



# Tax & IT Under Pressure: Overcoming SAP S/4HANA Migration Challenges

How a tax engine can automate your processes, speed up go-live, and drive migration-readiness



## Business Transformation & The Overlooked Tax Factor

Multinational businesses are modernizing operations, with finance technology—particularly the shift to SAP S/4HANA—leading the way. While IT typically spearheads these initiatives, **tax is deeply impacted yet often overlooked.**

# Why Tax & IT Need to Work Together



**Moving to SAP S/4HANA isn't just a technical upgrade—it's a rare chance for tax and IT to collaborate and unlock real business value. For tax, it's the moment to modernize tax determination technology. For IT, it's an opportunity to standardize processes and eliminate custom code across ERP instances. The best way to achieve both? Implement a tax engine during migration.**

A tax engine automates the calculation and application of taxes—such as sales tax, VAT, and GST—on business transactions. It integrates seamlessly with ERP, accounting, and e-commerce platforms to deliver accurate, real-time tax determination across multiple jurisdictions. This ensures compliance, reduces manual effort, scales with business growth, and reduces audit exposure.

Here's the hurdle: Tax must convince IT that adding a third-party tax engine isn't "extra risk"—it's the smartest path forward for both teams. IT's priority is a smooth, risk-free transition, and new technology can feel like a distraction, especially when the organization has relied on native customizations for years. But those customizations often create complexity, increase maintenance costs, and limit agility.

The answer? Build a joint business case. When tax and IT collaborate early, they can show how a tax engine reduces strain for both teams and drives better outcomes for your whole business.

# SAP S/4HANA Migration: What Tax Needs to Know

As your organization moves toward S/4HANA, your tax team faces unique considerations. This transition is more than a system upgrade—it's a chance to rethink how tax processes are managed, automated, and aligned with business goals.

But with opportunity comes complexity. Migration introduces new requirements, risks, and responsibilities for tax professionals. From ensuring accurate tax determination to maintaining compliance in a changing landscape, the challenges are real—and they demand proactive planning.

To better understand what proactive planning requires, let's take a closer look at the specific challenges tax teams encounter during an S/4HANA migration.



# Challenges Facing the Tax Team

<b>Errors in Coding, Master Data, &amp; Remediation</b>	Tax errors in S/4HANA can arise from human mistakes in AP (invoice processing) or AR (order entry/invoice creation), incorrect system settings due to lack of expert involvement, and master data issues that go unflagged or are manipulated through workarounds. Remediation of these errors is often manual, labor-intensive, and costly—especially under time pressure—impacting compliance and downstream SAP processes.
<b>Tax Update &amp; Maintenance Burden</b>	The indirect tax legislative landscape is in constant flux, and these changes need to be monitored, investigated, communicated, and implemented within SAP S/4HANA. This often requires access to local sources and can be quite burdensome without them, as changes are often communicated only in local languages.
<b>Customer &amp; Vendor Impact</b>	Errors in SAP invoice creation result in unhappy customers, as they need to follow up on mistakes to receive correct invoices. Also, slow or incorrect coding of vendor invoices in SAP can result in late payments and unhappy vendors.
<b>Process Ownership &amp; Accountability</b>	The person accountable for the end-to-end indirect tax process (the indirect tax manager) lacks both insights and impact on the underlying Procure-to-Pay (P2P) and Order-to-Cash (O2C) processes.
<b>Audit Exposure &amp; Risk</b>	Dispersed non-standard processes that heavily rely on the indirect tax appetite of individuals create a risk in case of a tax audit, especially when S/4HANA configurations are not standardized.
<b>Business Operations</b>	Changes to business operations in S/4HANA affect tax determination and processes. A shift in supply chain operations could go unnoticed for several years, resulting in systemic tax errors.
<b>Evolving Tax Requirements</b>	Global tax mandates and e-invoicing regulations evolve rapidly. During SAP modernization, enterprises face heightened compliance risk and audit exposure if tax processes aren't integrated and automated within SAP. Manual or fragmented systems and poor data quality increase operational and technical pain, especially when entering new markets or handling e-commerce.

These tax complexities don't exist in isolation—they ripple into your S/4HANA migration, creating hidden dependencies that IT must address to keep the project on track.

# SAP S/4HANA Migration: What IT Needs to Know

When your tax department looks to you to help solve their challenges, you might think that integrating another tool—especially during your migration—is an unnecessary risk and added pressure. But there is a valid reason for considering this request.

Your brand-new ERP system does not come with an out-of-the-box, fully automated, end-to-end tax process. With the implementation of the ERP, you need to bring in IT resources to ‘plug the tax holes’—IT resources that you could be using to implement the core of your ERP system. And the solutions your IT resources need to build are not proven solutions, which then bring risks of additional testing, rework of the solutions being built, and may become a tax-related showstopper for the entire project.

With these risks and resource demands in mind, let’s examine the specific tax-related challenges IT teams face when supporting an S/4HANA migration.

