Deloitte Academy
VAT & SAP: Hot topics
Introduction 10:00 – 10:05  Hilde Vandepierre

Tax Point 10:05 – 11:00  Jan Vandevenne

Gelangensbestätigung 11:00 – 11:30  Pieter Uijttenhove

Self-billing 11:30 – 12:30  Hilde Vandepierre/Jeroen Bauters

Break/Lunch 12:30 – 13:30

VAT reporting in SAP 13:30 – 14:30  Pieter Uijttenhove

Tax engines 14:30 – 15:30  Hilde Vandepierre/Jan Vandevenne
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VAT & SAP: Hot topics
Tax point

Jan Vandevenne
Changed tax point rules
Local B2B transactions (other than reverse-charged and IC)
Old tax point rules

Belgian supplies of goods

Old rules with regard to the chargeability of VAT for supplies of goods (art. 17 BE Vat Code)

1. At the moment of the supply, i.e.
   a) At the moment the goods are put at the disposal of the customer;
   b) At the moment the goods arrive at the customer (in case of transport or dispatch)
   c) At the moment the installation or assembly ends ...

2. For supplies of goods that give rise to successive statements of account or successive payments:
   a) At the expiry of the period to which such statements of account or payments relate

3. At the moment invoice is issued or payment is received if prior to 1 and 2.
Old tax point rules

Belgian supplies of services

Old rules with regard to the chargeability of VAT for supplies of services (art. 22 BE Vat Code)

1. At the moment the service is *completed*

2. For supplies of services that give rise to successive statements of account or successive payments:
   a) At the expiry of the period to which such statements of account or payments relate;

3. At the moment *invoice is issued* or *payment is received* if prior to 1 and 2.
Changes to tax point rules

**Belgian supplies**

- Modified articles 16-17 & 22-22bis BE Vat Code

- The issuing of an invoice does not lead any longer to VAT being due
  - No VAT is due on an advance invoice
  - Tax point postponed until the actual payment or supply of the good/service
    → 2 instead of 3 moments when VAT becomes due

Old rules

<table>
<thead>
<tr>
<th>Date of issue of invoice</th>
<th>Date of payment</th>
<th>Supply of good/service</th>
</tr>
</thead>
</table>

Old AND new rules

Old AND new rules
Changes to tax point rules

**Belgian supplies – impact**

For the **supplier**

Postponement of payment of VAT on advance invoice until payment/supply

- Changes to ERP system required

For the **customer**

VAT only deductible upon payment/supply

- Valid invoice is required for deduction of input VAT (reference needs to be made to the tax point)
Changes to tax point rules

Belgian supplies - transition

- Transition period for 2013 (ET 123.563 of 19/12/2012)
- Transition period for 2013 was extended for 2014 (PV 535 of 14/10/2013 + E.T.124.705 dd. 22.11.2013).
Changes to tax point rules

Belgian supplies - transition

• Option for old regime during 2014
  • Old rules remain applicable
    • Advance invoice with mentioning of VAT amount (‘normal’ invoice)
    • No reference to date of tax point will be required
    • Payment on the basis of this invoice under art. 51 § 1, 3° VAT Code (late payment then is penalised)
    • Deduction on the basis of this invoice (period)
    • Advance invoice = conform invoice
Transition period – option to apply new rules

• Application of new rules possible for ‘normal’ B2B transactions, in 2 ways:
  • ‘Request for payment’
  • Advance invoice with mentioning of VAT amount (normal invoice)
    • Issued before tax point
    • Reference required: "Toepassing van de wettelijke regeling inzake opeisbaarheid. Recht op aftrek ontstaat na de betaling van het voorschot."
  • Other legal references, including date of tax point!
  • Art. 51 § 1, 3° VAT Code not invoked – payment of VAT delayed
  • Customer cannot deduct VAT immediately but in function of actual supply date or payment date
Local reverse-charged transactions (other than IC)
Changes to tax point rules

