



Vertex and SAP Ariba Buyer

Sales, use, and value added tax determination

Calculation During Procurement

Ariba provides a network enabling vendors to instantly transmit and register its invoice directly in the recipient's system of record. This function alone, and in conjunction with the trends toward real-time VAT reporting for invoices, highlight the need for real time controls. Businesses may face compliance issues if SUT/CUT/VAT invoices sent through Ariba are not properly validated. Errors that date back several years and become obvious and quantifiable during tax audits may result in fines because authorities view them as business processes lacking adequate controls. In VAT regimes, these discoveries can impede the business's ability to recover input VAT. These scenarios can impact the length and scrutiny of the audit.

With Vertex O Series, supplier SUT/CUT/VAT treatments can now be verified in real time within the SAP Ariba platform. Businesses will recognize that transactional errors are best addressed with vendors in real time before the invoices are paid.

About Vertex O Series

Vertex O Series tax determination software brings 40 years' experience to the complexities of global indirect tax management. The biggest brands in the world and main street stores alike trust Vertex to manage tax determination across all geographies. Vertex continually tracks changing indirect tax rules and rates for over 19,000 taxing jurisdictions across the globe, and maintains over 700,000 unique taxability rules across all business tax types.

The Vertex connector for SAP Ariba is the latest of 100+ integrations into ERPs, procurement systems, and e-commerce platforms – automating tax determination for both sales and purchase transactions.

Vertex for SAP Ariba

Vertex O Series provides powerful, automated tax determination for SAP Ariba Buyer. A seamless integration enables exact liability location identification as well as complex taxability logic to deliver a precise tax calculation for each transaction. Vertex integrates seamlessly in two places: requisition and invoice validation.

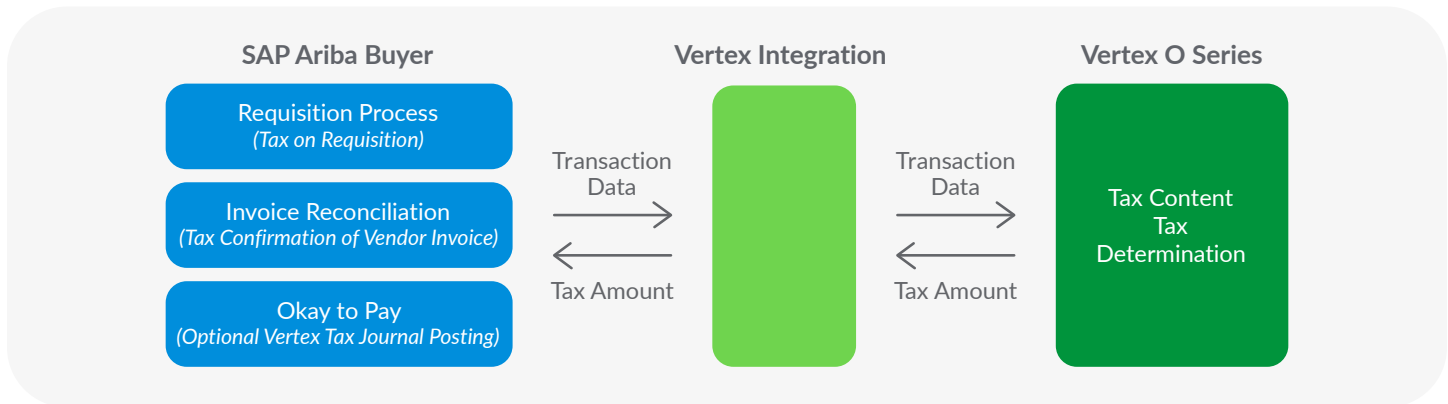
- During requisition, Vertex enables purchasing managers to have a full view of the tax implications, in terms of total cost, when approving or rejecting a request for purchase.
- During the accounts payable (AP) process, Vertex O Series helps to validate that a vendor has charged an appropriate amount of tax (SUT/CUT/VAT) on an invoice.

Benefits

Vertex helps SAP Ariba users achieve optimal tax performance by:

- Increasing transparency
- Reducing tax-related risk
- Streamlining the audit process
- Maintaining the latest tax content
- Supporting real-time reporting requirements, where applicable
- Providing a global Vertex team of SAP-certified implementation consultants and support specialists

Indirect Tax Determination for SAP Ariba Buyer



Vertex pulls the transaction details from SAP Ariba Buyer to calculate indirect tax in Vertex O Series and send that tax amount back to SAP Ariba Buyer.

Tax Validation for SAP Ariba

An integration to Vertex O Series provides real-time validation enhancements to your SAP Ariba accounts payable process, allowing you to answer the following questions. Then, considering these factors, Vertex O Series will specify the applicable tax code to be used to derive tax accounting and compliance reporting.

AP Validation for Sales & Use Tax

- Has the vendor charged the correct tax/rate?
- Is this an inventory purchase and/or purchase under another exemption status?
- Did the seller recognize (or have they received) the exemption status, direct pay permit, properly apply drop-ship reciprocity, allocated charge?
- Does the tax align with buyer's obligation to pay?
- Did seller overcharge/under charge requiring a new invoice from Vendor?
- Did the seller-charged tax fall within an acceptable threshold to pay without dispute?
- Is the seller a trusted vendor, payment never disputed, and tax liability needs adjustment post payment?

AP Validation for Value Added Tax

- Has the vendor applied the correct VAT rate?
- Is vendor-charged VAT fully or partially recoverable? Does VAT need to be expensed?
- For partially exempt businesses, does VAT need to be apportioned or deducted at the recovery rate?
- Where vendor charged 0% VAT, is there a responsibility to self-account on the reverse charge basis?

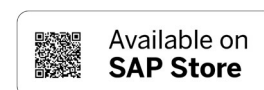
Tax Processing Results: Two Scenarios

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 Matches What the Vendor is Charging:** No further interaction required. Companies may take delivery of the goods and pay the invoice
- **Tax Does Not Match What the Vendor is Charging:** Companies may reject the invoice, and request an updated invoice from the vendor.

Vertex and SAP Partnership

For over 25 years, Vertex and SAP have worked closely together driving innovation and better business outcomes for our joint customers. Our partnership allows customers to benefit from automated tax technology and integrated solutions that enable more accurate and consistent taxation across the enterprise, and around the world. That is why SAP not only trusts Vertex to support their customers, but also relies upon Vertex solutions to meet their own business needs.



To learn more, visit VertexInc.com.



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