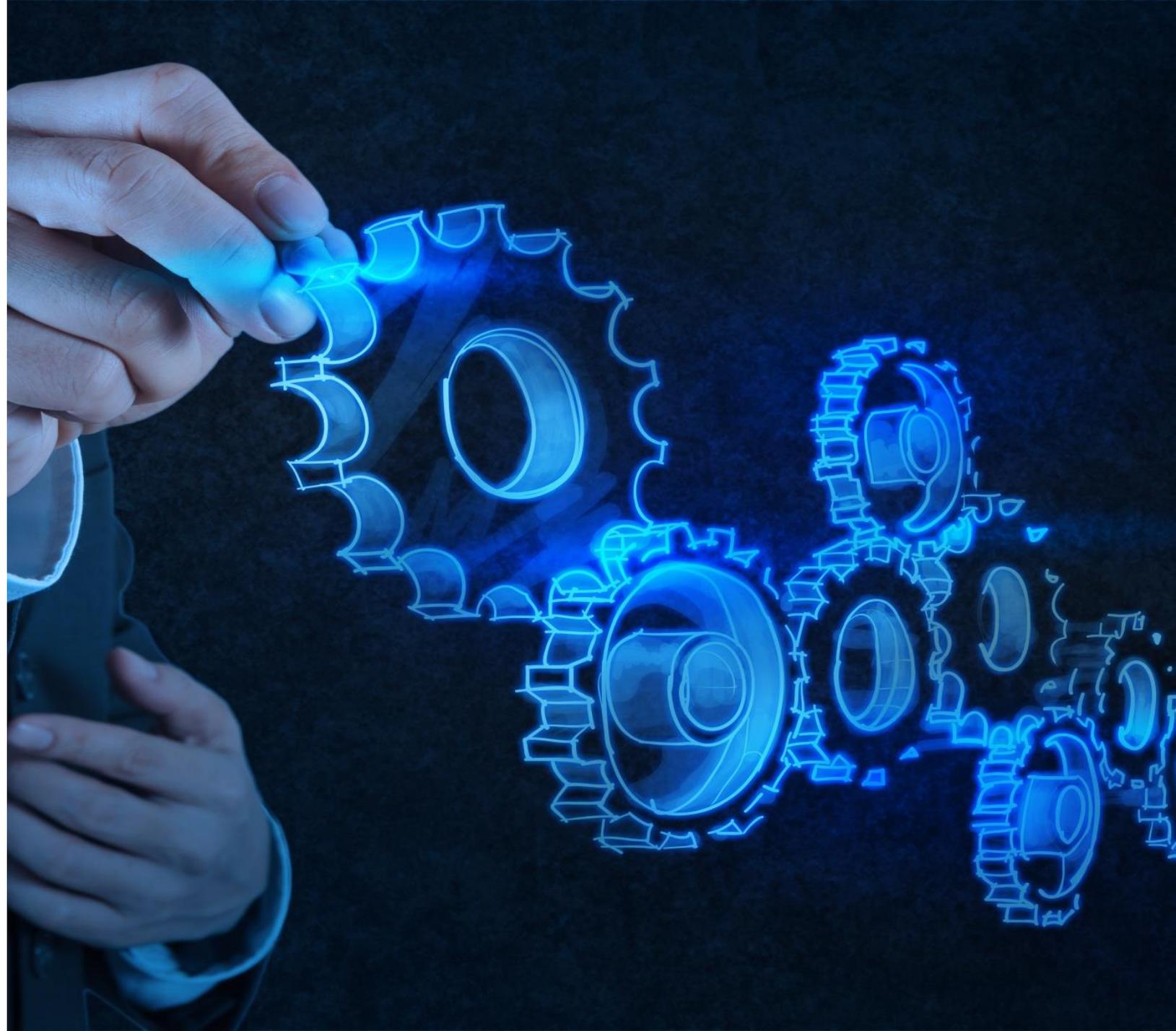


Deloitte.

ORACLE®

Securing
tomorrow today
Implementing a tax
provisioning system
– Hyperion Tax
Provision