Belgian RC transactions - transition

• B2B transactions with reverse charge (other than intracommunity transactions)
  • Old rules remain applicable
    • Advance invoice (‘normal’ invoice)
    • No reference to date of tax point will be required
    • Payment and deduction (reverse charge) on the basis of this invoice
Intra-community transactions
Changes to tax point rules

*Intracommunity supplies*

• *Old rule:* art. 17§2 – 25septies
  • 15th of the month following the month during which the chargeable event took place
  • Moment of issue of the invoice if prior to the 15th
• *New rule:* amended art. 17§2 – 25septies
  • 15th of the month following the month during which the chargeable event took place
    • Taxable event: arrival of the transport
    • On the expiry of each calendar month (in case of continuous supplies)
  • Moment the invoice is issued for the *total amount* if invoice issued between taxable event and the 15th
• *Both old & new:* VAT not due at the moment the prepayment is paid

*VAT becomes due upon the 15th day following the supply or upon the moment the total amount is invoiced between taxable event and this date*
Changes to tax point rules

*Intracommunity supplies - transition*

- From supplier’s perspective:
  - Invoice issued few days before taxable event (e.g. when the transport starts) is accepted as compliant invoice
  - Supplier has however to wait until taxable event arise before reporting the transaction in VAT return/ESL

- From client’s perspective:
  - Invoice issued by the supplier few days before the taxable event = compliant invoice
  - If “real” advance invoice is issued: customer needs to issue a waiting document (art 9 RD n° 1), unless supplier issues a “final” invoice within delay
  - VAT can only be self-accounted in the period when taxable event arose
Unchanged tax point rules

*Intracommunity services*

Current and future rules with regard to the chargeability of VAT for intracommunity supplies of services (art. 22 BE VAT Code)

1. At the moment the service is completed (being executed = idem)

2. For services giving rise to successive statements of account or successive payments:
   a) At the expiry of each period to which such statements of account or payments relate;
   b) For services which are supplied for continuously over a period of more than one year: at Completed on the expiry of each calendar year

3. At the moment the payment is received if prior to 1. and 2. (invoice was not a cause for chargeability of VAT since 2010 – VAT package)
Unchanged tax point rules

Intracommunity services - transition

• From supplier’s perspective:
  ✓ Invoice issued few days before taxable event or advance payment is accepted as compliant invoice
  ✓ Supplier however has to wait until taxable event arise before reporting the transaction in VAT return/ESL

• From client’s perspective:
  ✓ Invoice issued by the supplier few days before the taxable event/advance payment = compliant invoice and no need to issue document referred to in art. 9, RD n°1
  ✓ If “real” advance invoice is issued: customer needs to issue a waiting document (art 9 RD n° 1), unless supplier issues a “final” invoice within delay
  ✓ VAT can only be self-accounted in the period when taxable event/advance payment arose
B2C transactions
Unchanged tax point rules

**B2C transactions**

- B2C transactions
  - VAT becomes due at the moment of receipt of payment
  - Even if invoice is issued prior to payment
    - VAT can be paid at moment of invoice
    - No ‘planning’ possible/allowed
      - Tax point remains reception of payment
SAP case studies
SAP case studies

Goods flows
Case 1: Logic update
Case 2: Proof of delivery

Service flows
Case 2: Customizing

OSS Notes
Poland 1956599
→ Possibly similar solution for Belgium
Deloitte Academy
VAT & SAP: Hot topics
Gelangensbestätigung

Pieter Uijttenhove
Introduction
Why, When, Who

• Why
  – Uniform and simple proof of ICS for the Tax Authorities
  – An effort to decrease fraud

• When
  – In principle January 1, 2012
  – Transition period till October 1st, 2013
  – Tolerance until January 1st 2014

• Who
  – All companies performing ICS of Goods out of Germany
  – All companies performing ICA from Germany
Introduction

