VERTEX®

Taking The Pain Out of Tax Calculation in Salesforce Applications

The only constant in life is change. And change happens a lot — especially when it comes to tax. This can not only lead to havoc for tax and IT processes but also a higher risk of audits and penalties that can impact the bottom line.
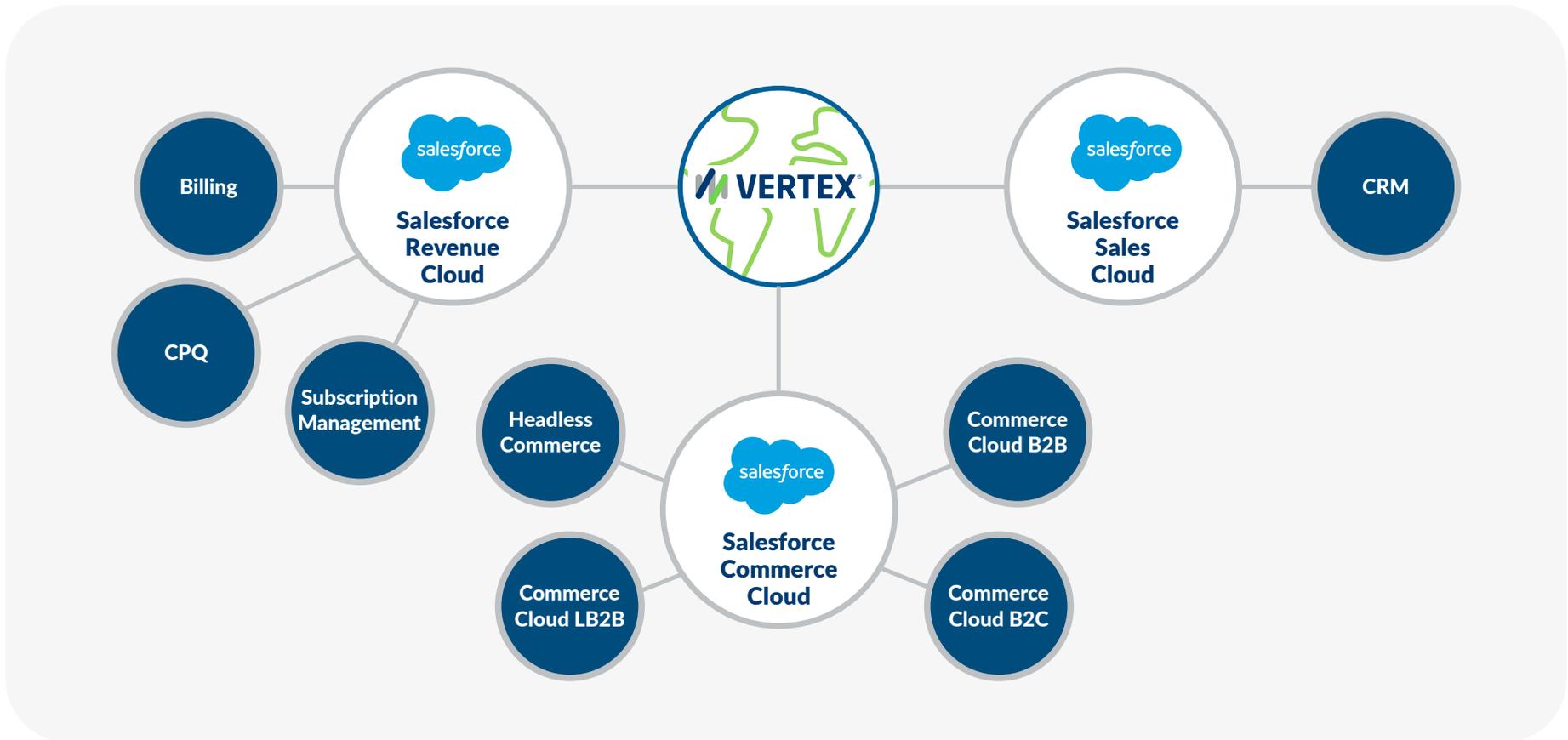
Another day, another change

In the U.S., 45 states as well as the District of Columbia impose a sales tax, and 38 states add local taxes on top. That's more than 12,000 U.S. taxing jurisdictions to keep track of. Plus, they constantly change their rates and regulations. For companies doing business globally, there's over 19,000 taxing jurisdictions with different rates, regulations, and requirements. It's up to businesses to keep up with the latest tax rates and requirements to calculate sales, use, and value added tax (VAT) accurately on every transaction.

