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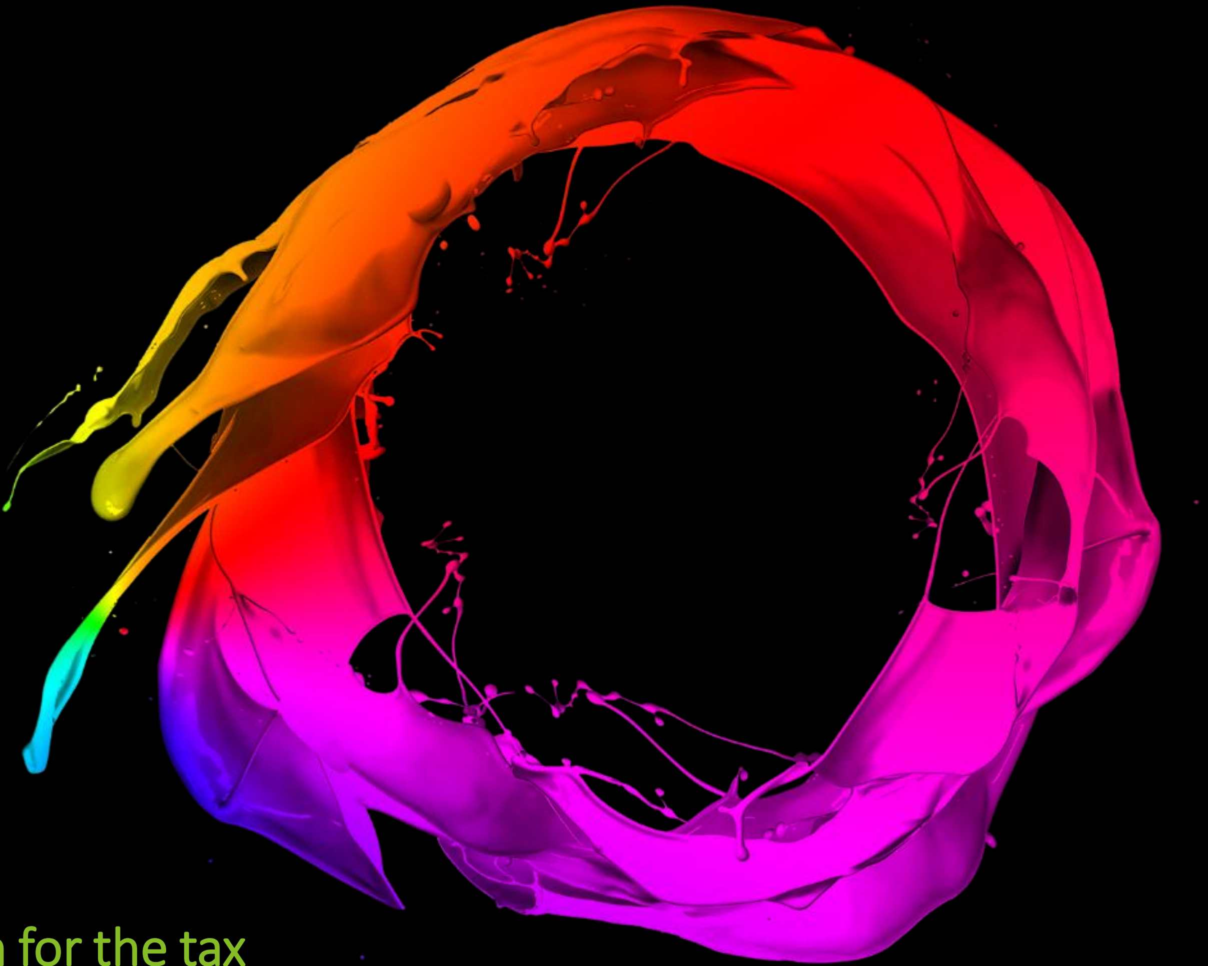


Financial transformation for the tax function leveraging SAP S/4HANA

Per Evers, Jon H Rosseland, Andreas Sturesson – Deloitte Tax Management Consulting

SAF-T, e-reporting and alike

Global overview

SAF-T

- Austria
- Germany
- Lithuania
- Luxembourg
- Netherlands
- Norway
- Poland: monthly
- Portugal: monthly