What

• Entry Certificate
  – It does not replace any form of invoicing
  – Confirmation that the goods have arrived at their destination
  – Confirmation that the goods have been handed over to the customer
  – The company claiming the VAT exemption is liable to store the Gelangensbestätigung
• Set of documents
  – The Gelangensbestätigung replaces other means of proving the VAT exemption
    (e.g. CMR, contracts, ...)
Practice
General Rule

• Proof of exemption
  – Copy of the invoice + Gelangensbestätigung
• Content of the Gelangensbestätigung
  – Customer data
  – Information about the goods
  – Date + Signature
  – Reference of acceptance in the country of delivery
  – Supplier data nor invoice reference is required
• Examples
  – Not mandatory to use the provided template
• Alternatives

  – Only if transport is performed via a freight forwarder

• Accepted proof

  – Signed CMR
  – Track and trace protocols of the freight forwarder
  – Written confirmation by the freight forwarder “Spediteurbescheinigung”
  – Spediteursbescheinigung + Proof of remuneration
Practice
Simplification

• General simplification
  – Bulk confirmations are allowed
  – Not required to be one document
  – German, English and French are accepted, other languages require certified translation

• Electronic means
  – Via email, web download, EDI, fax
  – No (electronic) signature required
  – Archiving may be done electronically or printed
**Practice**

**Simplification**

- **EDI-messages**
  - Not mandatory to send invoice together with confirmation via EDI
  - Reliable audit trail is required:
    - Agreed upon procedure and contract
    - Email including sender details and date
    - Using email addresses specified in the contract
  - Archiving may be done electronically or printed

- **SAP**
  - SAP developed a consulting solution that offers an integration between goods issue, delivery, transport orders and billing.
  - It mainly focusses on the automotive sector
  - Integrated in the SD document flow
  - Gelangensbestätigung can be printed or send via email
  - Automatically running as a background process
  - Storage
Practice
Simplification

• SAP
• Add ons

  – Speedi (WSW Software)
Self-billing

Introduction

• Legal Framework:
  • Article 224 of the EU VAT Directive 2006/112/EC
  • Article 53 §2 of the Belgian VAT Code

• The Belgian tax authorities have elaborated on their interpretation of the new self-billing provision in two circular letters:
  • Circular letter 02/2013 dd. 23.01.2013
  • Circular letter 53/2013 dd. 16.12.2013
Self-billing

General principles

• Article 53, §2 Belgian VAT code
  “Invoices may be drawn up by the customer, in the name and on behalf of the supplier or service provider, where there is a prior agreement between the two parties and provided that a procedure exists for the acceptance of each invoice by the taxable person supplying the goods or services.”

• In order to apply self-billing two conditions should be met:
  • Prior agreement
  • Acceptance procedure

• In case the conditions for self-billing are met:
  • The invoice drawn up by the customer in the name and on behalf of the supplier is considered as the legal invoice provided that all invoice requirements are met.
  • The customer can exercise its right to deduct input VAT based on the self-bill.
Self-billing

Prior agreement

• The self-billing agreement should be concluded before the first self-bill is or has to be issued. A clause stating that self-bills can to be issued retro-actively is not allowed.

• The content of the agreement can freely be decided upon by the contracting parties, preventing the tax authorities from still imposing mandatory clauses. For example, the following aspects can be agreed upon in the self-billing agreement:
  • Type of transactions
  • sequential numbering
  • acceptance procedure
  • etc.

