



Tax benefits of using SAP/ OpenText
Vendor Invoice Management
Simple, time efficient and green



Introduction

OpenText Vendor Invoice Management (VIM) works with SAP® ERP to streamline accounts payable (AP) operations. VIM optimizes and simplifies the process of receiving, managing, and monitoring invoices for AP personnel and vendors. Deloitte has a strong team supporting our clients to implement SAP/OpenText VIM.

Most companies strive to achieve a “no-touch” process, where the invoices go straight through from validation to posting. However, one of the challenges to automate is the tax code assignment since this can’t be captured from the invoice. The available Automatic tax code determination for invoices solution developed by Deloitte Belgium enables you to :

- Significantly reduce the time for looking the correct tax code
- Automating the tax code determination by handling possible scenarios
- Assigning tax code to all line items of your invoices with minimum human intervention.

Context

Vendor invoice processing is more and more automated, but do you feel your tax process is robust enough? Deloitte helps you in building the necessary indirect tax controls:

- Controlling that the invoice is legally compliant and allows you to route invoices depending on established business rules to appropriate user or group of users.
- Taking all necessary elements to allocate a tax code to all line items.

Our solution: indirect tax controls

By making use of the full potential of the possibilities in VIM, Deloitte has combined their Tax expertise with OpenText technology skills and developed a logic to include Indirect Tax controls within the AP process. Based on a combination of the data read from the supplier invoice during the scanning process, the master data and the transactional data, our logic will route the invoice to an exception flow in case certain legal requirements are not met.

Example:

In certain countries of the EU, it is required that the company’s VAT number is mentioned on the supplier’s invoice in order to deduct the input VAT. In those cases where the supplier (i) did not mention a VAT number or (ii) did not mention the correct VAT number of the receiving company on the invoice, VIM will automatically route the invoice to the appropriate person.

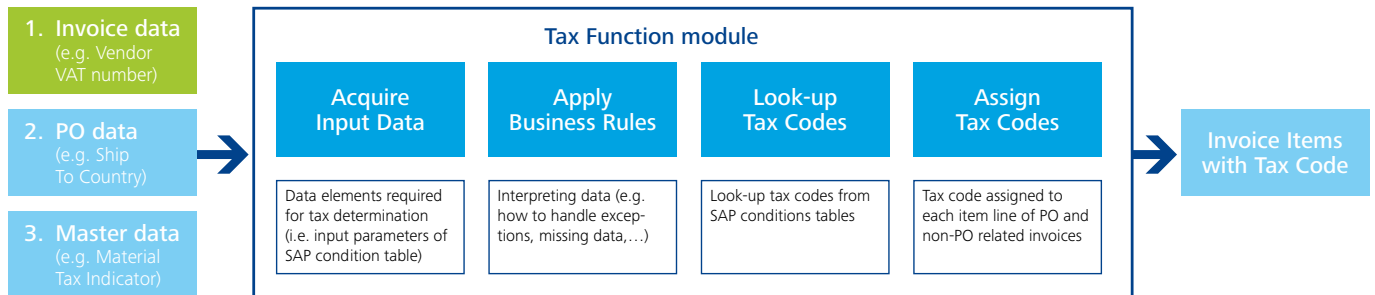
If needed, new and custom checks can be built to meet all business and tax requirements

Our solution: automatic tax code determination

The Automatic tax code determination for invoices solution by Deloitte has the objective to assign a correct tax code to each line item of PO and non-PO invoices using master data and PO data (for PO invoices) similarly to other existing logics. The added benefit of Deloitte’s logic compared to traditional tax code determination available in SAP is that invoice data is also used in the determination logic. This means that data which is only known at time of invoice receipt is also taken into consideration (e.g.: the actual location where the supplier is delivering from).

In our logic there is a standard set of data elements to take into account during the determination process (e.g.: bill from, bill to, ship from, ship to, material, incoterms, etc.). This data set can be limited or extended with other elements dependent on the company’s needs.

In order to support companies from a global perspective, we also foresee integration with tax engines such as Vertex, ONESOURCE, ...



Main benefits

The standard possibilities available to assign a tax code in SAP e.g. by manual input of the tax code at PO creation and/or at invoice receipt, or by using condition tables to determine a tax code at PO creation, bring some challenges. The difficulties with these approaches are diverse: it impacts the purchasing department negatively, integration can be complex and data might not be available and/or accurate.

The main benefit of the Automatic tax code determination for invoices solution is that the tax code is being determined at the moment of invoice processing, when all information is available. This not only reduces the risks linked to non-compliant invoices that could entail a rejection of the input VAT, but also increases the accuracy and speed of tax coding, ensuring that invoices are reported in a timely and correct manner.

Another benefit is that our solution can be implemented in existing VIM environments.

How does it work?

The logic takes place as soon as the invoices enter OpenText Vendor Invoice Management and during exception handling. This allows you, in case not all the necessary information is captured by the OCR, to manually enter a missing parameter and retrigger the logic within the Invoice Cockpit.

The logic acquires the different data elements for tax code determination, which are the input parameters for the tax condition table. By combining all the different data elements, it looks up a tax code from the tax condition table and finally assigns a tax code to each line item of non-PO and PO related invoices.

Analytics

Deloitte is not only providing a tool to automate tax code determination, it also provides you with a solution that enables or prevents the end user to overwrite the value determined by the logic. If the end user overwrites a value, the Deloitte solution keeps track of it by providing an audit trail on e.g. which user did the change and when. Also in case the determination fails at invoice entry, the logic tells you which parameter is missing to enable you to complete it and retriggers the logic within the Invoice Cockpit.

Deloitte's added value

The Automatic Tax Code Determination for invoices solution by Deloitte has been created by combining our technology and tax know how. As such, we are not only providing the logic but also the tax content.

Our Indirect tax team will analyze the company's purchase flows and determine a correct tax code for each possible scenario. As the solution is flexible, it will be adjusted to fit your needs.

Levering from our experience, we are able to provide this solution to customers for a limited cost compared to the benefit of reducing the time spent and compliance risk mitigation.

Our solution will improve your AP invoice processing and tax compliance, in a technology based environment both from a time and quality perspective.

Contacts

For more information, please contact:

Deloitte Consulting

Aart Joppe

Partner

+ 32 479 79 20 34

ajoppe@deloitte.com

Sven Wylock

Director

+32 475 95 44 19

swylock@deloitte.com

Mathieu Catry

Senior Manager

+ 32 496 12 81 95

mcatry@deloitte.com

For further information, visit our website at www.deloitte.com

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte has in the region of 200,000 professionals, all committed to becoming the standard of excellence.

This publication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this publication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this publication.