



# **Bridging the Gaps: How Tax Teams Can Gain Control by Consolidating Processes Across Source Systems**





Tax professionals who support organizations with multiple ERP systems often face a fragmented landscape when it comes to indirect tax calculation. One system might rely on native tax functionality, while another uses a third-party tax engine—or worse, a manual process. While this piecemeal approach might seem manageable in the short term, it can quickly create tax complexity, wreak havoc on operations, and require data reconciliation that can be avoided. This guide delves into seven major challenges that arise when tax is managed in silos across disparate source systems including:

1. Data integrity, consistency, and integration issues
2. Inefficient processes
3. Compliance risks
4. Increased IT support
5. Training issues
6. Scalability issues
7. Increased maintenance costs

Discover how consolidating your tax processes with a single Vertex tax engine—integrated across all source systems—can help you mitigate risk and take control of your indirect tax operations.

# Data Integrity, Consistency, and Integration Issues

Managing tax when you have disparate ERP/source systems can take your tax department on a rough ride with significant data integrity, consistency, and integration issues. One of the key hurdles you face is inconsistent tax data, which arises from different data storage formats, structures, and styles across source systems. For example, one might use the VAT-inclusive price while another uses the VAT-exclusive price, or they may store dates or currencies in different formats. These inconsistencies can cause problems when trying to combine data from different sources for consolidated reconciliation or reporting to tax authorities.

If your tax data is stored in multiple ERP systems or tax engines, inconsistencies might occur if data in one system is updated while it remains unchanged in another. This can lead to confusion and mistakes in your team's calculations, billing, invoicing, reporting, and filings.

**Integrating a single Vertex tax engine provides consistent data:** Larry Mellon, Senior Director Global Tax - Chief Tax Office at Vertex, explains how to mitigate data integration issues. "Vertex's tax engine allows you to access your company's tax data all in one place—serving as a single source of truth for tax teams. Once a single tax engine is integrated across all source systems, all data is in the same format and tax rules and rates are updated in real-time. We have a team of over 200 dedicated tax experts diligently maintaining tax rules and rates to adhere to the current standards of each jurisdiction, to help ensure consistency and accuracy."



## Inefficient Processes

If your company manages multiple tax rules in multiple systems across varying business processes (sales, purchasing, billing), tax management oversight becomes very difficult. It can be labor-intensive and time-consuming for your tax team, particularly when tax laws change, situs rules alter, or reporting requirements shift. Maintaining a tax decision matrix for each process within each system is difficult. In addition, each source system must be manually updated by your IT team to account for the changes and may require altering complex custom code. This not only wastes precious manpower and time but reduces strategic visibility and heightens the risk of non-compliance.

Data reconciliation is another challenge, requiring additional manual work to ensure accurate tax reporting prior to filing or upon audit. If mistakes are made upstream, the source systems can generate inconsistent reports, requiring additional efforts to collate and harmonize data for auditing and analyzing purposes, making the overall process inefficient.

**A Vertex tax engine can create process efficiency:** “With a Vertex tax engine, tax is automatically calculated, and tax rates and rules are regularly maintained outside the source system. This frees up resources for tax and finance teams. Through automation there is a decreasing likelihood of human error that can lead to audit fines and penalties”, says Mellon.



### Customer Story: HBC Improves Tax Processes with Vertex

“We were still using an old in-house tax software system and it was very burdensome and time consuming. We love the fact that Vertex provides monthly updates”.