• Compared to the former guidelines, the form of the agreement can now freely be decided upon by the contracting parties. As such, an explicit (written) agreement is no longer required and contracting parties could opt to conclude an implicit (tacit) agreement.
  → It remains however of importance that both parties can both demonstrate the existence of this prior agreement towards their tax office in case of an audit.
Self-billing

Acceptance procedure

• The acceptance procedure can be freely agreed upon between the contracting parties.
  • An explicit acceptance procedure may consist of an acceptance document issued by the supplier indicating that he agrees with the invoice or may consist of an acceptance statement that is marked on the invoice itself.
  • An implicit acceptance may consist of the assumption that the supplier agrees with the content of the invoice in case he does not respond within an agreed time frame. In the same way, the processing of the invoice by the supplier (e.g. enrolment of the invoice in the accounts or acceptance of the payment) may constitute as an implicit agreement.

• Please note that compared to the former guidelines, companies are now allowed to apply the implicit acceptance procedure without regard to the fact that the self-bill contains Belgian VAT due by the supplier or does not contain VAT.
  → This is in line with known practices.

• In case the supplier does not agree entirely with the invoice issued by the customer, a corrective document needs to be issued.
Self-billing

Notification of the tax authorities

• It is not required that a taxable person informs the tax authorities about its intention to apply self-billing. Nor the self-billing agreement, nor any other arrangements should be presented up front to the tax authorities.

• Both supplier and customer should inform its local tax office in case the customer opts to apply the reverse charge mechanism on certain self-billing transactions (cf. *infra*)
Self-billing
Issuance of credit notes

• As of January 1, 2013, a corrective document should no longer be mandatorily issued by the same person who issued the original invoice. Consequently, a customer is now allowed to issue a corrective document, even though the original invoice was issued by the supplier (i.e. not as a self-bill).

• Self-bill credit notes will for example be useful for customers who issue an invoice at year-end towards their suppliers to account for their volume discounts related to the past year.

• However, also in these cases the conditions for self-billing should be met with respect to the corrective document.
  → In this respect it is important to take into account that the tax authorities nowadays accept an implicit self-billing agreement and an implicit acceptance procedure.
Self-billing
Invoicing rules

• Applicable invoicing rules
  • A derogation is foreseen to the general rules to determine which invoicing rules are applicable in the case of self-billing. According to this rule the Belgian invoicing rules are applicable in case:
    – the supply of goods or services takes place in Belgium, irrespective of where supplier and customer are established;
    – the supply of goods or services takes place outside the Community but are performed by a Belgian established supplier or servicer provider.

• Moment of issuance of self-bill
  • The moment when the self-bill should be issued is the same as for regular invoices:
    – For supplies of goods and supply of services, at the latest the 15th of the month following the tax point
    – For intra-community supplies, at the latest the 15th of the month following the supply
    – For continuous supplies, at the latest the 15th of the month after the concerned period

• Number of copies of the self-bill
  • As with invoices issued by the supplier, the customer should issue each self-bill in two copies:
    – The original self-bill which the customer should address to himself
    – A copy of the self-bill which should be sent to the supplier
Self-billing
Invoicing rules (2)

• Invoicing requirements
  • In general the invoice requirements for self-bills are the same as for regular invoices. With respect to the self-billing, the following should be taken into account:
    – Each self-bill should include the reference “Factuur uitgereikt door de afnemer”, “Autofacturation” or “Self-bill”.
    – The practicalities regarding sequential numbering of self-bills has been simplified. The customer can determine the sequential numbering of the self-bill by one of the following methods:
      - The sequential number has been agreed upon with the supplier (e.g. in the self-billing agreement);
      - A separate uninterrupted sequence of numbers is used for each supplier.

• Form of the self-bill
  • As with regular invoices, self-bill can be issued on paper or electronic. In the latter case an (implicit) agreement should be in place between the parties.

• Storage of the self-bill
  • The same rules as for regular invoices are applicable meaning that the customer should store the original self-bill and the supplier should store the copy.
  • The storage period is 7 years (15 years for self-bills related to immovable property)
Self-billing
Accounting based on internal documents

• In the case of self-billing, the supplier in principle will register his outgoing invoices based on the self-bills received from the customer.