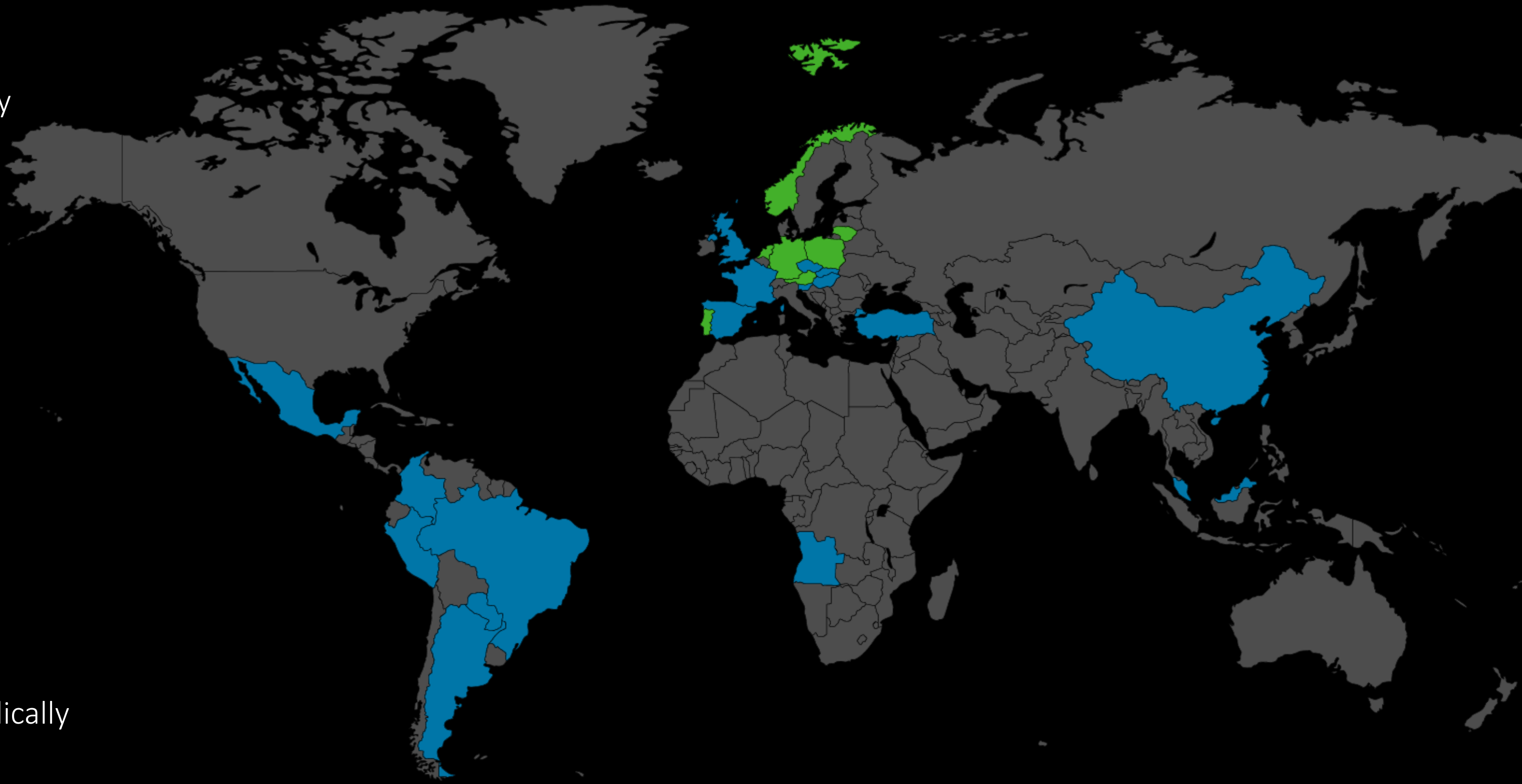
Other E-REPORTING

- Angola: monthly
- Argentina: monthly
- Brazil: monthly
- China: monthly
- Colombia: annually
- Czech Republic: monthly
- France
- Hungary: real-time
- Mexico: monthly
- Paraguay: monthly
- Peru: monthly
- Singapore
- Slovakia: monthly
- Slovenia
- Spain: near real-time
- Turkey: monthly
- United Kingdom: periodically

Mandatory but only submitted upon request by the tax authorities

Mandatory and submitted on a periodic basis, i.e. monthly, quarterly, other

Optional



Electronic reporting

What does the future hold?

Egypt
Mandatory e-invoicing for large taxpayers as from November 15, 2020 (Phase 1)

India
Mandatory e-invoicing for all companies with an annual turnover of 500 Rs from October 2020

2021

Uganda
Implementation of e-receipts and e-invoicing from January

India
Mandatory e-invoicing for all companies with an annual turnover of 100 Rs from January

Albania
Mandatory e-invoicing for B2G from January

Egypt
Mandatory e-invoicing for certain companies as from February 15, (Phase 2)

Egypt
Mandatory e-invoicing for certain companies as from May 15th (Phase 3)

Hungary
Real time reporting obligation extended to include B2C transactions, B2B IC supplies of goods and services, and other export sales

Albania
Mandatory e-invoice for B2B cashless transactions starting from July 2021.

UK
Mandatory implementation of Digital Links as part of the MTD initiative as from April

Portugal
Mandatory for non-residents to have a certified billing software as from July 2021

KSA
Introduction of mandatory e invoicing for all taxpayers from 4 December 2021

2022

China
Introduction of mandatory e-Fapiao in China by 2022

Serbia
E-invoicing is set to become mandatory as of January

Romania
Plans to introduce SAF-T- in 2022. (proposal)

Portugal
Invoices must contain a QR code, and a unique identification number (ATCUD) validated by the tax authority from January

Vietnam
Mandatory e-invoice planned for July

Hungary
Plans to introduce SAF-T- in 2022 (proposal)

Norway
Introduction of new XML VAT return from 2022

Philippines
E-invoicing is set to become mandatory as from end of 2022

2023

France
Phased implementation of mandatory E-invoicing for B2B transactions

Poland
Plans to introduce mandatory electronic VAT invoicing as from 2023.

Japan
Implementation of Qualified Invoice System planned for October 1

Types of digital reporting

Four core approaches

Real-time reporting putting pressure on finance functions:

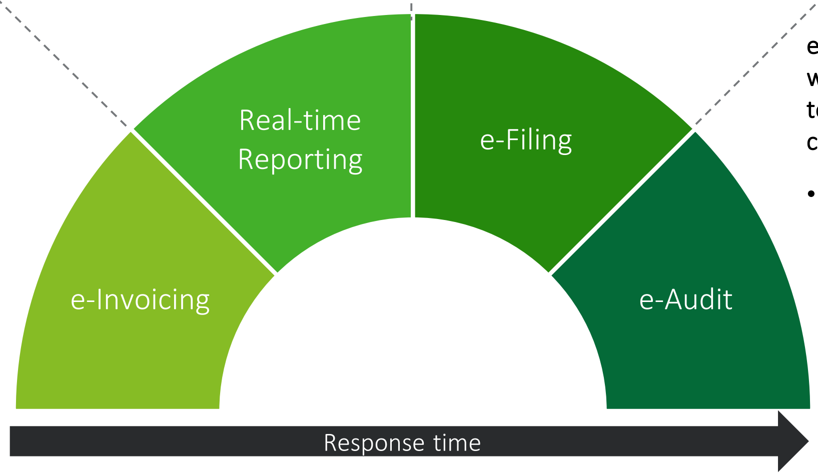
- **Spanish SII reporting:** Electronic AP and AR invoice submission in near real-time – every 4 days
- **Hungary real-time upload:** Electronic submission of all domestic AR 'B2B' invoices in real-time: e-Invoicing to regulator

e-Filing focus on driving automated process from source to file:

- **UK MTD:** The UK's Making Tax Digital initiative to automate the submission of VAT reporting.
- **Poland JPK:** Electronic submission of book information (warehouses, finance) on a monthly process.