Integrating a 3ʳᵈ party tax calculation engine

Many companies solve the problem by integrating a 3ʳᵈ party tax engine to automate the maintenance of tax data and tax calculation across all their Salesforce applications. The changing tax content is automatically maintained and updated in one central platform, then leveraged across multiple Salesforce applications. It serves as the single source for the latest tax data, complex tax calculations, and robust tax reporting for compliance and audit-readiness. This not only improves tax accuracy and streamlines tax determination and compliance processes, but also reduces the burden on IT teams. Since connectors can be made to multiple Salesforce applications, companies can standardize tax management and boost visibility and control.

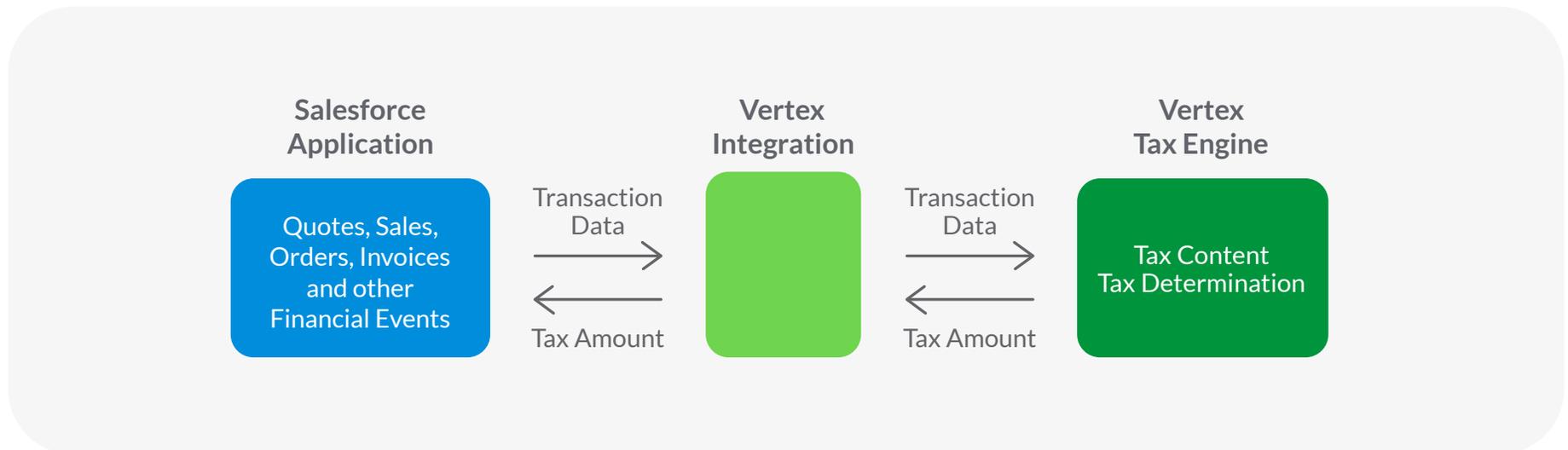## Benefits to integrating a tax engine across all Salesforce applications

- **Automates** tax calculation and the maintenance of tax data
- **Eliminates** manual processes, freeing resources
- **Improves** tax accuracy, reducing risks of audits and penalties
- **Provides** better tax and compliance reporting and control
- **Increases** productivity for tax, finance, and IT teams
- **Creates** a more streamlined order-to-cash cycle

"Salesforce customers are focused on transforming their businesses leveraging automation to streamline every facet of their revenue operations," said Ken Brajevich Global Head of Partner Development at Vertex. "Vertex solutions for Salesforce integrate seamlessly, providing a complete solution to automate tax calculation across Salesforce clouds. They also reduce compliance risk by extending the value of Salesforce solutions regardless of how or where our customers transact."