• By way of derogation, the tax authorities allow the supplier to register his outgoing invoices based on internal documents in case the following conditions are met:
  • The supplier creates an internal document for each transaction subject to self-billing which he includes in his accounting.
    → This internal document cannot be considered as being the legal invoice and cannot be send to the customer!
  • Upon receipt of the self-bill the correctness of the internal document is to be checked and, if necessary, a corrective internal document should be created.
  • The supplier keeps a correlation table which links each internal document to the corresponding self-bill.
  • In case of an audit the supplier should be able to demonstrate the match between the amounts booked based on the internal documents and the self-bills.

• It is no longer required for the supplier to inform the tax authorities when he decides to register his outgoing invoices based on internal documents
Self-billing
Reverse charge mechanism

• In a number of cases the tax authorities allow that in the case of self-billing reverse charge is applied on the self-bills:
  • The reverse charge mechanism can only be applied in a number of specific cases which are listed by the tax authorities.
  • The reverse charge mechanism is in principle optional. Only in a number of cases the reverse charge mechanism is mandatory in the case of self-billing.
  • The option to apply the local reverse charge mechanism can only be made by the customer. The supplier cannot prevent the customer from doing so.
  • The self-bill on which the reverse charge mechanism is applied should include a specific reference to circular letter 53/2013.
  • Both supplier and customer should inform its local tax office in case the customer opts to apply the reverse charge mechanism on certain self-billing transactions.
Conclusion

- The new self-billing rules include a number of simplifications compared to former guidelines.
- The new self-billing procedures have to be considered as less burdensome which should encourage taxable persons to implement self-billing.
Self-billing in SAP
Terminology, Scenario’s & Considerations

- Self-billing in SAP (Accounts Payable) = ERS (Evaluated Receipt Settlement)
- Scenarios:
  - Consignment/pipeline settlement
    - Stable prices are a must
  - “Classic” self-billing
    - Stable prices are preferred

Vendor benefits
- No need to issue invoice
- Improved cash forecasting
- Discrepancies in shipped quantities are identified earlier
- Reduced payment delays

Customer benefits
- No need to enter and match invoice
- Reduction in paper flow
- Reduction in processing cycle times and labor costs
- Potential capture price breaks, payment discounts, favorable terms due
- Reduction in calls from suppliers about unpaid invoices

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Prerequisites in SAP

Master data – Functionality activated in the vendor master

- Goods Receipt Based Invoice Verification:
  - The ERS (Evaluated Receipt Settlement = self billing) functionality in SAP only supports generation of self bill invoices based on goods receipts posted.

- Auto Eval. GR Settlement Delivery:
  - Specifies that the automatic generation of invoices is allowed based on “goods” receipts (can also be service entry sheet)

- Auto Eval. GR Settlement Return:
  - Specifies that the automatic generation of credit notes is allowed based on “return deliveries” (can also be reduction of services delivered).
Prerequisites in SAP

Master data – Number range agreed with vendor

- Tax Number 4
  - A series of number ranges can be defined in customizing according to the rules specified before (cfr. Invoice Requirements)
  - Number ranges can be assigned in the vendor master
  - The same identification of the number range on the vendor master can lead to different number ranges depending on the company code (i.e. legal entity)
  - Example:
Prerequisites in SAP

Transactional data – Goods receipt mandatory + tax code on the PO

• Goods Receipt:
  – The ERS functionality in SAP only supports generation of self bill invoices based on goods receipts posted (can also be service entry sheet).