Electronic transfer of invoice data as transactions are created and booked in accounting systems. Governments capture data as it is created:

- **Italian SDI:** Requires real-time submission of all B2B and B2C invoicing in electronic format



e-Audit focusing on all data hosted within ERP and other systems. Slower to respond, but more comprehensive:

- **Norwegian SAF-T:** Require entire ERP system to be uploaded in electronic filing format. Potentially looking at entire back-up of ERP systems.

Immediate

Periodic

On request

The Digitalization of Tax Reporting

Multiple new reporting requirements introduced – all based on XML and several connected with SAF-T

1. A-melding
- 2015
- Payroll / Employee Taxes
- XML

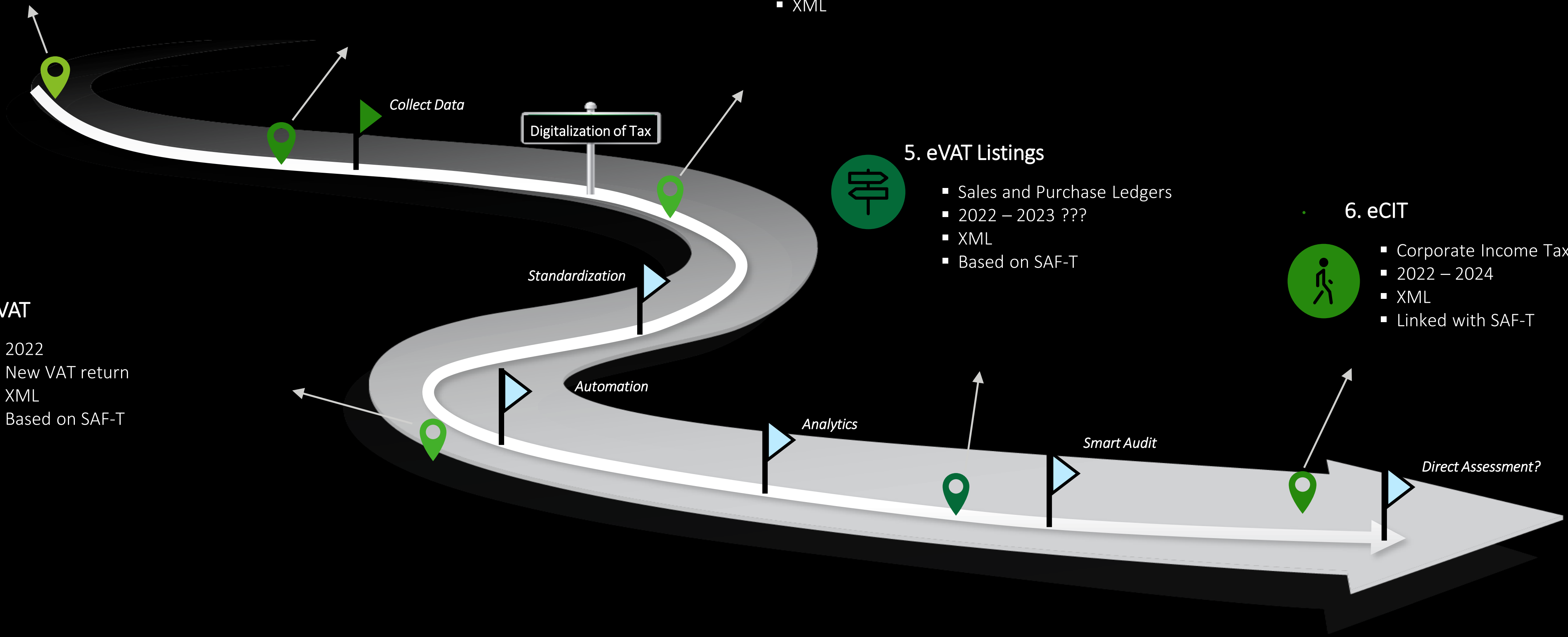
2. SAF-T Cash Register
- 2017 - 2019
- Cash Transactions
- XML

3. SAF-T Financial Data
- 2020
- Accounting Data / Bookkeeping
- XML

4. eVAT
- 2022
- New VAT return
- XML
- Based on SAF-T

5. eVAT Listings
- Sales and Purchase Ledgers
- 2022 – 2023 ???
- XML
- Based on SAF-T

6. eCIT
- Corporate Income Tax
- 2022 – 2024
- XML
- Linked with SAF-T



Challenges for tax in a financial transformation

Internal factors and opportunities for tax

Migrating to S/4
is a Life event for tax,
an opportunity to enhance data
for all tax processes

S/4 implementations are new implementations not 'Lift and Shift'

