

Vertex® Consumer Use Tax O Series® and Oracle eBusinessTax

Integrating to Ensure Consumer Use Tax Compliance

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There is nothing simple or straightforward about calculating consumer use tax (CUT). Factors such as *where* you do business, *how* you use what you purchase, and state-level rules and rates contribute to the complexity and make accurate tax calculations a challenge.

Accuracy is essential to complying with the rules and regulations that govern consumer use tax reporting, and companies consistently embrace automation and software to ensure accuracy and mitigate their risk. But the tools and software used to manage CUT are central to ensuring compliance and managing risk. While the latest enterprise resource planning (ERP) tax engines have significantly improved functionality, it's important to integrate with a third party solution robust enough to support the level of granularity necessary to accurately calculate consumer use tax.

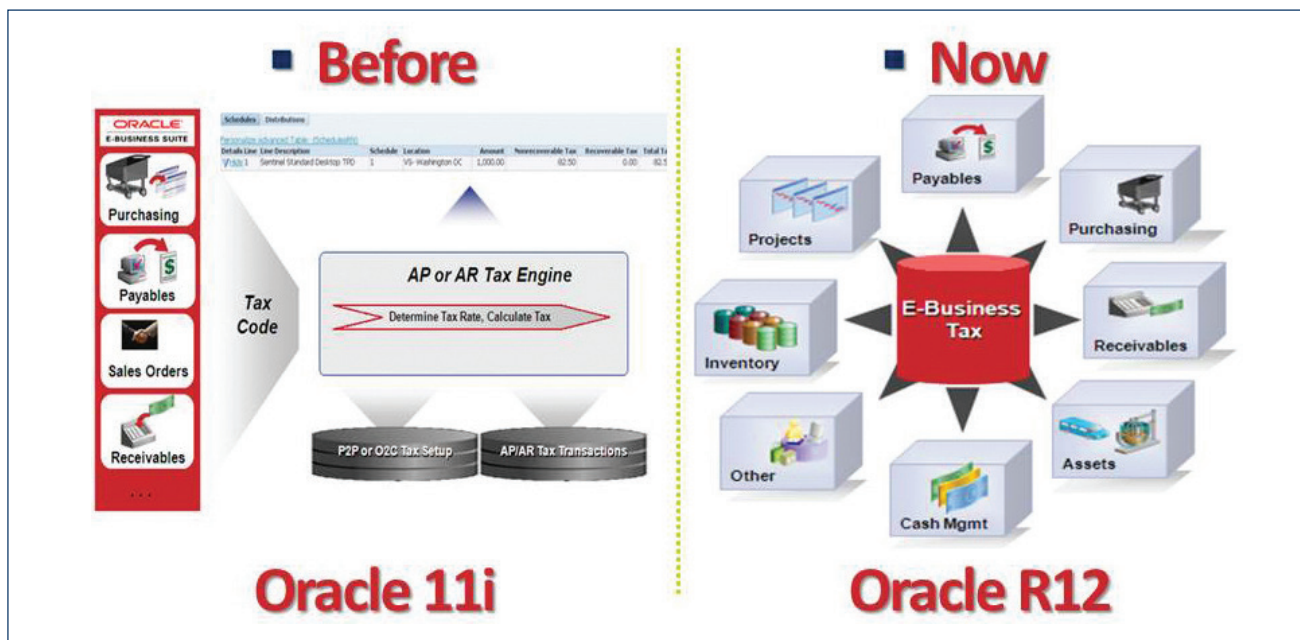
Oracle R12 eBusiness Tax and Integration

Oracle's R12 eBusiness Tax (eBTax), released in early 2008, is widely viewed as the best native tax engine offered by the major ERP players. The centralized design of eBTax allows for all financial modules (Purchasing,

Sales Orders, Payables, Inventory, etc.) to be tied to a single, central tax system. This redesign not only saves the companies time during implementation (older versions required tax to be tied individually to each of the financial modules), but also eliminates the need for updating in multiple locations and reduces the chance of error.

eBTax is essentially a shell that clients can configure to meet their specific tax needs. The responsibility for the implementation and the ongoing maintenance and updates switches from IT to the tax department, in turn giving tax control over the rules and logic that drive tax calculations. In addition, the standard reports available with eBTax, which are based on transaction date, are very helpful for calculating sales tax.