• Tax code maintained on the Purchase Order:
  – Since a tax code is required on the invoice and cannot be entered during invoice entry, it is required to maintain it on the PO.
Prerequisites in SAP

Transactional data – Tax code maintained on the PO

• Tax code manually entered at PO creation

• Tax code automatically copied from inforecord
  – 1 tax code can be predefined per material-vendor-plant combination

• Tax code automatically determined using the condition technique
  – Condition tables: used to store tax codes for a combination of parameters, e.g.:
    • Country / Material tax indicator
    • Vendor / Country
    • …
Prerequisites in SAP

Transactional data – Tax code maintained on the PO

- Tax code automatically determined using the condition technique (continued)
  - Access sequence: determines the sequence in which the condition tables will be read. When a tax has been found, the search sequence stops, e.g.:
    - First Vendor / Country
    - Then Country / Material tax indicator

Example:
Material with full tax to be delivered in Belgium by vendor 12345

<table>
<thead>
<tr>
<th>Vendor</th>
<th>Country</th>
<th>Tax code</th>
</tr>
</thead>
<tbody>
<tr>
<td>56789</td>
<td>BE</td>
<td>A1</td>
</tr>
<tr>
<td>12345</td>
<td>NL</td>
<td>B1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Country</th>
<th>Matl. Tax indicator</th>
<th>Tax code</th>
</tr>
</thead>
<tbody>
<tr>
<td>BE</td>
<td>Half tax</td>
<td>C1</td>
</tr>
<tr>
<td>BE</td>
<td>Full tax</td>
<td>D1</td>
</tr>
</tbody>
</table>
Self-billing in SAP Demo

Vendor Master

Goods Receipt

Invoice Generation

Invoice Output

Purchase Order
Self-Billing in SAP

Normal PO

**Standard PO 4500017673 Created by Jeroen Bauters**

```
Item | 10 | 100-310, Slug for Shaft
Material | 100-310
Short Text | Slug for Shaft
PO Quantity | 10 PC
Deliv. Date | 14.06.2013
Net Price | 2.00 EUR
Current Per | 1
PO | PC
Material Group | 001
Pint | 1000
```

**Tax Code** 11

**Taxes**
Self-Billing in SAP

Normal PO

### Evaluated Receipt Settlement (ERS) with Logistics Invoice Verification

#### Document Selection
- **Company Code**: 1500
- **Plant**: 
- **Posting Date of Goods Recei**
- **Goods Receipt Document**: 
- **Fiscal Year of Goods Receipt**: 
- **Vendor**: 82
- **Purchasing Document**: 
- **Item**: 

#### Processing Options
- **Doc. selection**: 3 (Document selection per order item)
- **Test Run**: ✔
- **Settle Goods Items + Planned Delivery Costs**: 

### Evaluated Receipt Settlement (ERS) with Logistics Invoice Verification

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>82</td>
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<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>
Self-Billing in SAP
Normal PO

As agreed, we have settled the following goods and services and credited the amounts to your account in our company:

<table>
<thead>
<tr>
<th>Item</th>
<th>Material</th>
<th>Description</th>
<th>EAN number</th>
<th>Deliv. note /Ref. / of</th>
<th>GR doc./SEnt. / Item</th>
<th>Qty</th>
<th>Un</th>
<th>Net value in EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Settlement items for plant:</td>
<td>2100, Porto, Porto</td>
<td>1099 Porto, Amoreiras-Torre 121</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Slug for Shaft</td>
<td>00001 100-310</td>
<td>49000000089 12.06.2013 49000000089 003</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>4500017676 00010</td>
<td>10 FC S2 20,00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total net value</td>
<td>20,00</td>
<td>20,00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>IVA suportado 17% (S2)</td>
<td>3,40</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Total</td>
<td>23,40</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Terms of payment: Related to 12.06.2013:
Within 14 days 3 % cash discount
Within 30 days 2 % cash discount
Within 45 days Due net
**Self-Billing in SAP**

**Consignment Settlement**

### Consignment and Pipeline Settlement

<table>
<thead>
<tr>
<th>CoCd</th>
<th>Vendor</th>
<th>Mat. Doc.</th>
<th>MatYr</th>
<th>Item</th>
<th>Doc. Date</th>
<th>Plant</th>
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<td>1</td>
<td>12.06.2013</td>
<td>1000</td>
</tr>
</tbody>
</table>