S/4 pre-configured solutions
does not equal
Pre-Configured for Tax

Tax opportunities related to the SAP S/4 HANA transformation journey

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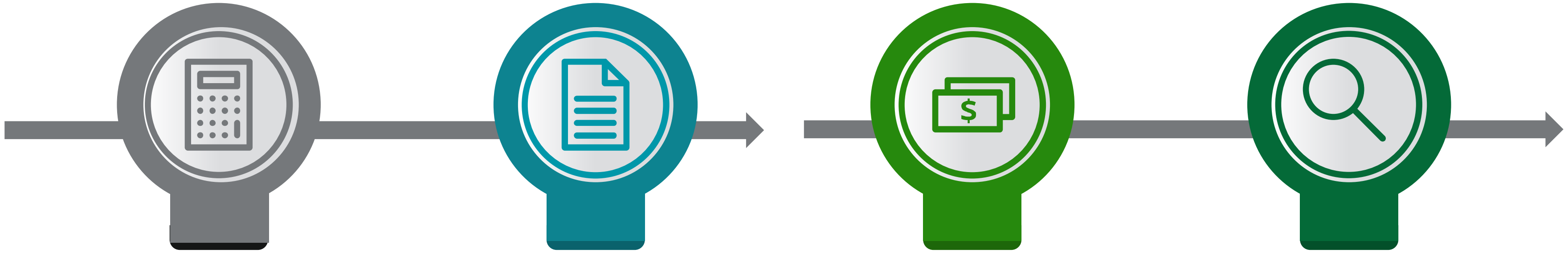
SAP Global Tax Management & Extensions

Complex challenges facing today’s tax organisations based on External factors

Transactional | **Analytical**



Calculation	eInvoicing	Periodic declaration	Validation
Tax calculation	Electronic documents	Tax declarations	Validation and audit

SAP Global Tax Management

SAP eDocument/Document Compliance

- Comply with many local regulations mandating the use of electronic documents

SAP Tax Service

- Calculate accurate tax with minimum human intervention
- Universal integration to partner tax engines

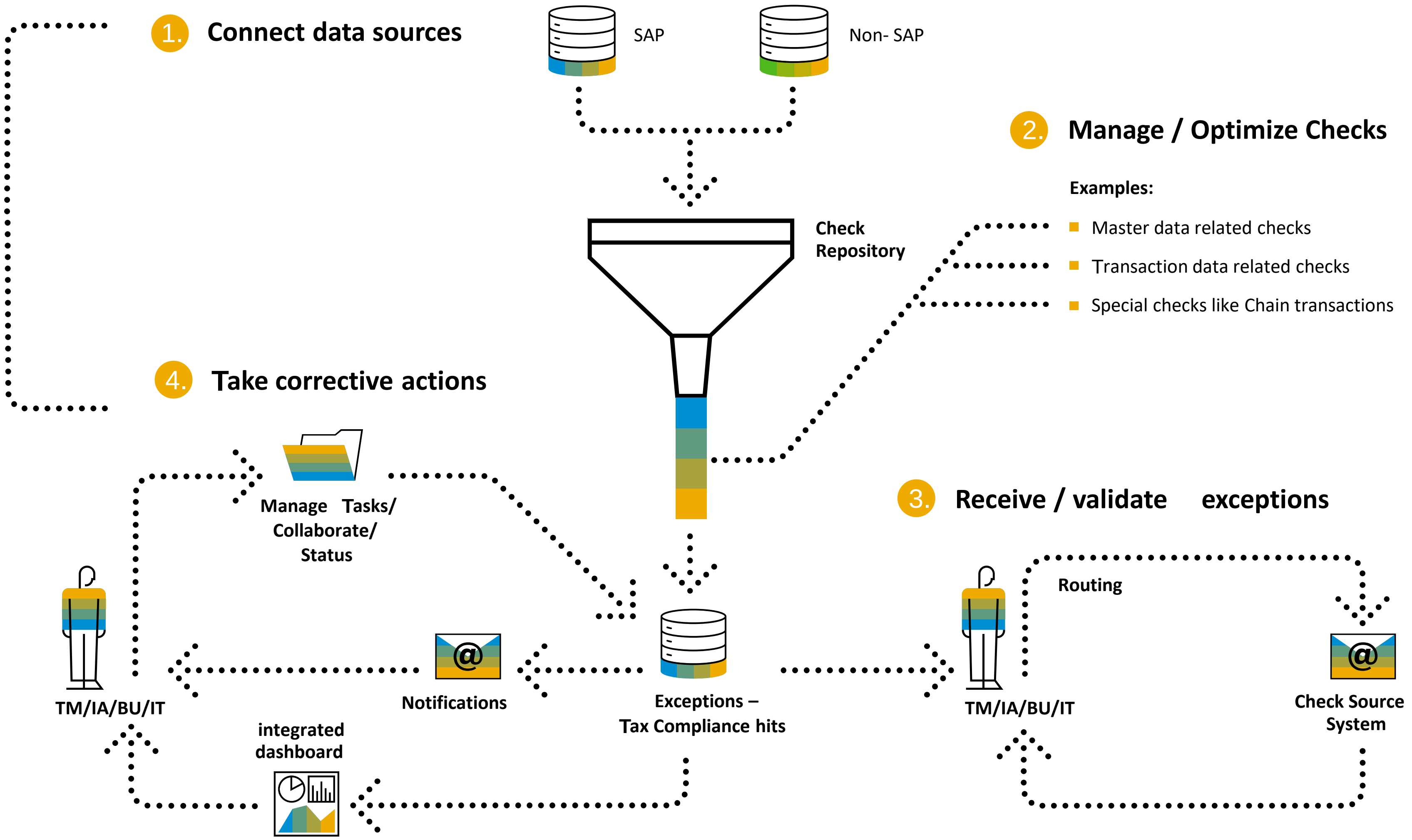
SAP Advanced Compliance Reporting (ACR)