How the Vertex solutions for Salesforce work

Tax determination is quite complex because it relies on a multitude of taxability rules and transaction data points. But the whole process happens in real time once Salesforce solutions are connected to the tax engine. Here's how it works.

1. The Salesforce app sends the transaction data to the tax engine via an integration.

2. Then, the Vertex tax engine applies address cleansing to ensure the ship-to address is complete and accurate, and mapped to the correct taxing jurisdiction.

3. Then Vertex automatically calculates the tax based on the transaction data using the embedded tax rules and rates and sends the tax amount back to the Salesforce app through the integration to complete the quote or sales transaction.

Salesforce Application

Quotes, Sales, Orders, Invoices and other Financial Events

Transaction Data →
← Tax Amount

Vertex Integration

Transaction Data →
← Tax Amount

Vertex Tax Engine

Tax Content Tax Determination

Vertex pulls the transaction details from Salesforce to calculate indirect tax in the Vertex tax engine and send that tax amount back to Salesforce.

- Whenever a change is made in either the Vertex tax engine or a Salesforce module, experts modify the integrations as needed and the new release is made available to all users.

- The integrations undergo continuous improvement based on application performance monitoring, so it always reflects the most up-to-date capabilities to deliver peak performance.

- Updates to the functionality of the integrations reflect feature requests from across the Vertex-Salesforce customer base, so every user benefits from the best practices of the collective group.

- IT departments are freed from the cost, skill requirements, and man-hours required to maintain one-off integrations and provide help desk support to users experiencing problems.

- As the business implements additional Salesforce applications, they can be connected to the same Vertex tax engine for centralized, standardized tax processes.

As you can see, by leveraging the standardized Vertex integrations, Salesforce users establish a technology landscape that scales for growth and change.
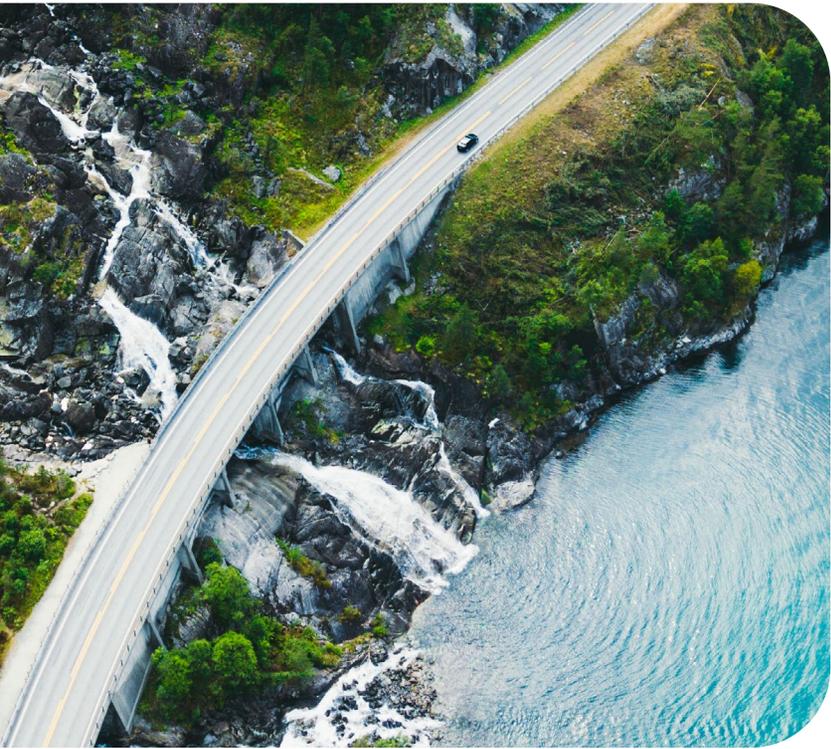
Tax calculation integrations across the Salesforce ecosystem

Here's how the Vertex tax engine integrations support Salesforce financial processes.