**Firma**

C.E.B. BERLIN  
Kolping Str. 15  
12001 Berlin

---

We have settled the following material withdrawals from your consignment stock:

<table>
<thead>
<tr>
<th>Date</th>
<th>MovTy</th>
<th>Qty</th>
<th>Unit</th>
<th>TaxC</th>
<th>Net value in EUR</th>
</tr>
</thead>
<tbody>
<tr>
<td>05.06.2013</td>
<td>411</td>
<td>50</td>
<td>PC</td>
<td>1I</td>
<td>335,00</td>
</tr>
<tr>
<td>12.06.2013</td>
<td>411</td>
<td>10</td>
<td>PC</td>
<td>1I</td>
<td>67,00</td>
</tr>
<tr>
<td>12.06.2013</td>
<td>411</td>
<td>10</td>
<td>PC</td>
<td>1I</td>
<td>67,00</td>
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<tr>
<td>12.06.2013</td>
<td>201</td>
<td>25</td>
<td>PC</td>
<td>1I</td>
<td>167,50</td>
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<tr>
<td>12.06.2013</td>
<td>201</td>
<td>35</td>
<td>PC</td>
<td>1I</td>
<td>234,50</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>130</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td><strong>871,00</strong></td>
</tr>
</tbody>
</table>

Total net value: **871,00**

Input tax 10% (1I): **844,87**

**Total**: **955,49**

Terms of payment: Related to 12.06.2013:  
14 days 3%, 30/2%, 45 net
Deloitte Academy
VAT & SAP: Hot topics
VAT Reporting in SAP

Pieter Uijttenhove
Introduction

• VAT reporting
  – Legal requirement
  – Time consuming
  – Recurring costs
  – Correct, adequate and traceable.

• Risks
  – Penalties
  – Interest
  – Audit
SAP Automation
Possibilities

• VAT reporting via SAP Ledgers
  – Manual process
  – No automated tracking of changes
  – Manual upload via tax portals

• VAT reporting via SAP ledgers linked with boxes of the VAT Return
  – Partially automated
  – No automated tracking of changes
  – Simplified manual upload via tax portals

• VAT reporting via XML
  – Automated
  – Automatic tracking of changes
  – Uploading of 1 single file via tax portals

• VAT engines
SAP Automation
Reporting via ledgers

• Reporting is done via manual calculation via the tax codes
• A specific report per country can be set up
• No possibility to create XML-output
• Upload on the tax portal via the manual calculation
• No indication / assistance on how to complete the VAT return

• Advantages
  – Limited maintenance
  – No implementation
  – No additional licence fees

• Disadvantages
  – Calculation errors
  – Difficult tracking of changes
  – Time consuming
SAP Automation
Reporting via ledgers linked with boxes

- Reporting is done via automated calculation via the tax codes
- A specific summary report per country is available
- No possibility to create XML-output
- Upload based on the tax portal via automated summary indicating each box

Advantages
- More efficient
- Tracking of linking
- Simplified reconciliations between vat returns and vat ledgers
- Medium implementation difficulty
- Medium maintenance
- No additional licence fee

Disadvantages
- Not completely automated
- No direct upload
- Unsupported maintenance
SAP Automation
Reporting via XML

- Reporting is done via XML

- Upload file per country is available

- Single file upload on the tax portal

- Advantages
  - Efficient
  - Tracking of linking
  - Tracking of changes
  - Simplified reconciliations between vat returns and vat ledgers
  - Also possible for ESL / ASL

- Disadvantages
  - Higher implementation difficulty
  - Higher maintenance
  - Not standard available in several countries
Summary

• XML provides a fully automated solution but requires high maintenance
  – High number of transactions
  – High filing frequency

  Suitable for Established Companies

• Linking with boxes provides a intermediate solution between full automation and VAT ledgers
  – Medium number of transactions
  – Medium to high filing frequency
  – Medium complexity of business flows