- Manage statutory reporting worldwide with unified user experience

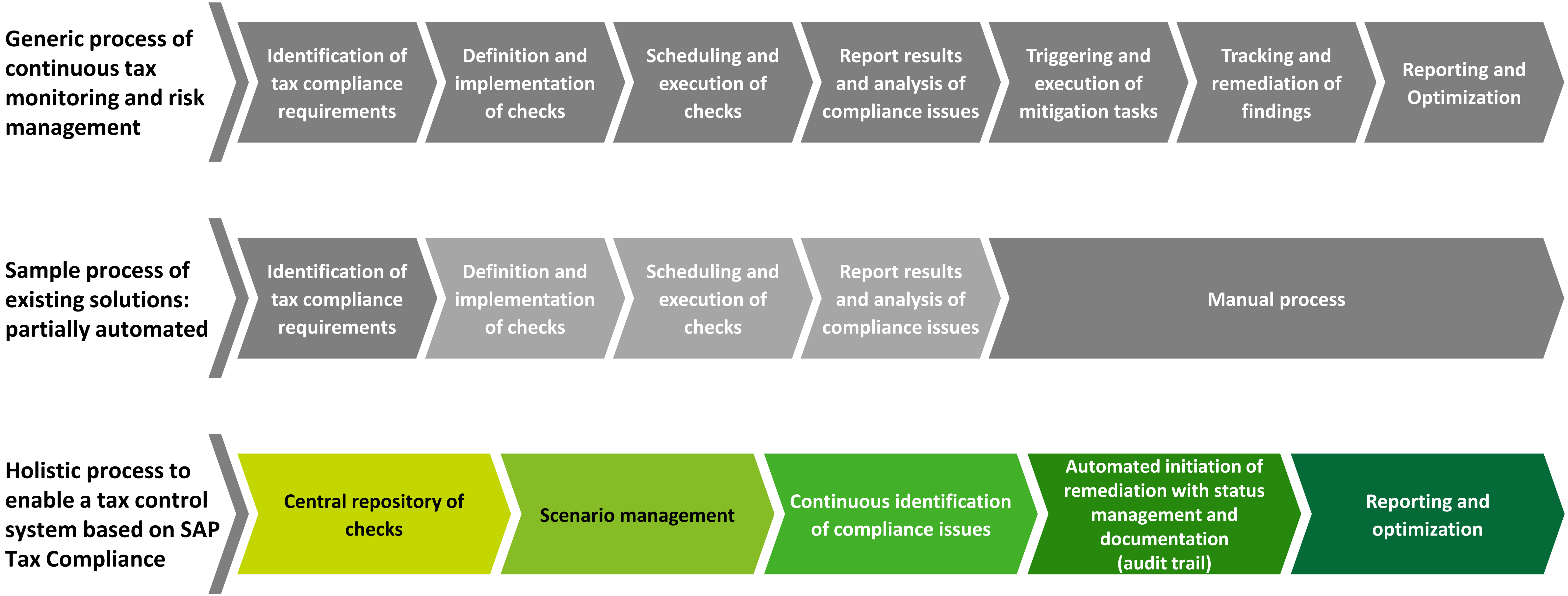
SAP Tax Compliance

- Automatically identify incorrect tax data and manage rectification

SAP Tax Compliance at a glance



Process Map – How SAP supports Tax Compliance



Generic
Overview

300,902
Documents

379,894
GL Lines

319,894
GL Lines with VAT

60,000
GL Lines without VAT

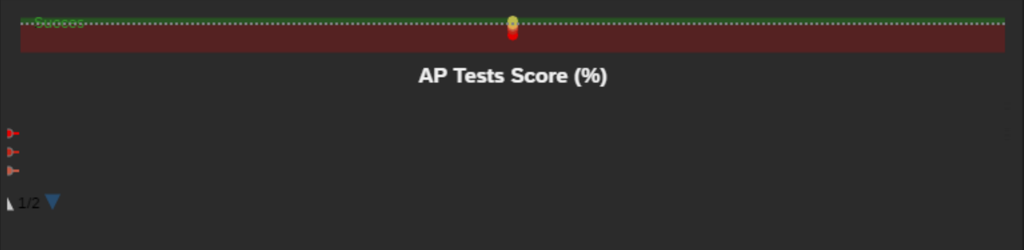
31
Tax Codes Used

2,461.53 m
Total Invoice Amount

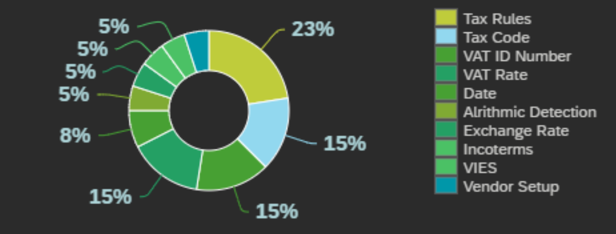
2,253.83 m
Tax Base Amount

207.70 m
Tax Amount

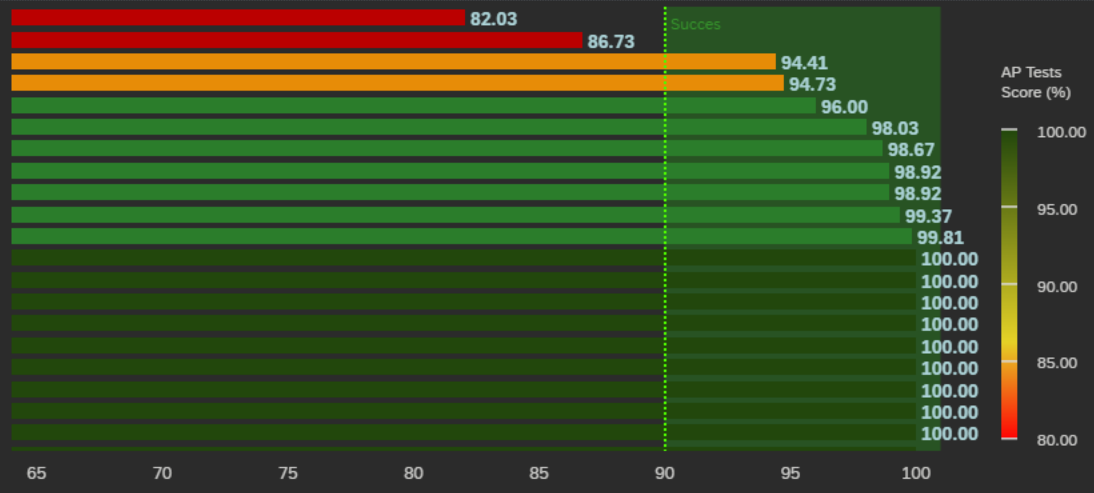
Non-Compliant Tests
Top 5 - Overview



Test Categorization
Clickable Subdivision



Accounts Payable Compliance Test
Overview



AP Line Details
Overview

Document Number	Document Type	Posting Date	Customer Country	VAT Country	
400 - 1FR5 - 10015326221 - 2017 - 001	AB - Accounting Document	(all)	IT	NL	20,030,652,442.00
400 - 1FR5 - 10015326223 - 2017 - 001	AB - Accounting Document	(all)	FR	FR	20,030,652,446.00

