards for reporting, underpinned by one source of global data. Differentiated value included:
 - Platform that supports wholesale, retail, digital, and new business models in a consistent global manner
 - Real-time analytics embedded into operational processes, utilizing common data & KPIs

After: Value-Driven Results

- With SAP's solution, NIKE is driving:
 - Agility: Adaptation to changing regulations, new market needs, and new business models
 - Efficiency and Productivity: Providing automation, process efficiency, and relevant analytics
 - Global Approach: Driving consistency & standardization globally



30%

Est. lower TCO driven from systems retirement and hiring avoidance

\$2.5M

Est. reduced litigation and brand risk

Customer
NIKE
Portland, OR USA
www.nike.com

Industry
Consumer Products

Products and Services
Footwear and Apparel

Employees
76,000

Revenue
\$37Bn

Products and Services
SAP Tax Compliance

THE BEST RUN



Loh Services **optimized its invoice management processes**, enabling operational savings, efficiency, and flexibility.

Loh Services GmbH & Co. KG implemented **SAP® Document Compliance, invoicing option for Peppol**, allowing the organization to:

- Automate the exchange of invoices and related documents in electronic form with authorities and business partners, using a single user interface for multiple countries
- Ease compliance with e-invoicing regulations in the countries in which it does business
- Take advantage of fast and reliable invoice processing, connecting 420 customers in two months and sending 1,200 invoices in three months
- Eliminate the need for human intervention in invoice management tasks, resulting in significant savings
- Reduce the cost of implementing e-invoicing per customer by more than 75%
- Shut down legacy systems previously used for sending invoices in Sweden and eliminate the need for manual handling of invoices in Norway

“By adopting SAP Document Compliance, invoicing option for Peppol, all our invoices are sent directly to customers, **eliminating manual invoice processing** and saving our business about one hour every day.”

Karsten Vor, Chief Information Officer, Loh Services GmbH & Co. KG



Loh Services GmbH & Co. KG
Haiger, Germany
www.friedhelm-loh-group.com/en

Industry
Industrial machinery
and components

Employees
12,500

Revenue
€2.6 billion

Featured Solutions and Services
SAP Document Compliance,
invoicing option for Peppol

THE BEST RUN 

Mindray uses a unified platform to **receive and monitor electronic invoices** while improving operational efficiency.

Mindray called on SAP® MaxAttention™ services to **implement the SAP Document Compliance service, invoicing option for Italy**, ensuring:

- Successful replacement of the existing third-party silo-based solution with an advanced hybrid solution based on SAP Cloud Platform
- Compliance with local regulations, enabling the business to send electronic documents to trading partners and regulatory authorities
- Smooth integration with the SAP ERP application, enabling the IT team in the company's head office to centrally monitor the new electronic document framework
- Simplified and standardized compliance processes in multiple countries, with a unified user experience and a reduced set of tools
- Readiness to roll out the SAP Document Compliance service in other countries with one united expert team from SAP on hand using country-specific scenarios

“With SAP MaxAttention services, we successfully implemented the hybrid-based SAP Document Compliance service, invoicing option for Italy, **in just eight weeks** – becoming the first business in the world to do so.”

Wang Lue, Application Development and Support Manager, Shenzhen Mindray Bio-Medical Electronics Co., Ltd.



mindray

Shenzhen Mindray Bio-Medical Electronics Co., Ltd.
Shenzhen, China

Industry
Life sciences

Employees
10,000

Revenue
US\$1.8 billion

Featured Solutions and Services
SAP MaxAttention services, SAP Cloud Platform, and SAP Document Compliance service, invoicing option for Italy

THE BEST RUN **SAP**

5. Business Benefits



Takeaway the Key Benefits

SAP Solutions for Global Tax Management



Compliant in the digital world

Future proofing platform that allows compliance with the latest digital reporting format and frequency mandates across the world



Improve quality of tax data

Detect non-compliance triggers, accelerate remediation in time for digital reporting and address underlying issues at the source



Single Source of Truth

Establish and maintain a **single source of GST and VAT data** and an **end-to-end reporting and compliance process** for indirect taxes



Minimize costs for compliance

Reduce complexity, **minimize the time, effort and money** spent on fulfilling tax obligations and minimize the cost for non-compliance



Actionable insights

Translate your source of financial data into actionable insights to transform your tax strategy and realize business value



Global

Global platforms include local content that enables information processing **standardization at expanding scales** while complying with local legislation

Thank you!

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