PwC SAP Tax Compliance Center of Excellence

Digitizing your Tax Controls

May 2023

Enabling a technology-centered tax control framework

Integrated SAP Tax Compliance technology solution

Organizations experience real-time tax governance risk and tax compliance challenges across the three lines of defense. By operating in many solutions, tools and platforms, organizations will face silos, high cost and inefficiencies. By implementing and enabling an integrated SAP Tax Compliance technology framework we want to support you in building an effective and efficient fundament for identifying, managing & monitoring key tax risks, while aligning to strategy and enabling with technology

SAP Standard O2C/R2R process

Tax Controls

preventive ← → detective

Correct master data
In order to avoid…
- … invalid VAT-ID
- … wrong Material Tax Classification

Correct tax determination
In order to avoid…
- … no tax code found
- … incorrect tax code found

Correct tax code
In order to avoid…
- … posting in FI without tax code
- … incorrect tax code in FI

Correct tax reporting
In order to avoid…
- … compliance errors
- … issues in tax audits

Tax AddOn/Tax Engine | VAT Reporting Tools

SAP HANA SAP Tax Compliance

Accompanying you on the transformation journey

Our proven Tax control technology implementation approach

While Tax technology is an instrumental and essential factor to achieve an integrated Tax Control framework across the organization, it will not drive the achievement and / or realization of the benefits on its own. Applying and leveraging our well-established and proven transformation approach we are willing to make the most out of this journey and enable a profound and comprehensive Tax Control Framework through from strategy to execution.

OBJECTIVES

Integrated Operating Model
A consistent risk management framework that aligns risks, controls and response plans around a common operating model and standards

Proactive and strategic
A shared risk management vision that imagines the function, driven by data and aligned to performance, innovation and the organization's long-term agenda

Optimized and value-added
Harmonized data that provides one access to the right information for relevant end-users at the right time to inform business decision-making and eliminate redundancy

Workflow technology and analytics
Workflow-enabled activities with built-in integration points, shared outputs and centralized data and real time reporting

OUR APPROACH

01 Strategy and Planning

Implementation Roadmap

Data Model & Solution Roadmap

Tax Data Diagnostics and Health Check

Governance Model

Maturity Assessment

Define short and long-term strategy

02 Implementation and Analytics

1 Design
- *Gather requirements*
- *Common understanding*

2 Construct
- *Configure E2E solution*
- *Conduct pilot sessions*

3 Implement
- *Roll-out SAP TC solution in production and UAT*

4 Operate
- *Hypercare activities*
- *Post-Go-Live support*

03 Change, Comm. & Training

Leadership
Enabling the organization through a distinctive tone from the top

Engagement
Engaging the organization and all stakeholders to increase their buy-in

Skills & Behaviors
Establishing change champions and create sust. training materials

Adoption & Insight
Creating a direct linkage between behaviors and business outcomes and focus on track changes

***Trending:** ERP optimization*

Introducing a new ERP software involves the adaptation & rethinking of existing processes, controls and roles within the organization

Standardizing processes and designing effective internal controls
- Eliminating undesired workaround and designing adjusted control mechanisms

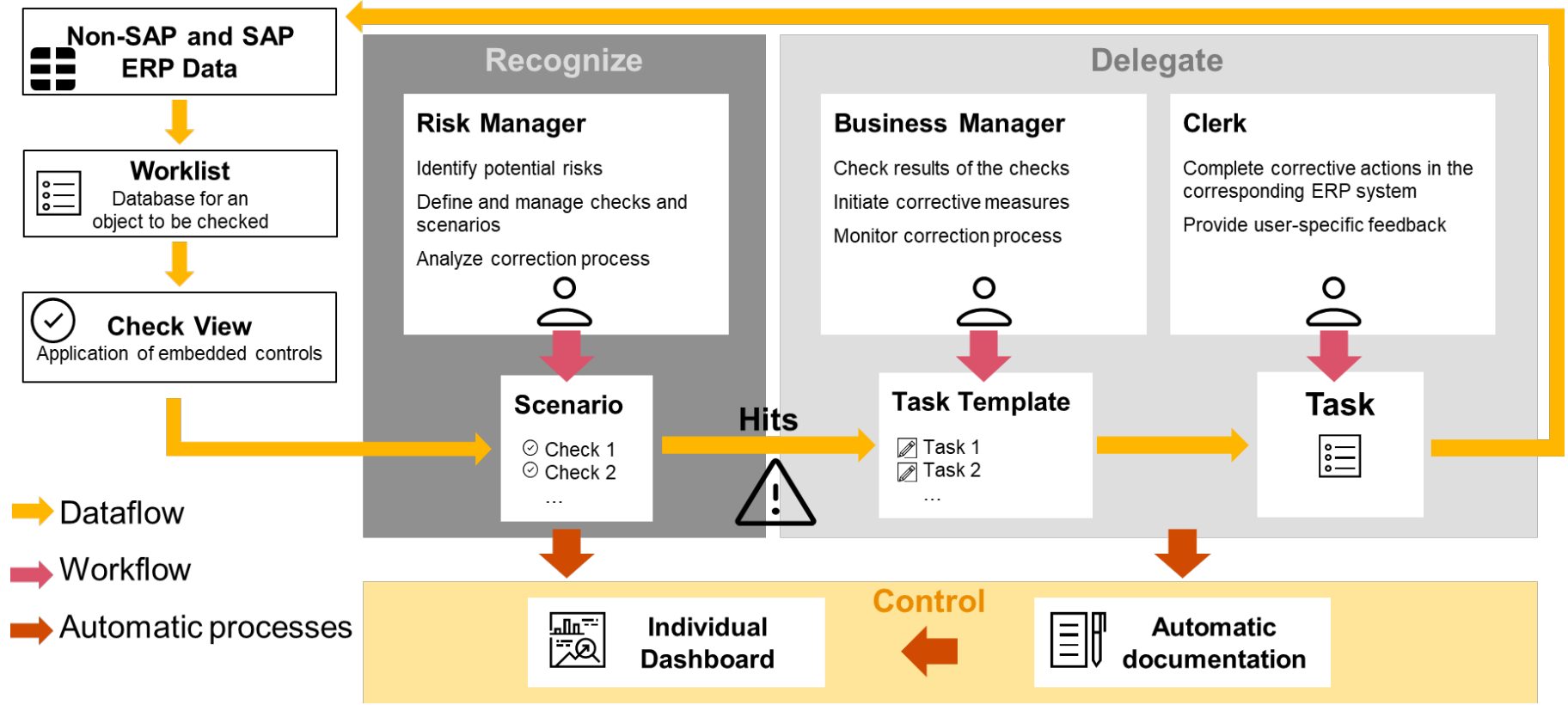
Optimization of data quality and reporting in new environment
- Enhanced reporting functionalities for controls, risk and compliance topics