Legal Entity
- ☑ 1FR5 - French Company - LRD
- ☑ 1NL1 - Dutch Company - PPL

Country
- ☑ All
- ☑ Canada
- ☑ France
- ☑ Italy

Test category
- ☑ All
- ☑ Alrithmic Detection
- ☑ Amount Calculation
- ☑ Date

Fiscal Year
- ☑ All
- ☑ 2015
- ☑ 2016

2015 2016 2017

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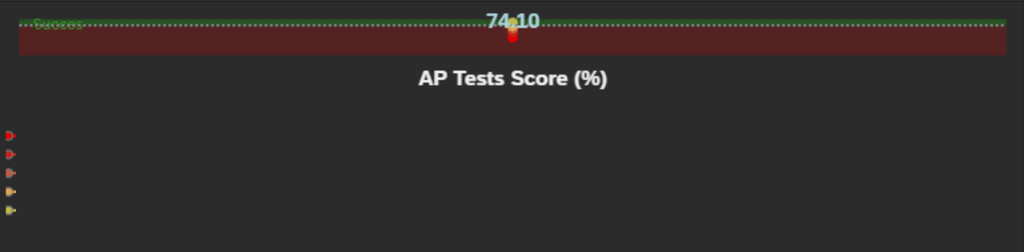
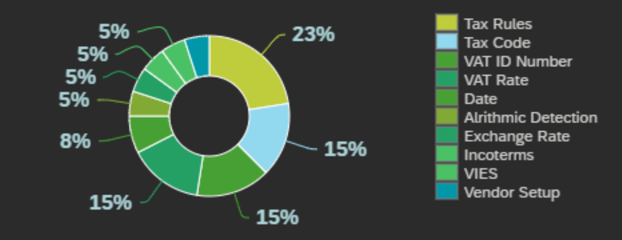
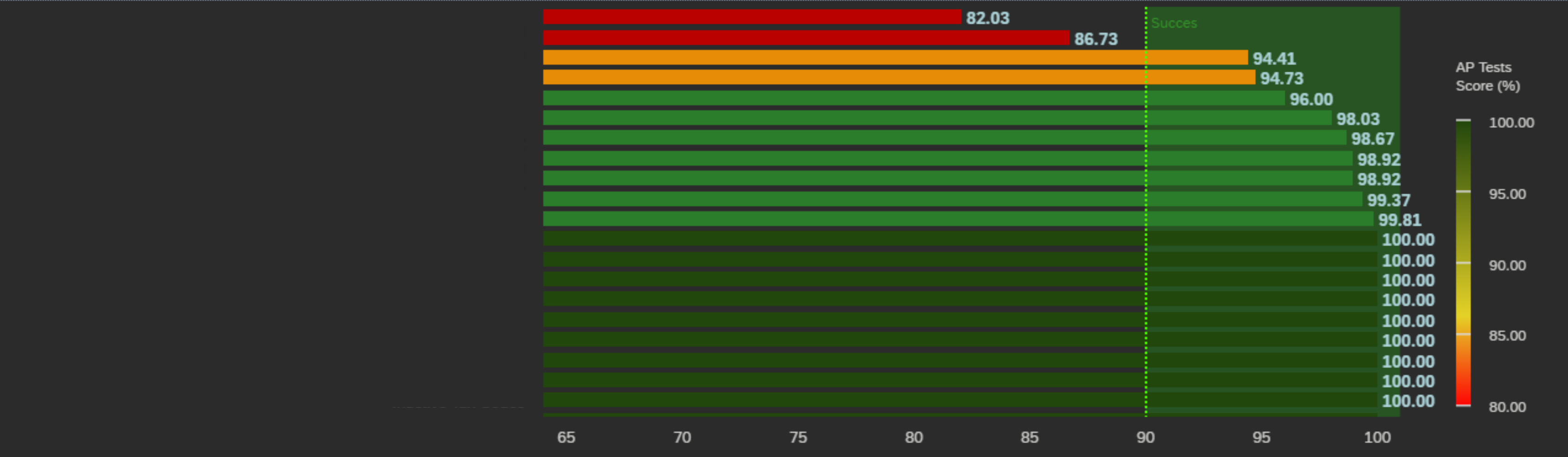


Test Categorization
Clickable Subdivision



Accounts Receivables Compliance Test
Overview



AR Line Details
Overview

Document Number	Document Type	Posting Date	
400 - 1FR5 - 10015326221 - 2017 - 001	AB - Accounting Document	(all)	20,030,652,442.00
400 - 1FR5 - 10015326223 - 2017 - 001	AB - Accounting Document	(all)	20,030,652,446.00

Legal Entity
- ☑ Unassigned
- ☑ 1FR5 - French Company - LRD
- ☑ 1FR5 - Tytho FR - LRD
- ☑ 1NL1 - Dutch Company -

Country
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- ☑ Unassigned
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Test category
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- ☑ Alrithmic Detection
- ☑ Amount Calculation
- ☑ Date