Andreea Vasiliu – Oracle
Bart Janssen – Deloitte Netherlands

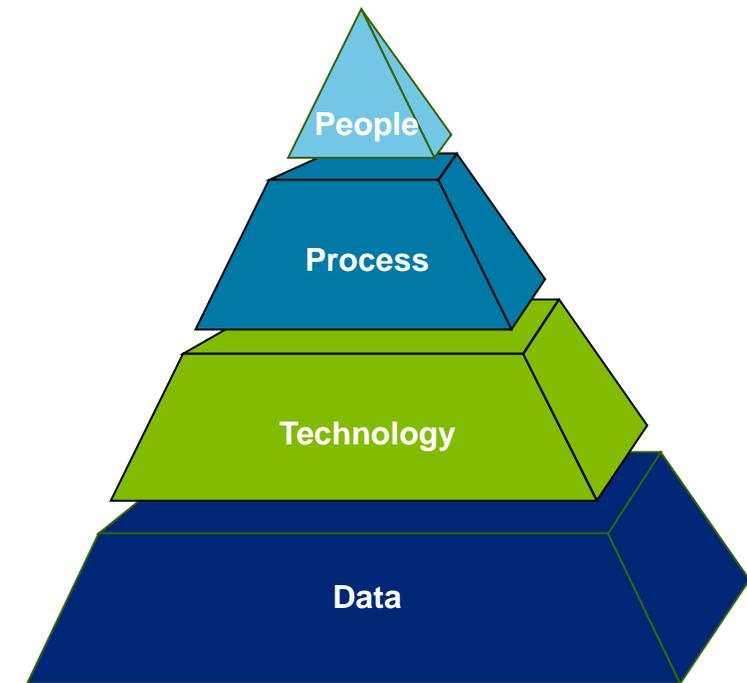


Today's challenges of tax data recording & reporting

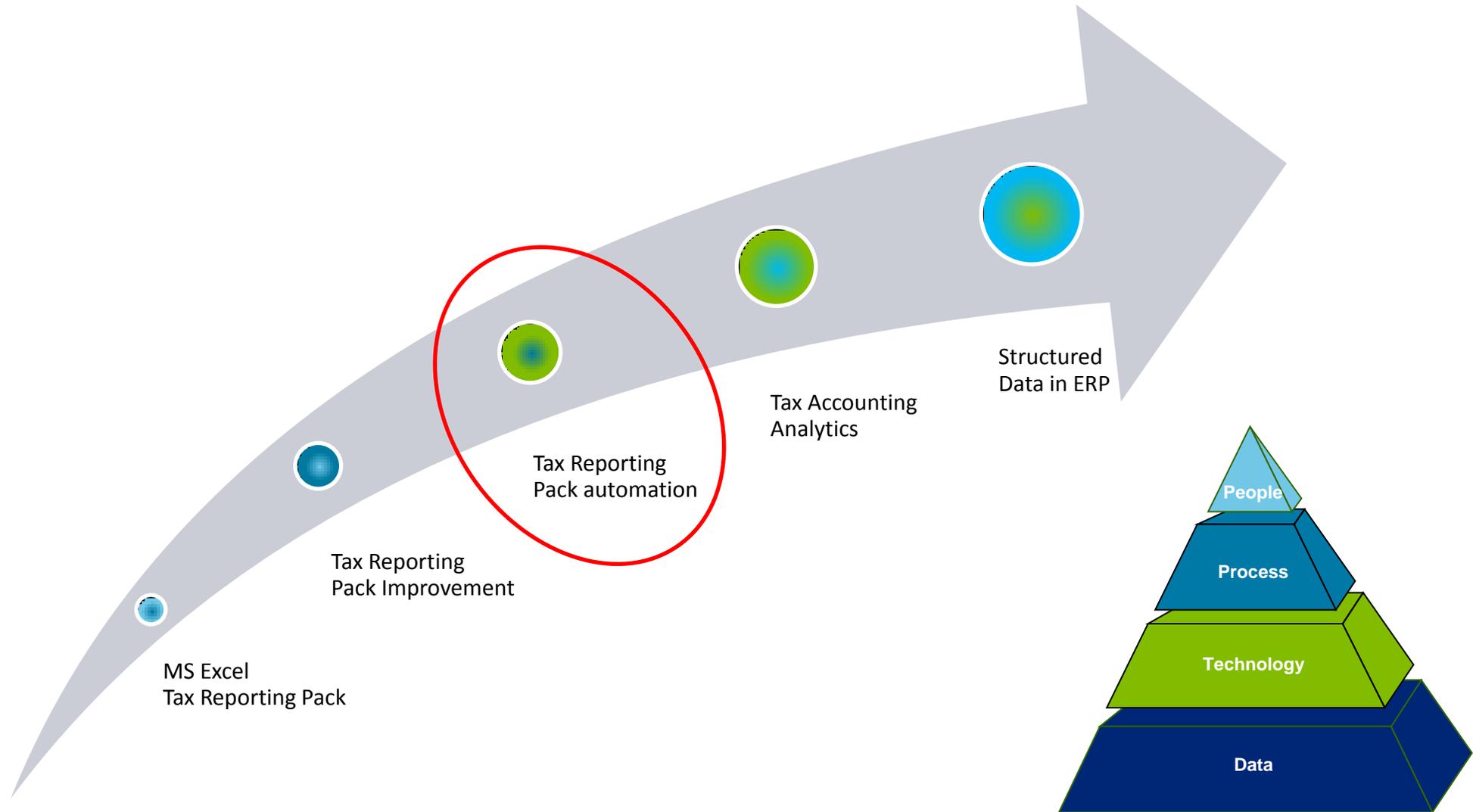
- Increased pressure for closing periods
- Increased complexity of regulatory requirements
- High quality of tax reporting disclosures is expected
- Collecting all relevant tax data (level of detail)
- Inappropriately set-up technology and inadequate resources
 - Multiple manual processes
 - Too much reliance on Excel
 - Multiple spreadsheets / multiple data sources
 - Tax information management and analysis
- Less time but more pressure on quality

Client's needs and requirements

- Enhance tax accounting knowledge within the group
- Obtain a higher level of comfort and a more comprehensive insight into the (consolidated) income tax position
- Implement a standardised tax process to report for income taxes
- Increase efficiency and mitigate risks
- Strengthen (internal) controls

