

Vertex[®] Indirect Tax for Procurement with SAP[®] Ariba[®]

Vertex[®] and SAP[®] Ariba[®]

Vertex helps you achieve optimal tax performance by:

- Increasing transparency
- Reducing tax-related risk
- Streamlining the audit process
- Allowing you to focus on strategic business operations

Accurate Tax Calculation During Procurement

When making purchases from any vendor for use within your business, it is critical to ensure that consumer use tax has been calculated correctly. If vendors under-report tax, purchases appear less costly than they actually are. If vendors over-report tax, you have the opposite problem – purchases will appear more expensive than they actually are. Either scenario makes your purchasing department's job much more complex, as spending limits and approval thresholds could be artificially impacted by incorrect tax amounts.

Fortunately, both scenarios can be avoided by using Vertex to accurately calculate tax within SAP[®] Ariba[®]. Vertex integrates with the SAP Ariba tax process in two places: requisition and invoice reconciliation.

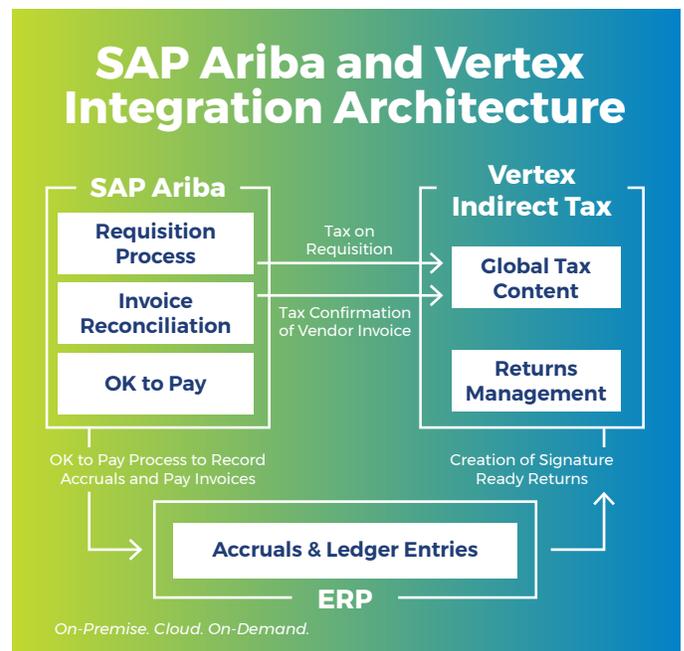
Requisition

During requisition, Vertex ensures that purchasing managers can accurately view tax implications, in terms of total cost, when approving or rejecting a request for purchase. First, SAP Ariba makes a call to Vertex and displays the tax on a given

order, so that it can be taken into account for approval/rejection of the order. This is a critical piece of the SAP Ariba approval process that determines how a requisition gets approved or rejected.

Invoice Reconciliation

The purpose of the invoice reconciliation process is to enable customers to compare the tax charged by the vendor with the tax that should be charged, leveraging either internal tax rules within SAP Ariba or a third party tax provider. With Vertex integration, the solution makes a call to Vertex to ensure that the vendor has charged an appropriate amount of tax on the invoice. This is used as part of any self-assessment determination if the incorrect tax has been charged.



Processing Results: Three Scenarios

Depending on how indirect tax has been implemented in other solutions, results may be processed in one of the following ways in the financial system of record:

TAX IS ACCURATE	TAX IS INACCURATE, BUT WITHIN A SPECIFIC, ALLOWED THRESHOLD	TAX IS INACCURATE
No further interaction required. Companies may take delivery of the goods and pay the invoice.	If Too Low: Companies may elect to pay the calculated tax to the vendor, book an accrual in their general ledger, and pay consumer use tax to the taxing authority.	Companies may reject the invoice, and request an updated invoice from the vendor.
	If Too High: Companies may elect to short pay the invoice.	
	If Risk is Acceptable: Companies may pay the calculated tax and absorb the risk of a small finding in a later audit.	

Simplify Tax with Vertex

By automating and centralizing tax calculation and management, Vertex gives the tax department responsibility for all decisions related to tax. Vertex offers a variety of deployment options, including cloud and on-premise models that accelerate implementation time, reduce hardware and database footprints, and minimize other support and maintenance requirements.

About Vertex

Founded in 1978, Vertex Inc. is the leading provider of corporate tax software and services to automate, integrate, streamline or outsource tax processes for companies of all sizes, from small to medium-sized businesses to global multinationals. Vertex provides solutions for all tax types with industry-specific solutions for retail, communications, hospitality and leasing industries.

To learn more, contact a Vertex representative at **1-800-355-3500** or visit **vertexinc.com**.

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