But while eBTax offers significant improvements over earlier versions of a native tax engine, there are specific tax functions and processes best supported by a third party with more extensive tax expertise and research capabilities. For this reason, Oracle joined with Vertex to help them develop, test and validate a third party tax integration.



eBusinessTax – Global Tax Management

Oracle and Vertex: Integrating to Ensure CUT Compliance

Vertex integration allows eBTax to accurately calculate CUT. Specifically, Vertex® Consumer Use Tax O Series® helps eBTax users with three core areas of the CUT compliance process:

- 1. Data.** eBTax is not configured with the data needed for accurate CUT calculation and compliance. Companies are required to take on the significant effort of loading geography data, nexus rules, and mapping relationships between data fields. The tax department not only loads all of the data but also is responsible for maintaining it. This becomes an enormous undertaking especially when considering things such as tier and cap rules by state or modified origin rules by state or jurisdiction.
- 2. Functional tax accrual processes.** eBTax offers no verification of taxes charged by a vendor, no automated short pay process, and no incremental pre- or post-accrual processes. This opens up opportunity for inaccuracies since the nuances of things such as local tax applied on top of a state tax (as is the case in Philadelphia, PA) is unaccounted for and therefore the monies are not accrued.
- 3. Granular reporting.** eBTax has a fixed set of data fields and structured reporting. There is no capability for defining a company's own types of data, and then naming and describing them. There is also no capability for ad hoc reporting or more sophisticated mining of trends.

Vertex® Consumer Use Tax O Series® – The Perfect Complement to eBTax

Integrating Vertex Consumer Use Tax O Series with eBTax ensures a level of data accuracy necessary for “peace of mind” with CUT calculations. Specifically, with Vertex O Series customers gain:

- **Tax Department control of taxability.** The tax department sets up the company hierarchy (categories of taxability) and maps it to taxability drivers from the ERP. The Tax Department can then use the Transaction Tester pre-production to ensure mapping and rules are correct.
- **Flexible fields.** CUT is complex and having the ability to add user-defined, configurable fields helps support CUT calculations by supplying additional facts.
- **Minimized maintenance.** Monthly updates are provided for jurisdiction identification (Zip+4 and tax area mappings, tax area IDs, and tax impositions), sites and place of supply rules, taxability rules, tax basis rules, max tax rules and rounding rules.
- **Roles-based security.** Audit trails by user can be created to track changes to rules and input facts.
- **Streamlined remittance and reporting.** Data can easily be exported for returns and reporting capabilities range from the creation of simple standard reports to advanced report writing using a Cognos business intelligence tool.

Tax Rules	Vertex Maintains
Zip+4 and Tax Area Mappings	Over 5,000,000
Tax Area IDs	Over 58,000
Tax Impositions	Over 12,000
Situs and Place of Supply	Over 2,100
Taxability Rules	Over 510,000
Tax Basis Rules	Over 4,300
Max Tax Rules	Over 4,400
Rounding Rules	9

Vertex Maintains Tax Rules – Data Driven Processing

The addition of Vertex Consumer Use Tax O Series to Oracle eBTax provides a more finely tuned configuration, more detailed data and more granular reporting than is available from a native tax engine alone, even one as improved as eBTax.

Oracle and Vertex have long recognized the value in combining their solutions. For more than 20 years, the two companies have worked together on mutual sales tax and payroll tax clients (now totaling more than 1000 in number). Vertex is both an Oracle Platinum Partner and an Oracle Development Partner – relationships that have resulted in Vertex’s involvement in the design and testing of Oracle’s third party tax integration. Together, Oracle eBTax with Vertex Consumer Use Tax O Series provides clients with the depth of tools and data necessary to confidently compute CUT, ensure compliance and reduce risk for companies.

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.

Locations

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King of Prussia, PA

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