Tammy Stringer  
Director of Sales and Use Tax

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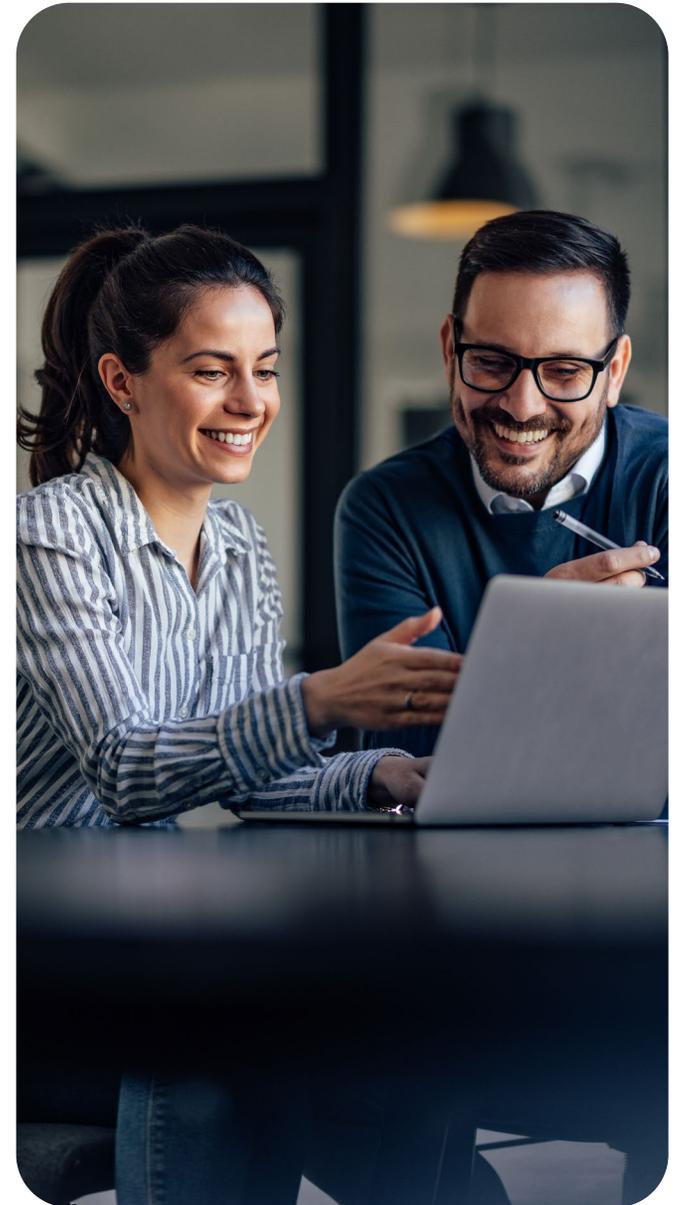
## Compliance Risks

Using disparate approaches to manage indirect tax calculation across multiple source systems can introduce a host of compliance risks, and here's why. If tax rules aren't applied consistently across your various source systems—each with their own update mechanisms—you might run into non-compliance with the latest regulations.

Plus, differing source systems can slow down data synchronization, stumbling you into late or inaccurate returns which might invite fines and penalties. With faulty data integration, your risk of incorrect indirect tax calculations balloons, potentially leading to overpayments or underpayments and a spike in noncompliance risk.

And don't forget about audits. If you have data strewn across multiple source systems, tracking and verifying transactions could become a tangled web. A complex or incomplete audit trail could trigger issues during audits.

**A Vertex tax engine helps reduce compliance risks:** “Compliance is obviously a critical—if not the most critical—part of our business. Our tax engine addresses the increasing complexities of global commerce and compliance by reducing friction, enhancing transparency, and enabling greater confidence in meeting indirect tax obligations. Our unwavering commitment to compliance within our system provides you with confidence”, says Mellon.



## Increased IT Support

When you have disparate ERP systems with a different tax calculation approach, each requires its own dedicated maintenance, which includes balancing updates, patches, capacity management, and troubleshooting of the ERP system or the third-party tax engine. This creates an additional strain on your colleagues in the IT department.

They also carry the responsibility for ensuring software compatibility and maintaining smooth communication between systems. This additional task involves managing the complexity of data sharing across systems, which escalates their workload. Also, because the systems are inflexible, it creates reconciliation issues.

Backing up data adds another layer of complexity for IT, given they need to implement different backup and recovery strategies for each disparate source system in use.

**A Vertex tax engine can help you lower reliance on your IT colleagues:** Mellon explains, “With a Vertex tax engine, tax content is automatically updated in the tax engine in the cloud. Everything is right there for your tax team to view and make adjustments to, eliminating the need for you to lean on your IT counterparts for ongoing support.”



## Training Challenges

With disparate tax approaches across source systems, your tax team needs to separately master a variety of unique functionalities, reporting capabilities, and user interfaces. It's sort of like learning several new languages at once, and it can be overwhelming. This confusion could lead to mistakes in data input, tax calculations, and reporting.