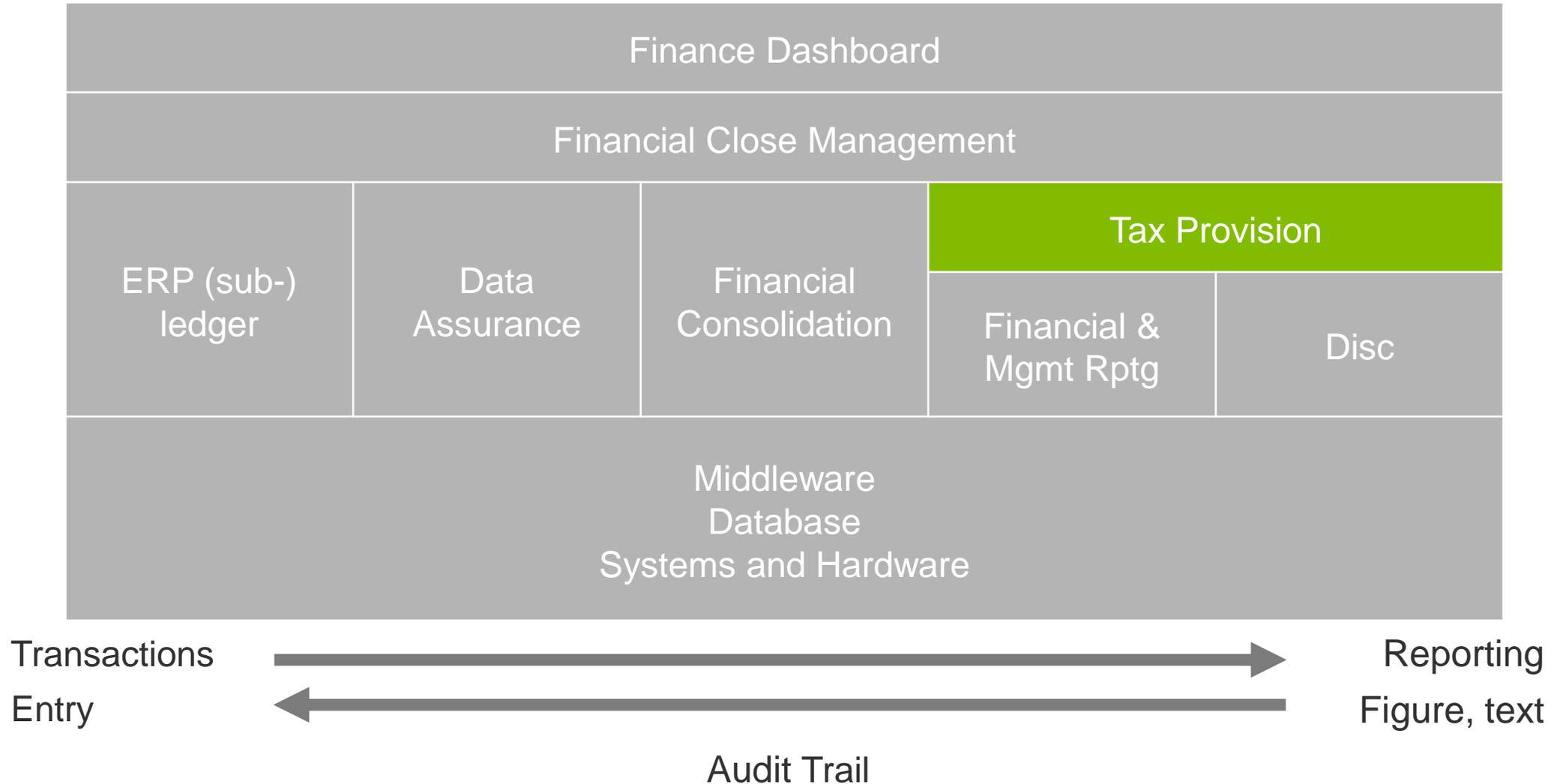


Deloitte's vision on optimisation



Hyperion Tax Provision

Bringing finance & tax together



Enterprise Performance Management (EPM)

GOALS

- **Link** strategies to plans and execution
- **Monitor** financial and operational results against goals
- **Drive** enterprise-wide performance improvement