Fiscal Year
- ☑ All
- ☑ Unassigned
- ☑ 2015

2015 2016 2017

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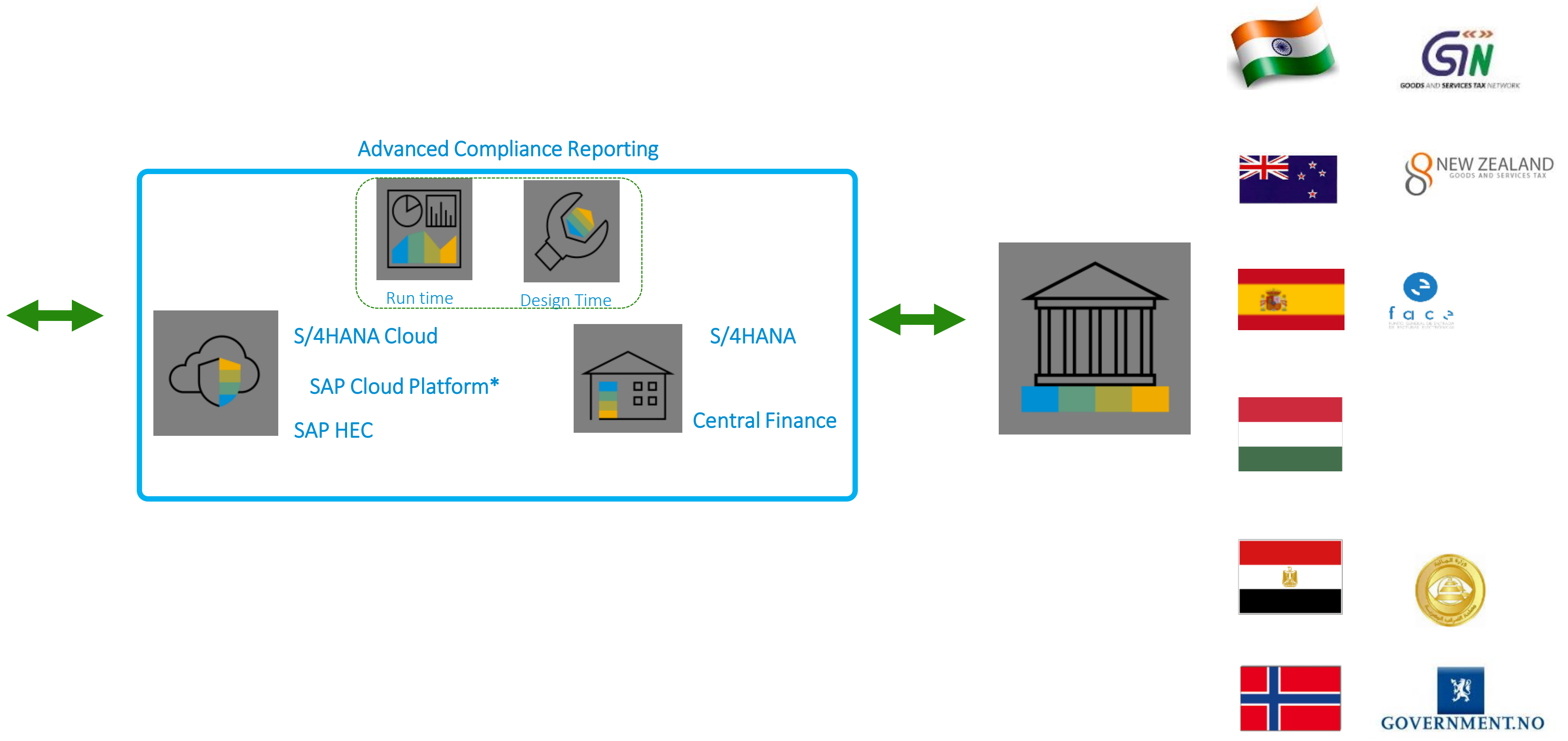
Advanced Compliance Reporting - considerations

- VAT Periodic Return
- Withholding Tax
- EC Sales List
- Financial Statement
- Audit Files
- VAT Sales and Purchase Ledger
- Balance of Payments
- Asset Reporting
- Foreign trade declaration
- Transport Tax
- Goods and Service Tax