  Suitable for Foreign VAT registrations

• Reporting via VAT ledgers
  – Limited number of transactions
  – Low filing frequency
Deloitte Academy
VAT & SAP: Hot topics
Tax Engines

Hilde Vandepere - Jan Vandevenne
Overview
Overview

Native SAP & Tax Engines
Software integrated with financial systems for the calculation of Sales & Use Taxes, VAT, and environmental taxes
Native SAP
Native SAP

Native SAP challenges

- Tax code restrictions
- Manually monitor tax legislation changes
- Customisation to address complex supply chains
- Reliance on IT support
- Registration management challenges
- Limited reporting and data analysis

Limited flexibility and scalability
Tax Engine
Tax Engines

When?

- One Single “Tax Point”
- Pre-defined Tax Content (rates & rules)

Low
- 1 Country
- 1 ERP system

Medium
- Several countries (Europe)
- 1 ERP system

High
- Several regions (EMEA, LATAM etc.)
- 1 ERP system

Very High
- Global
- Multiple ERP systems

Benefit of Tax Engine Implementation vs. Cost of maintaining ERP solution
Tax Engines

Why?

• Reduce Costs Researching & maintaining tax rules
  • Difficult to ‘keep up’ with changing rules
  • Linked to this, maintenance burden also ‘never ends’
    ➞ Content and logic of their solutions kept up to date in case of legal changes
    ➞ Certain legal changes will still have an impact on SAP. The effort to make such changes in SAP will in principle be limited to a minimum
Tax Engines

Why?

• Improved automation reduces tax decisions by AR/AP personnel
• Easily support growth (traditional or via acquisition)
• Ability to easily work with/model tax data. Flexibility & Control No IT support needed to modify rules or treatments (e.g. built-in tools for testing support)
• Not a case of ‘all or nothing’
  • ‘Global’ solutions are available
  • ‘Local’ solutions may be sufficient depending on current system set-up
Tax Engines

Who?

• Various local players
• ‘Global’ players such as
  • Onesource
  • Vertex
  • Taxware
  • Zytax
Tax Engines

Recap

- Automatic updates for legislative changes
- Tax department managed application (decreased dependency on IT)
- Increased consistency via automation of tax decisions
- Automated tax determination for purchasing
- Streamlining complex supply chain transactions
- Scalability and flexibility to manage changes in business model

Increased control, transparency, and scalability

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Case studies
Case study: Global Next

Overview

A new global tax integration solution owned and maintained by Thomson Reuters which can be configured and maintained directly in the SAP application modules.
Case study: Global Next

Additional improvements

- Automate all tax decisions
- Solve SAP tax code challenge
- Support for complex transactions
- Targeted use of the tax engine
- Plants abroad works out of the box
- Reporting works in SAP

Highly accurate automation of AP and AR
Decouples rate from tax code
Tax research content for 175 countries
No project is too big or small
No customisation required
VAT reports Intrastat ESL
Case study: ONESOURCE
Automated compliance
Case study: ONESOURCE

Content

Analyst research
Independent research
Two-stage management approval

- Government websites
- News alerts
- Local newspapers
- E-mail to Tax jurisdiction
- Phone calls to Tax jurisdiction
- Third-party research Tools including Checkpoint and IBFD

Quality assurance
Automated test cases
- 189 data integrity tests
- 69,000 U.S. test cases run
- 4,400 International test cases run
- Release letter review

Content updated
All relevant content updates are designed and built

Change tracking
All content changes are entered in a change tracking system

Daily report
Each change has to be verified by tax analyst and tax manager

Supporting documentation
Content change must be supported by
- Tax Law
- Tax Code
- Tax jurisdiction publications
- Legislative amendments
- Written notification from Tax Jurisdiction
- Official Gazette Publication
Multiple copies of documentation are filed with the Tax Research Manager and in the Tax Research Library

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