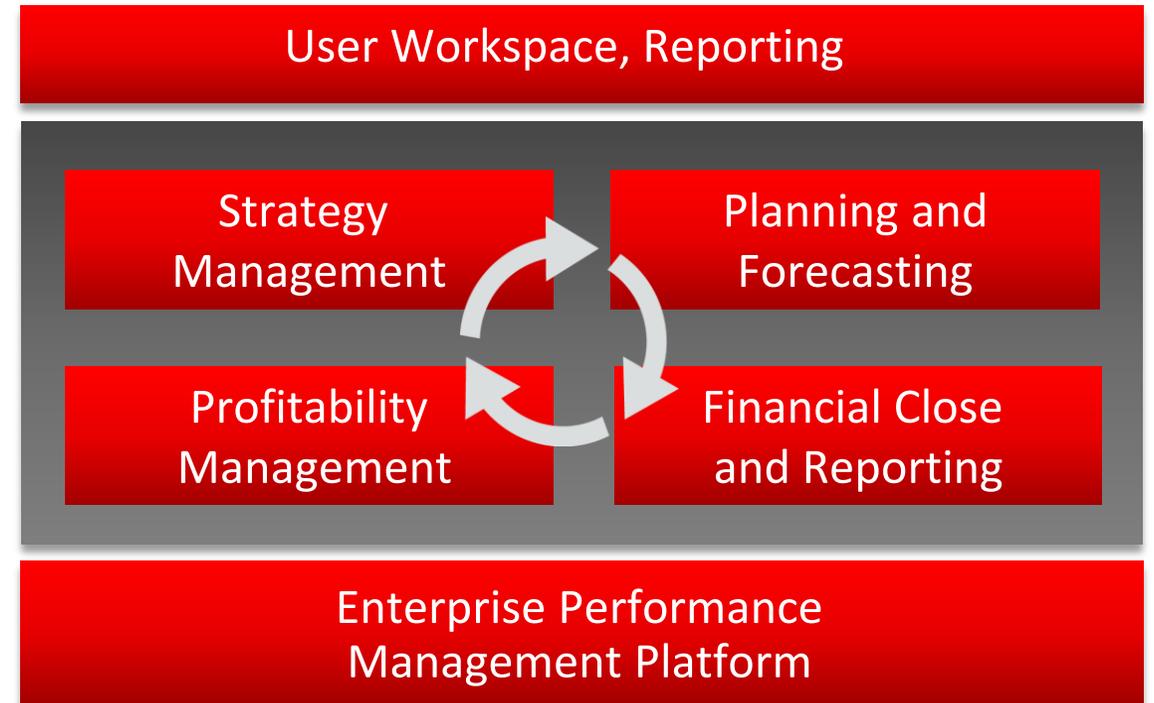
RESULTS



Oracle Hyperion EPM applications

Plan for growth, report with confidence, accelerate business value

- Broadest and deepest EPM application coverage
- Most integrated EPM suite
- Data, metadata and process integration with Oracle, SAP ERPs
- Best in class BI integration
- Centralised enterprise dimension Management for EPM, ERP, BI



ORACLE®
E-BUSINESS SUITE

ORACLE®
SIEBEL



ORACLE®
FUSION APPLICATIONS

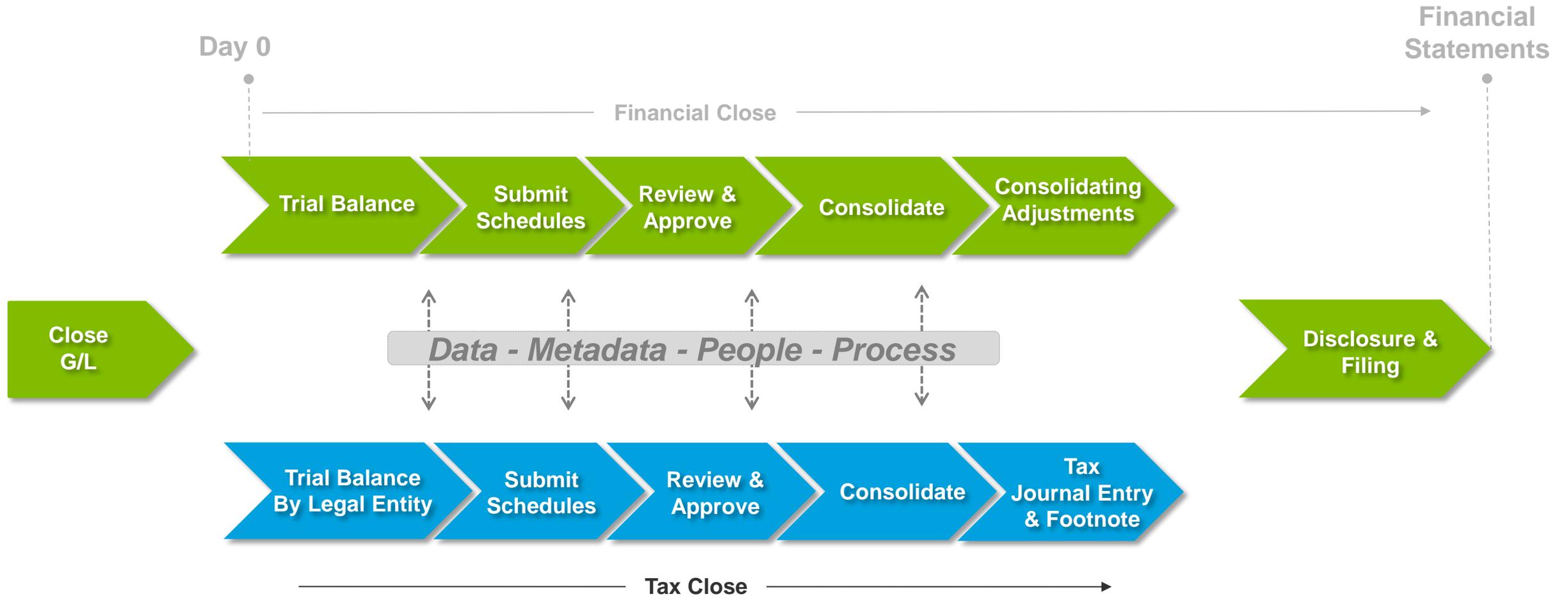
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JD EDWARDS