Automation of manual procedures and control steps
- Applying digital approvals / automated authorization steps
- Automating exception reporting through cont. control monitoring

Improving **access and user management** authorizations

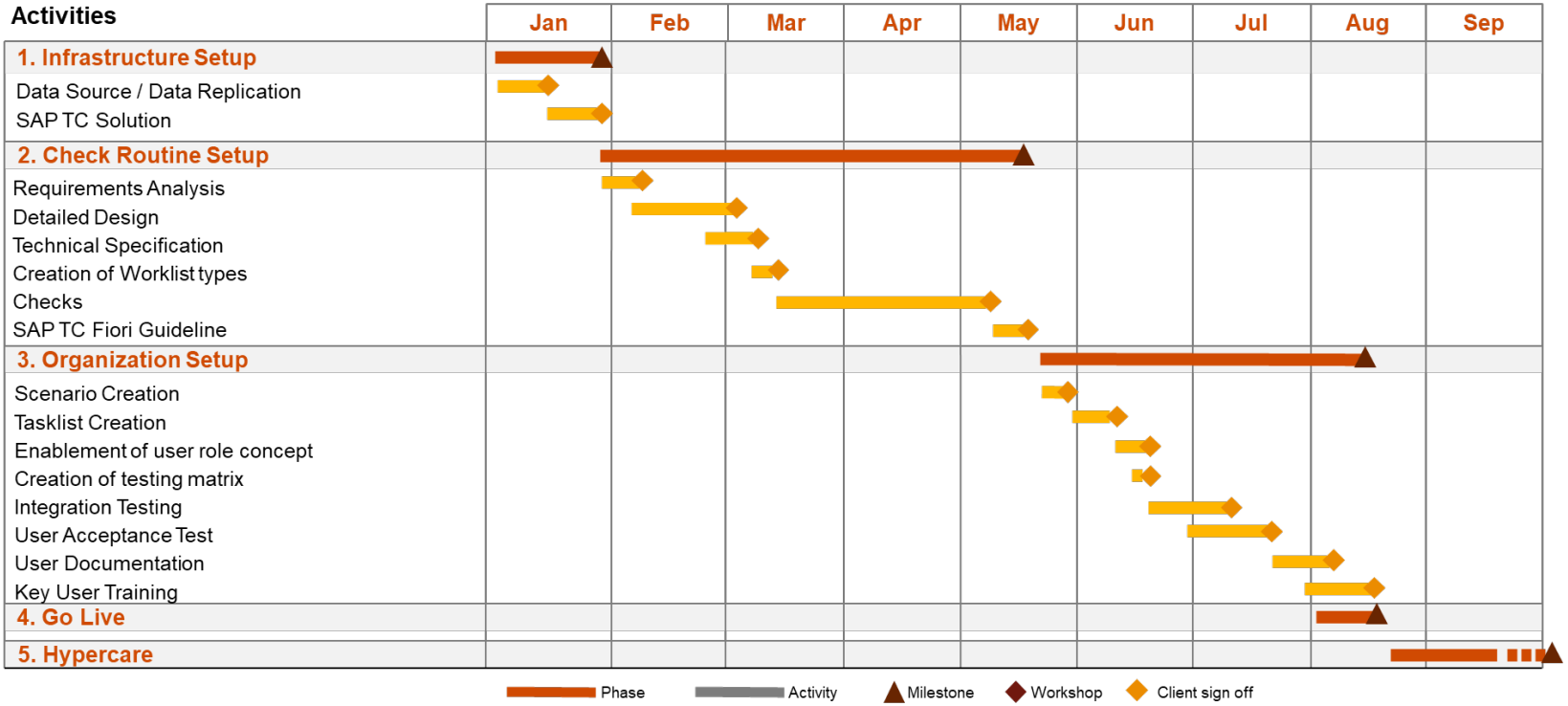
SAP Tax Compliance Workflow

SAP TC helps stay compliant by identifying, delegating and controlling risks in time and avoids duplicated work by usage of predictive learning algorithms



Project Implementation

Example of an implementation timeline for 20 checks



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