Any legal reporting requirement

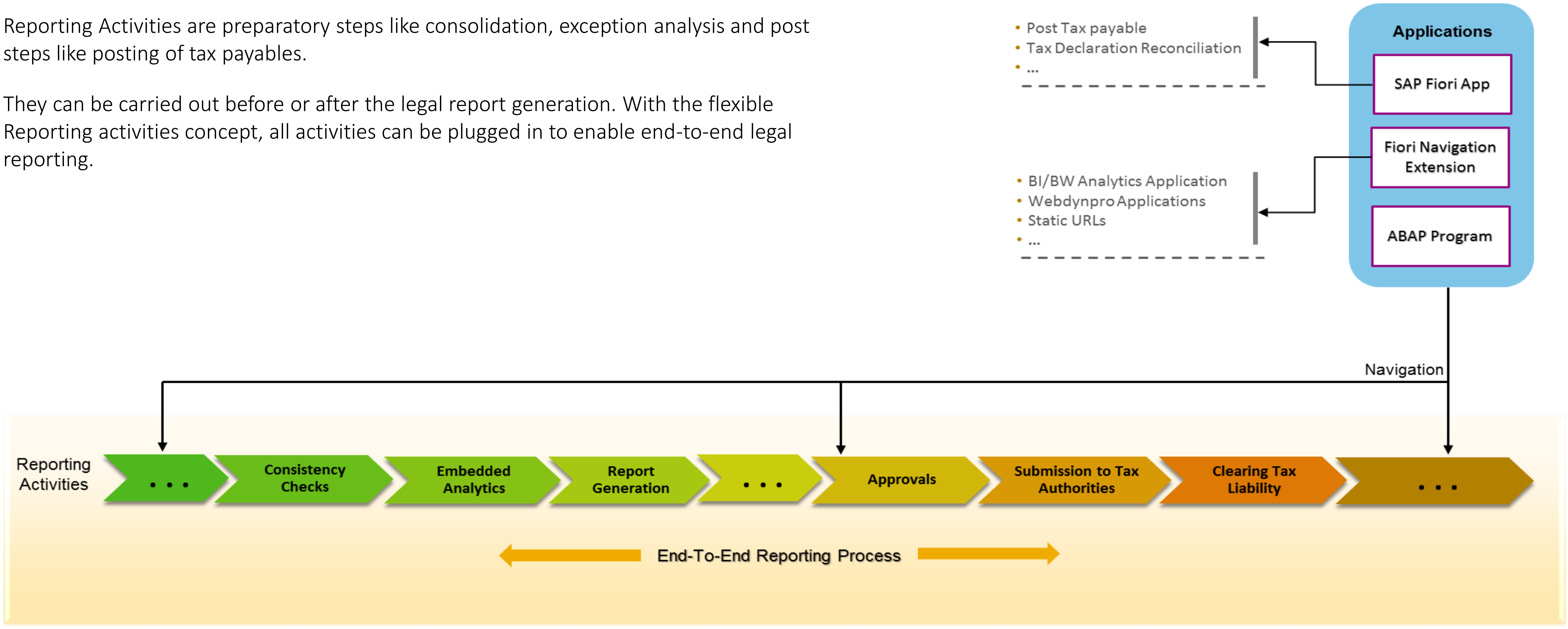


End-to-end reporting process

Define, Consume and monitor the activities around your reporting process

Reporting Activities are preparatory steps like consolidation, exception analysis and post steps like posting of tax payables.

They can be carried out before or after the legal report generation. With the flexible Reporting activities concept, all activities can be plugged in to enable end-to-end legal reporting.



What SAP S/4HANA for advanced compliance reporting can do for your business

Legal compliance

Globally compliant with easy adoption of legal changes, different legal formats and direct submission

Flexibility

Fast adoption of constantly changing legal reforms and business needs through flexible rules and extendible design environment

Advanced Compliance Reporting

ONE platform

Reduced TCO

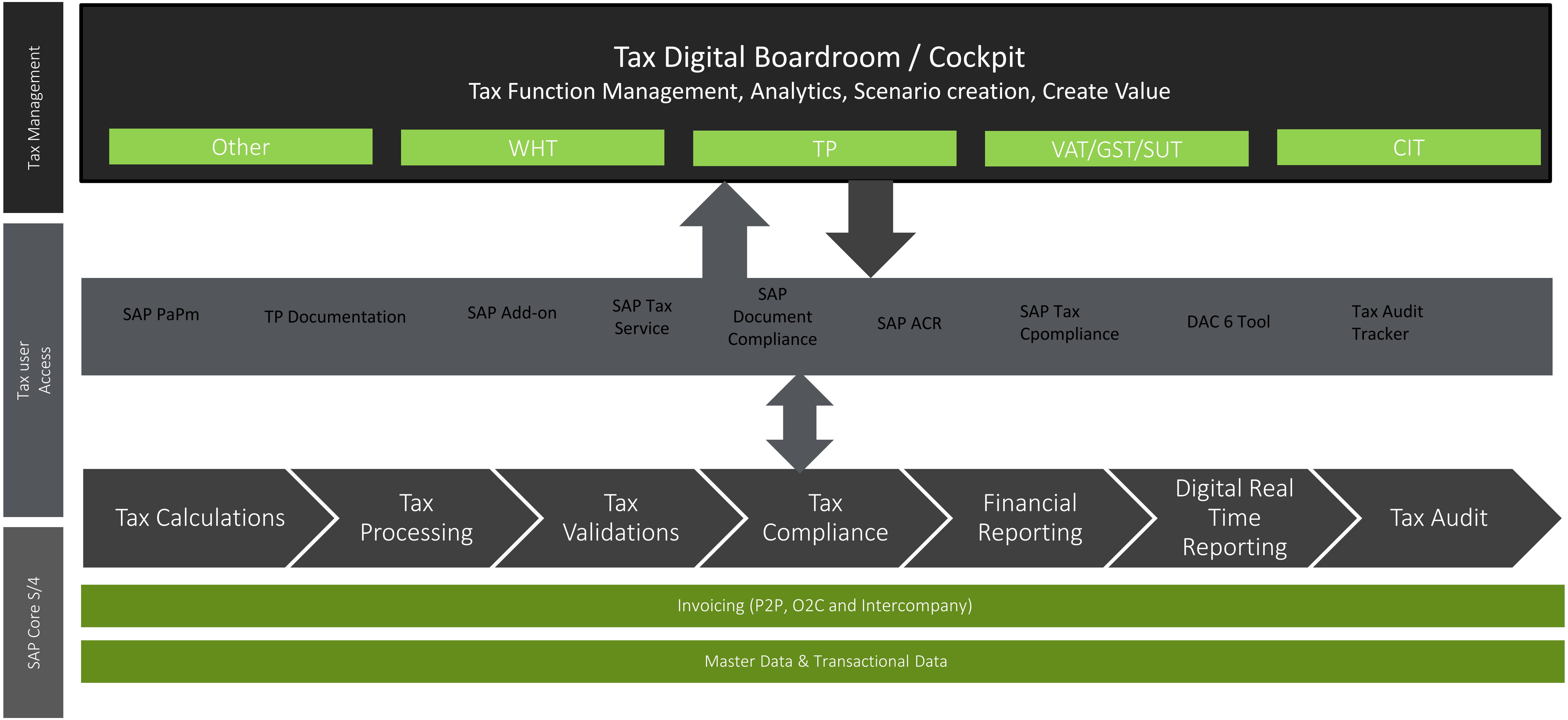
E2E legal reporting process within one solution

Transparency

Dashboard reporting status

Full audit trace and embedded analytics

Vision – Tax in SAP



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Q&A