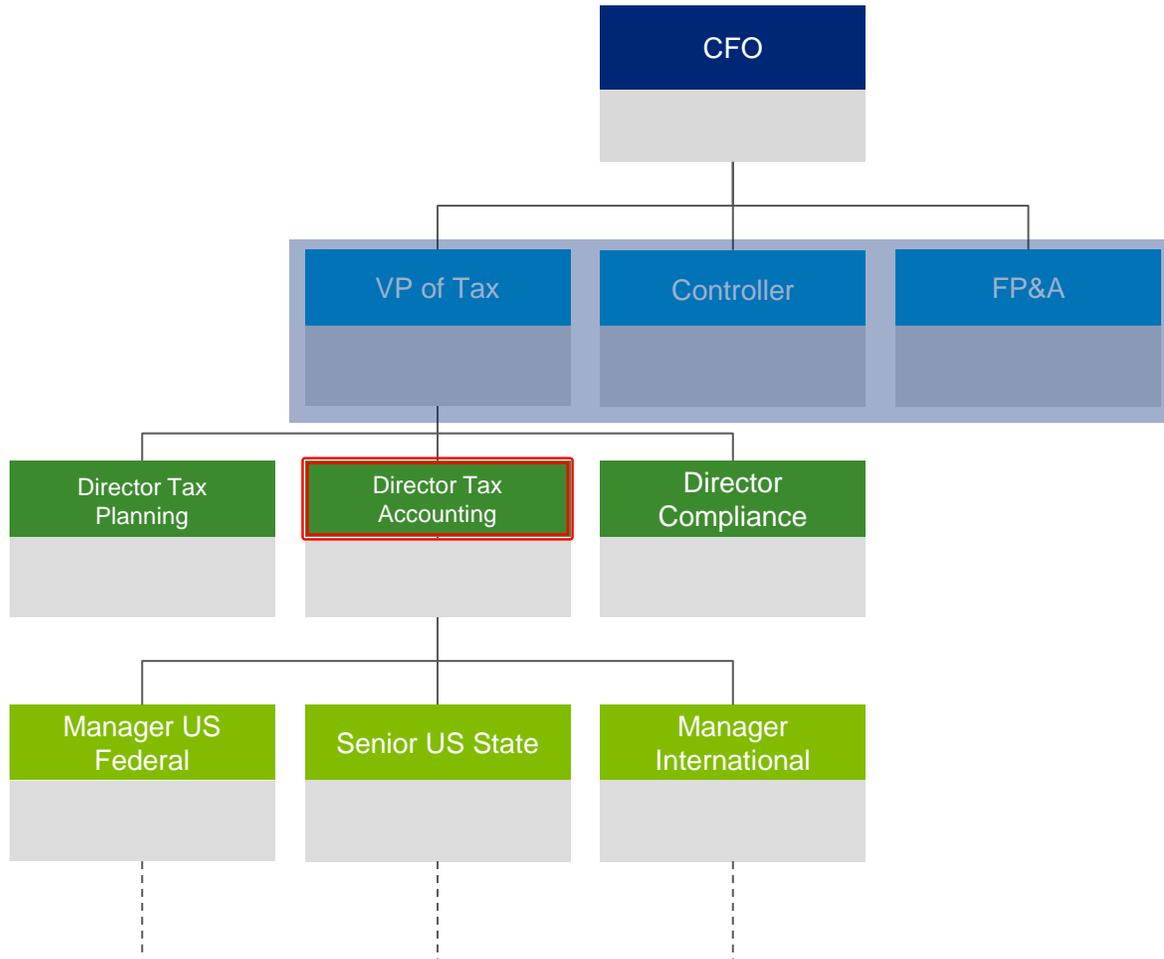


Tax and finance share the same DNA

Beyond integration!



