

Can Your Corporate Tax Department Achieve the Transparency and Consistency that Sarbanes-Oxley Compliance Requires?

In the wake of Sarbanes-Oxley legislation and with compliance deadlines looming, your enterprise's ability to effectively track financial data is absolutely critical. As you focus on compliance efforts, though, don't overlook your corporate tax department — it, especially, will feel the impact of Sarbanes-Oxley.

After all, with the enhanced scrutiny brought about by Sarbanes-Oxley, there is new pressure for every calculation to be accurate. But, traditionally, much of a tax department's work is done manually, so it is particularly susceptible to human error. What's more, calls for standardization and transparency mean that calculations by one individual one day must match the recalculations by another employee the next day. Errors and inconsistent processes open a company to discrepancies that can undermine compliance efforts. Tax technology can help you remedy this.

Ensure Consistent Processes and Data Tracking

Tax technology applications are designed to automate processes and record every modification to financial data so you can track processes and changes and make adjustments as needed. Activities are accomplished better and faster — and with additional controls in place.

In addition to providing documentation of internal, operational controls and

processes, tax technology also supports consistency in systems, standards, and across-the-board reporting. Every area of a company — from the loading dock to the mailroom to IT to customer service — has tax implications, and every role in these departments requires a field of data for a tax solution. For common activities in sales, processing, or purchasing departments, tax technology more or less guarantees that this data will be captured and that the process will be the same time and time again.

What Should SAP Customers Look for in Tax Technology?

One key to transparency is using tools with robust documentation capabilities and standardized processes. Companies that rely on their SAP system to share financial data with a custom-built, in-house tax system — especially one that also must generate and manage tax transaction information — should seriously consider converting to an automated tax technology system.

Look for a documented, defensible automated tax system, with superior internal controls that meet the standards of Sarbanes-Oxley as well as other regulations, that can calculate and store data as well as report it to a government entity.

Ensure your technology provider will play a proactive role to make certain that numbers and data are correct.



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Check that the technology can examine five years of records in all directions and locate potential financial triggers.

Be sure to determine that the system integrates with your SAP financial applications, CRM, and front-office applications.

And finally, choose a proven provider. Sarbanes-Oxley has given rise to many vendors jumping on the corporate compliance bandwagon. Remember, you will be held accountable for any flaws in business process audits and documentation, so you'll want to work with a trusted vendor.

By implementing automated tax technology, SAP customers not only increase the efficiency of tax preparation and reporting, they can create an information trail that can hold up under an audit in order to mitigate risk in corporate compliance initiatives. ■

Vertex Inc. is a provider of tax technology solutions, serving more than 10,000 customers worldwide. For more information about Vertex and its solutions, visit www.vertexinc.com.