- **Vertex for Salesforce CPQ:** In many businesses, there are several rounds of changes along the way to a final deal. Tax can be impacted by even the smallest change in a quote — such as the shipping destination, purchasing entity, quantities, and pricing. No matter how many times a quote is updated during the sales process, Vertex for Salesforce CPQ instantly recalculates sales, use, and value added tax (VAT), and seamlessly delivers this data to the proper fields and in the right format for the CPQ module. There's no longer a need to manually recalculate and re-enter tax each time which leads to errors, delays, and possible penalties. This data is also useful in determining the optimal combination of ship-from and ship-to addresses from a tax perspective, a courtesy that customers appreciate.

- **Vertex for Salesforce Billing:** Many things can happen between the start of a transaction and the actual issuing of a bill to the customer. In manufacturing, for example, in the days, weeks, or even months between the initial quote and the final invoice, specs may be updated multiple times with new (or deleted) products, the ship-from or ship-to addresses can change, or the regulations that govern the billed items may be tweaked. In retail, transactions often happen in seconds but some retailers bill customers over time, (e.g., subscription services, special orders, or business-to-business transactions). But often, the transaction details change in the middle of the subscription, like a new ship-to address or pricing promotion. All these changes impact the tax calculation and must be accurately reflected in the final invoice. Whenever time passes, so do conditions that may impact the correct calculation of a tax. Without a tightly integrated, automated tax calculation tool, it's easy for those changes to be overlooked or manually entered, resulting in miscalculation of tax and increased risk. Vertex for Salesforce Billing automates sales and use tax calculation in the billing process to support a fully automated billing process. Your finance department receives all the information it needs from the moment a deal is closed, and the automated process drives the order, which in turn drives the invoice, improving accuracy and compliance at every customer touch point.

- **Vertex for Salesforce Commerce Cloud:** Many of today's businesses have either recently introduced (or quickly scaled) their e-commerce capabilities, and the tax implications of the e-commerce tidal wave were significant. Vertex for Salesforce Commerce Cloud enables communication between your e-commerce platform and the Vertex tax engine to calculate tax specifically for online transactions. The connector passes the transaction details (including ship-from and ship-to addresses) to the tax engine where the latest tax rules and rates are applied. Companies use Vertex with Lightning B2B for quote calculation where tax is provided during the cart checkout process. This provides jurisdiction-level tax calculation on orders all the way down to the product line level. Integrating Vertex for Salesforce Commerce Cloud is the best way to get real-time, accurate, consistent tax calculation.

- **Vertex for Salesforce CRM:** Companies use Salesforce CRM to streamline processes, close deals faster, and build customer relationships. Vertex for Salesforce CRM integrates seamlessly to provide more accurate calculation of sales, use, and value add tax (VAT) on every transaction. For every sale and purchase transaction, tax integration for Salesforce CRM automates and standardizes taxability and calculation on every product in every jurisdiction.

- **Vertex for Salesforce Order Management:** Salesforce Order Management enables organizations to add calculation of indirect taxes into their Salesforce business processes and help ensure more consistent tax determination across their operations. It helps organizations deliver unified experiences and allows them to visually manage workflows, automate order fulfillment, payment capture, and invoices with supply chain workflows.

Leveraging the power of a tax connector

In the hustle and bustle of attracting, serving, and billing customers, businesses don't want tax calculation errors to slow things down. By leveraging Vertex for Salesforce, businesses reduce manual processes, stabilize process efficiency, improve audit performance, and reduce risk. They also establish a tax process that's more reliable and scalable to support business growth.

Vertex has a 40-year history of automating tax calculation and is a proud Salesforce partner. Available via the Salesforce AppExchange, Vertex solutions seamlessly integrate with Salesforce, offering flexible deployment options and scalability to support enterprise growth across the organization and around the world.

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