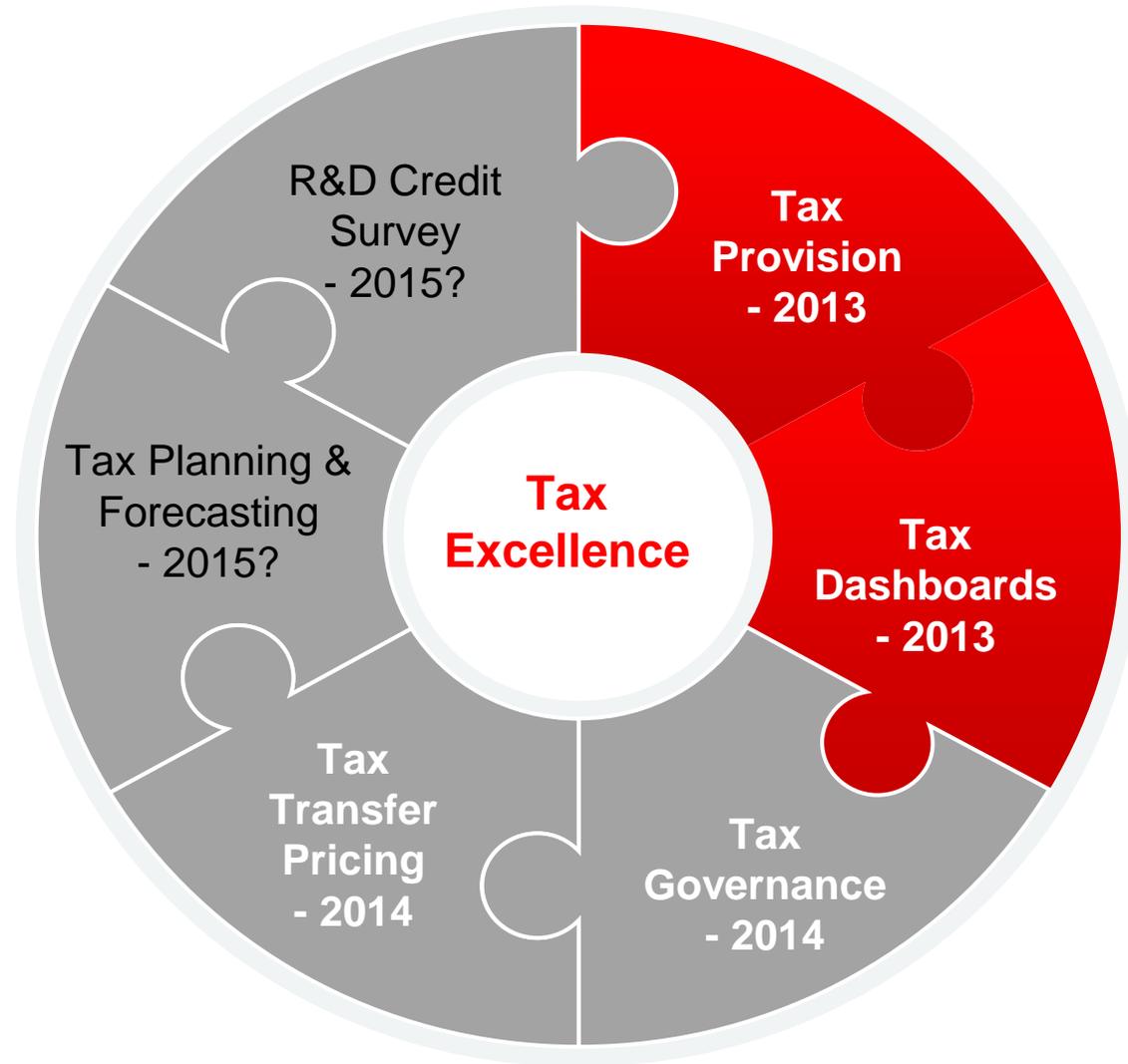
Team structure chart



Core values for both finance and tax:

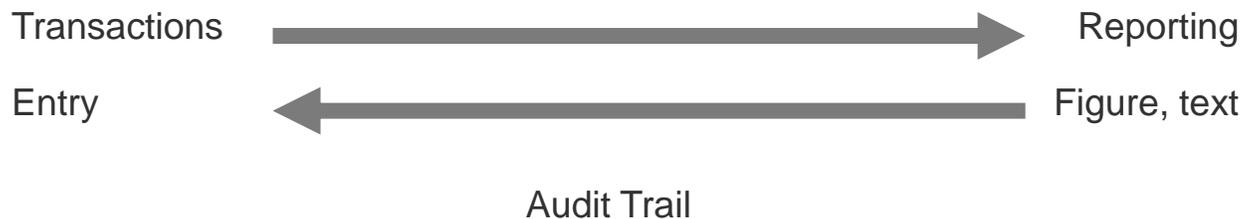
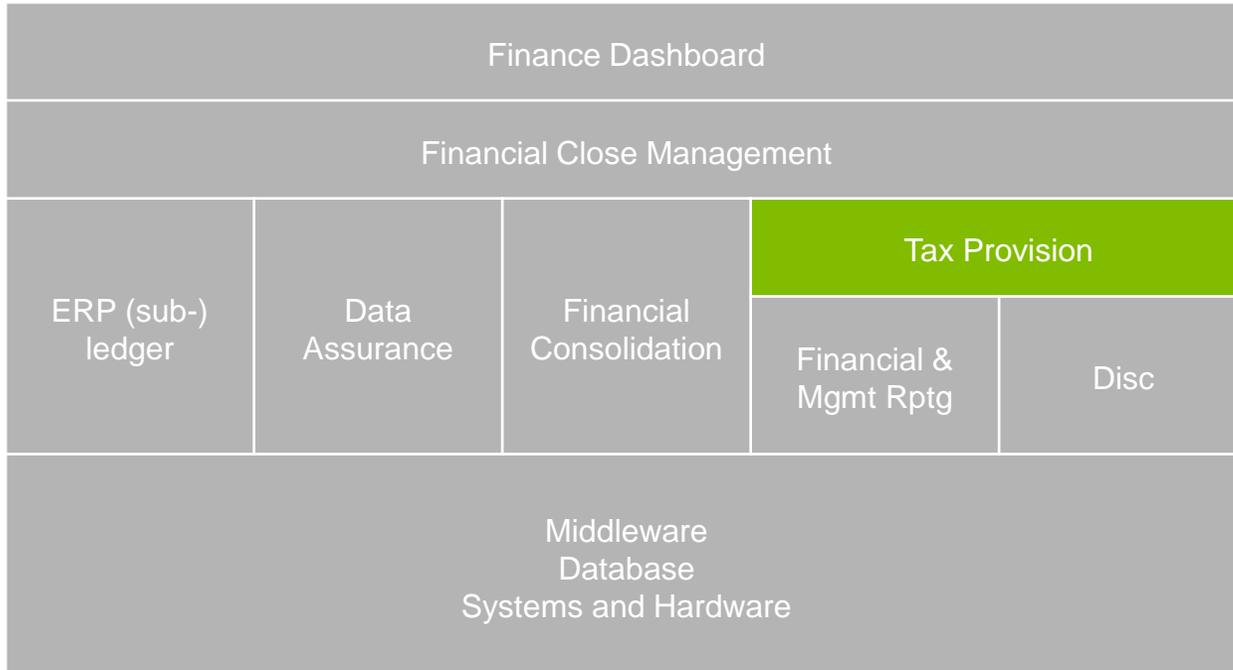
- Efficiency
- Stronger controls
- Improved analysis/transparency