**A Vertex tax engine is user-friendly:** Using a single Vertex tax engine across all source systems means your tax team only needs to learn only one system. At Vertex, we've meticulously considered the needs of tax professionals, ensuring that our software is intuitive and efficient. Mellon explains, "We offer role-based access which enables effective control of tax processes and data visibility and single sign-on (SSO) for added convenience."



## Scalability Issues

As your company adds new products, adds new selling channels, enters new regions, or acquires other businesses, your tax team must be tax-ready. This could entail tax coding new products, adding new tax content for specific tax rules of the new regions, and/or updating system configurations. With a single tax engine, there's just one system to update and you're ready to go-live. You can integrate procurement, accounts payable, e-commerce sites, CRM, ERP, POS stores, you name it. All processes and systems converge into a centralized location, where each transaction's line item is meticulously organized based on legal entities and reporting structures, providing accurate, real-time responses aligned with structured and consistent tax requirements. The advantage lies in eliminating the need to update tax calculation components across multiple and disparate systems.

**A Vertex tax engine improves scalability:** "By integrating a single tax engine to all source systems, tax is centralized in one system which adds agility for your tax team. Tax is no longer putting the brakes on growth to allow time to get multiple calculation processes and content ready", states Mellon. "Our solutions can be very elastic by ramping up billing runs for peak times. We see a lot of instances where businesses make adjustments to their tax engine infrastructure for Christmas, Black Friday, and Cyber Monday, then scale them back down during those valley times."

## Increased Maintenance Costs

Each separate source system and tax engine generally mandates a separate maintenance plan, inclusive of updates, security measures, and regular troubleshooting, data integration, security protocols, and user support—all which incurs ongoing costs for your IT colleagues' budget.

Then you have to consider that audit and compliance costs may surge, as disparate systems can complicate audit trails and hence make compliance verification more challenging and potentially costly. Further, any non-compliance issues could result in financial penalties.

**A single Vertex tax engine can help reduce costs:** “Cost is often the biggest hindrance to businesses being able to sustain long-term success. However, with a single Vertex tax engine integrated across all source systems, you gain much needed cost efficiency”, explains Mellon.



# A Vertex Tax Engine is a Solution to Disparate Tax Processes

The Vertex tax engine capability is more robust than the native tax determination in source systems. Native tax calculation in source systems typically supports a tax decision based on only a few pieces of data for each transaction whereas a Vertex tax engine can consider (and prioritize) 100+ data elements that are passed from the ERP, e-commerce, or procurement system to determine accurate tax on a transaction. This enables more precise application of tax rules and more accurate tax determination that mitigates invoice, back office, and audit risk.

Integrating a single tax engine across all source systems moves tax decision modeling and calculation from the source system to the tax engine where more robust tax content and capabilities return more accurate tax determination. And auto-updated tax content—rates, tax codes, and jurisdiction rules—in one place means tax rules and rates are up to date across all source systems for all transactions. Maintaining a single tax engine for the entire company's ecosystem means greater tax accuracy and process efficiency.



## Customer Story: Vertex Helps Siemens Consolidate 50+ ERP Systems

Hear from Siemens' Head of Functional Excellence, Andrea Spandau, to learn how Siemens transformed their tax processes when consolidating 50+ ERP instances.

[Watch Customer Story](#)



## Why a Vertex O Series tax engine?

- **Accurate Tax Calculation:** Global tax content is continuously updated by Vertex tax experts to ensure consistent, reliable results across 19,000+ jurisdictions.
- **Seamless Integration:** Connects effortlessly with ERP, e-commerce, procurement, and financial systems to automate tax and centralize control.
- **Improved Compliance:** Real-time updates to tax rules and rates help reduce audit risk and support accurate sales, use, and VAT calculations.
- **Reduced Reliance on IT:** Expert services and automation reduce reliance on IT, empowering tax teams to manage and maintain systems with minimal technical support.
- **Dedicated Customer Success:** Expert support from our award-winning Customer Center of Excellence.
- **Scalable Licensing:** Start with the tax capabilities you need today and easily expand as your business grows.
- **Deployment Flexibility:** Meet your architectural, performance, security and regulatory needs designed to aligns with your infrastructure and operational goals.
- **Transparent Pricing:** One licensing fee and a revenue-based pricing model that makes costs easy to track and forecast.

[Visit our website](#) to learn more about our tax calculation solutions and connect with us.

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