Vertex and SAP Ariba Central Invoice Management (CIM)

Sales tax validation, consumer use tax accrual and value-added tax

Calculation During Procurement

Ariba provides a network enabling vendors to instantly transmit and register their invoices directly in the recipient's system of record. This function alone, and in conjunction with the trends toward real-time VAT reporting for invoices, highlights 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 of 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 worldwide and maintains over one billion unique taxability rules across all business tax types.

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

Vertex O Series provides powerful, automated tax determination for SAP Ariba CIM. Its seamless integration enables exact liability location identification and complex taxability logic to deliver a precise tax calculation for each transaction. Vertex integrates seamlessly into 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 CIM 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 Central Invoice Management (CIM)
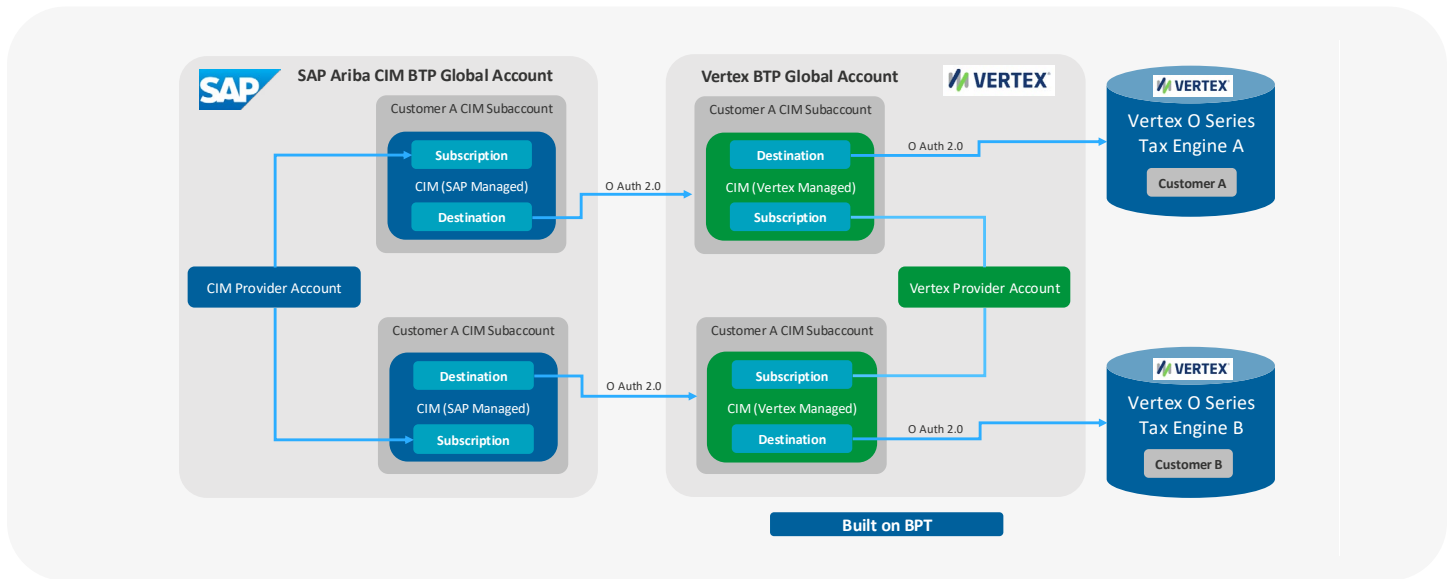
Vertex pulls the transaction details from SAP Ariba CIM to calculate indirect tax in Vertex O Series and sends that tax amount back to SAP Ariba CIM.

Tax Validation for SAP Ariba CIM

An integration into Vertex O Series provides real-time validation enhancements to your SAP Ariba CIM 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, and allocate the charge?
- Does the tax align with the buyer's obligation to pay?
- Did the seller overcharge/undercharge, requiring a new invoice from the Vendor?
- Did the seller-charged tax fall within an acceptable threshold to pay without dispute?
- Is the seller a trusted vendor, payment has never been 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?
- When is input VAT considered non-recoverable, and how should it be treated in the accounts?
- How should input VAT be managed for partially exempt businesses, and what methods can be utilized to calculate the recoverable portion?
- In what scenarios is the reverse charge mechanism required when the supplier does not charge VAT, and what are the reporting obligations?

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.

SAP Silver Partner

Available on **SAP Store**

SAP Certified
Integration with RISE with SAP S/4HANA Cloud

SAP Endorsed App
PREMIUM CERTIFIED

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