Oracle roadmap - tax excellence



Hyperion Tax Provision

Bring finance & tax together



- ✓ **Purpose-built / out-of-the-box:** a Tax Provision solution that is built on the Hyperion Financial Close Suite:
 1. **Data collection** - automated & manual
 2. **Tax provision calculation** - IFRS & US GAAP
 3. **Tax reporting** - out-of-the-box tax reports & ad-hoc
- ✓ **Owned by tax** - leverage your existing investment in Hyperion, but both tax & finance retain the flexibility they need
- ✓ **Rapid implementation & ease of use:** the technology & expertise is already in the finance organisation

Hyperion Tax Provision

Out of the box

Metadata & Dimensionality

Target Account	Description
PermGS0001	Revenue Recognition
PermGS0002	Meals & Entertainment
PermGS0003	Foreign Exchange
PermST0001	Non-Allowable Expenses
PermST0001	Non-Allowable Expenses
PermST0002	Fees & Penalties
PermST0003	Non-deductible Insurance
PermST0004	Other (please specify)
RPerm0001	Non-Deductible Insurance
RPerm0002	Deductible Interest Expense
TempGS0001	Depreciation
TempGS0002	Share based compensation
TempGS0003	Intercompany Transfers
TempST0001a	Tax Depreciation
TempST0001b	Book Depreciation
TempST0002	Bad Debt Expense
TempST0003	Misc. Accrual
TempStockComp	Stock Compensation

Data Collection

Account	Current	Deferred	Provision	Non-Provision	Total
90000 Current Tax Expense - National	222,884	-	-	-	222,884
90002 Deferred Tax Expense - National	(154,791)	-	-	-	(154,791)
90003 Current Tax Expense - Regional	16,175	-	-	-	16,175
90004 Deferred Tax Expense - Regional	26,408	-	-	-	26,408
32140 Deferred Income Tax Asset - Current - National	(124,839)	(1,800)	-	-	(126,639)
32150 Deferred Income Tax Asset - Current - Regional	(13,848)	-	-	-	(13,848)
32145 Valuation Allowance Current - National	(7,148)	(178)	-	-	(7,326)
32155 Valuation Allowance Current - Regional	(206)	-	-	-	(206)
32405 Deferred Income Tax Asset - NonCurrent - National	68,387	(247)	-	-	68,140
32406 Deferred Income Tax Asset - NonCurrent - Regional	(13,457)	(108)	-	-	(13,565)
32408 Valuation Allowance NonCurrent - National	(16,858)	179	-	-	(16,679)
32409 Valuation Allowance NonCurrent - Regional	189	-	-	-	189
20200 Current Tax Payable - National	(222,884)	-	-	-	(222,884)
20220 Current Tax Payable - Regional	(16,175)	-	-	-	(16,175)
20202 Deferred Income Tax Liability - Current - National	(7,213)	1,800	-	-	(5,413)
20210 Deferred Income Tax Liability - Current - Regional	(18,176)	-	-	-	(18,176)
20203 Deferred Income Tax Liability - NonCurrent - National	(61,248)	347	-	-	(60,901)
20202 Deferred Income Tax Liability - NonCurrent - Regional	(1,340)	155	-	-	(1,185)
30002 Equity Other - National	38,259	-	-	-	38,259
30003 Equity Other - Regional	(5,444)	-	-	-	(5,444)
Total	\$ (85,500)	\$ (85,500)	\$ -	\$ -	\$ -

Tax Provision Calculation & Journal Entry

LE151 - Atlanta
Journal Entry
For the period ending December 2012

Account	Account Description	Total Current and Deferred Provision and Non-Provision	Total Adjustments	Total Journal Entry
90000	Current Tax Expense - National	\$ 222,884	\$ -	\$ 222,884
90002	Deferred Tax Expense - National	\$ (154,791)	\$ -	\$ (154,791)
90003	Current Tax Expense - Regional	\$ 16,175	\$ -	\$ 16,175
90004	Deferred Tax Expense - Regional	\$ 26,408	\$ -	\$ 26,408
32140	Deferred Income Tax Asset - Current - National	\$ (124,839)	\$ (1,800)	\$ (126,639)
32150	Deferred Income Tax Asset - Current - Regional	\$ (13,848)	\$ -	\$ (13,848)
32145	Valuation Allowance Current - National	\$ (7,148)	\$ (178)	\$ (7,326)
32155	Valuation Allowance Current - Regional	\$ (206)	\$ -	\$ (206)
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32406	Deferred Income Tax Asset - NonCurrent - Regional	\$ (13,457)	\$ (108)	\$ (13,565)
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32409	Valuation Allowance NonCurrent - Regional	\$ 189	\$ -	\$ 189
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30002	Equity Other - National	\$ 38,259	\$ -	\$ 38,259
30003	Equity Other - Regional	\$ (5,444)	\$ -	\$ (5,444)
Total		\$ (85,500)	\$ (85,500)	\$ -

Tax Automation

Target Account	Description	Current	Deferred	Provision	Non-Provision	Total
PermGS0001	Revenue Recognition					
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PermGS0003	Foreign Exchange					
PermST0001	Non-Allowable Expenses					
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PermST0002	Fees & Penalties					
PermST0003	Non-deductible Insurance					
PermST0004	Other (please specify)					
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TempST0001a	Tax Depreciation					
TempST0001b	Book Depreciation					
TempST0002	Bad Debt Expense					
TempST0003	Misc. Accrual					
TempStockComp	Stock Compensation					

Reports & Disclosure

Item	Pre Tax	Tax Effect	Percentage
1. Net Income Before Tax	\$1,121,462	\$1,121,462	100%
2. Provision (Benefit) (Cost) to Tax	24,622	(24,622)	2.2%
3. Provision (Benefit) (Cost) to Tax	(24,622)	24,622	(2.2)%
Total Provision (Benefit) (Cost) to Tax	19,167	(19,167)	1.7%
4. Total Income Tax	\$1,140,629	\$1,140,629	100%
5. Income tax expense	24,622	(24,622)	2.2%
6. Provision (Benefit) (Cost) to Tax	(24,622)	24,622	(2.2)%
7. Total Income Tax	\$1,140,629	\$1,140,629	100%
8. Provision (Benefit) (Cost) to Tax	24,622	(24,622)	2.2%
9. Provision (Benefit) (Cost) to Tax	(24,622)	24,622	(2.2)%
Adjusted Total Provision (Benefit) (Cost) to Tax	24,622	(24,622)	2.2%
10. Return to Stockholders	(230,000)	(230,000)	(20%)
11. Cash Dividend Payout	(50,000)	(50,000)	(4%)
12. Deferred Tax Expense Tax	(80,000)	(80,000)	(7%)
13. Provision (Benefit) (Cost) to Tax	24,622	(24,622)	(2.2)%
Adjusted Total Provision (Benefit) (Cost) to Tax	(335,378)	(335,378)	(30%)

Deloitte's implementation approach for Hyperion Tax Provision



	Validate the current state and define requirements	High level design in relation to HFM	Final design HTP and configuration	Roll-out and training
Key activities	<ul style="list-style-type: none"> Validate project approach Conduct process workshops (understand interim and annual tax reporting processes) Understand tax operating environment Review today's chart of accounts Understand information flows and data management approach 	<ul style="list-style-type: none"> Design chart of accounts Design hierarchy/entities Define Tax journal entry/data flows 	<ul style="list-style-type: none"> (re)Design new tax provision process (re)Design local processes for key jurisdictions Design administrative processes for managing the system Define user groups, security and workflow Design interfaces, timing and frequency Capture accounting and entity hierarchies Define opening balance requirements Develop functional and technical specifications Design infrastructure strategy Conduct change impact assessment and plan end-user learning curriculum 	<ul style="list-style-type: none"> Roll out Hyperion Tax Provision to (part of) the entities in scope Provide Hyperion Tax Provision user training to the people responsible and involved Support and review the completed schedules after the first submissions/financial closings
Major Deliverables/ Quality Objectives	<ul style="list-style-type: none"> Overview Roles & Responsibilities PMO strategy List of requirements 	<ul style="list-style-type: none"> Defined high-level requirements for interface between HTP and HFM, clearly and consistently so that they are understood, agreed to and be ready for the design of HFM Structured high-level peer reviews will verify that requirements are being met 	<ul style="list-style-type: none"> Defined requirements clearly and consistently so that they are understood, agreed to and signed off by stakeholders Structured peer reviews will verify that requirements are being met Test scenarios and conditions 	<ul style="list-style-type: none"> Deliver Hyperion Tax Provision

Tax and finance share the same business case ingredients

1. Create efficiencies

- Leverage ERP systems, consolidation systems, and other existing technologies based on tax department requirements
- Reduce manual processes and minimise hours spent on non-value added tasks
- Align provision and other tax functions to avoid duplication of effort, manual movement of data and re-work
- Support planning, statutory and compliance tasks that are considered difficult or overly burdensome to implement due to reliance on offline calculations, worksheets, top-side adjustments, and other work-arounds required to complete

2. Create value

- Make more and in-depth analysis through efficiency
- Create opportunity for tax data analytics
- Enable scenario planning
- Spend less time on the past, offer time for seeking opportunities
- Efficiencies gained through automation will allow for new prioritisation

3. Mitigate risks

- Implement standard processes across business units to reduce the risk of error
- Mitigate end user computing risk resulting from over-reliance on spreadsheets in the provision process
- Track tax department responsibilities and embed planning capabilities
- Improve quality of information captured and ability to report
- Technology-enabled solutions ensure tax benefits are supported and maintained going forward

Takeaway

- Connecting finance and tax departments – both departments have
 - ✓ The same DNA
 - ✓ The same core values
 - ✓ The same core requirements
- By combining the strengths of both departments the organisation will
 - ✓ Increase efficiency
 - ✓ Create value
 - ✓ Mitigate risks

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