**The request from your tax department might seem like an unnecessary risk at first, but in reality, it's a long-term investment that accelerates implementation and reduces risk.**



# Challenges Facing the IT Team

Error Origination & Remediation	Maintenance of tax settings in an ERP system is a burdensome activity. For example, a limited set of available tax codes is a serious challenge. Understanding how often tax changes occur is already challenging for local in-house IT employees but becomes a stretch when offshore. Communication about required changes is often hampered by ticketing systems, different time zones, and language issues.
Integration & Multijurisdictional Complexity	SAP migration projects often stall due to integration complexity. To prevent downtime, errors, and delays, tax processes must integrate seamlessly with SAP applications. Without this alignment, multijurisdictional rollouts and migration gaps can quickly derail timelines.
Infrastructure Transformation & Cloud Migration	Transitioning tax processes from on-prem ECC to SAP in the cloud requires significant infrastructure changes, impacting architecture, integrations, and compliance processes. Custom tax logic embedded in legacy systems creates complexity and risk during this transition.
Tax & IT Communication Barriers	IT and tax often speak different languages, and this is not resolved by IT services firms. Frequently, time and budgets are wasted due to miscommunication or simply ignoring the problems.
Scalability & Performance Demands	Global enterprises require tax automation that scales with SAP workloads. Legacy systems can't keep pace, creating bottlenecks and compliance risk. Real-time tax calculation must scale without slowing critical SAP processes.
Evolving SAP Integration Landscape	Changes in the S/4HANA landscape (with the creation of many APIs) create a new world of connected purchases and sales. On all of these platforms, correct and fully automated tax determination needs to take place, and this cannot be supported by homegrown tax solutions embedded solely in SAP.
Clean Core Preservation	SAP customers migrating to S/4HANA want to maintain <a href="#">Clean Core principles</a> to avoid technical debt and ensure upgrade readiness. Hardcoding tax logic in SAP creates complexity, slows innovation, and complicates future upgrades.

With these challenges in mind, let's explore how implementing Vertex's tax engine, [Vertex O Series](#), can address them.

# Why Vertex O Series for SAP S/4HANA Migration?

Migrating to S/4HANA is a big step—and it's the perfect time to rethink how you handle tax. [Vertex O Series](#) is the tax engine built for the SAP enterprise—engineered for modernization, trusted for compliance, and proven to accelerate every step of your S/4HANA journey. Here's why O Series helps tax and IT teams overcome migration challenges.

## For Tax Teams:

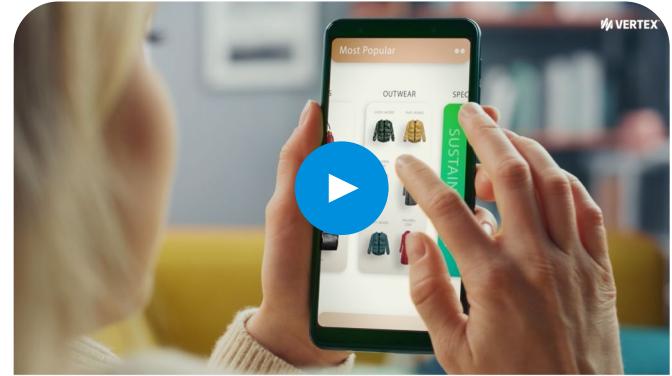
- **Less manual work, fewer mistakes:** Vertex O Series takes care of indirect tax automatically in S/4HANA, so you don't have to worry about manual coding or fixing master data errors. Invoices get done right the first time.
- **One place for tax control:** All your tax rules live in one platform, making it easier to stay compliant and ready for audits.
- **Quick updates, easy fixes:** Tax rules change fast—O Series keeps you up to date and helps you fix issues quickly, so you spend less time on cleanup.
- **Continuous global compliance:** Vertex automates tax updates and preserves audit-ready data across 19,000+ jurisdictions, so you stay ahead of changing mandates and compliance requirements.
- **Happier customers and vendors:** Accurate invoices and on-time payments mean fewer headaches and less back-and-forth.
- **Ready for new rules and e-invoicing:** O Series works with SAP Ariba CIM for real-time invoice checks and connects to Vertex e-invoicing, so you're always ready for new mandates.



## For IT Teams:

- **Less maintenance hassle:** Automated updates and standard integration mean fewer support tickets and less of your time spent on documentation or offshore fixes.
- **Easy, trusted integration:** Vertex solutions are SAP-validated, available in the SAP Store, and plug right into your SAP systems.
- **Keep SAP Clean Core:** O Series is engineered for modernization—helping SAP customers achieve Clean Core compliance and future-proof their architecture for cloud adoption by leveraging SAP BTP side-by-side extensions.
- **Accelerated migration and risk reduction:** O Series eliminates custom code and technical debt, speeds up timelines with SAP Endorsed App integrations, and helps you support compliance throughout every stage of migration.
- **Everything works together:** Vertex keeps tax consistent across SAP ERP, Ariba CIM, and Commerce Cloud, so you don't have to worry about things breaking in different countries or business units.

Unlike native SAP tax tools, O Series externalizes tax logic, automates updates, and delivers SAP Endorsed App integration for zero-downtime cutover and predictable timelines.



[Watch an Overview of Vertex for SAP S/4HANA](#)

# Summary of Vertex + SAP's Partnership

For over 25 years, Vertex and SAP have worked together to help more than 1,000 joint customers achieve better business outcomes.

- Vertex's SAP-validated solutions—including O Series—integrate seamlessly and are available in the SAP Store.
- Vertex keeps pace with SAP, adding new features like [O Series for SAP Ariba CIM](#) for automated, real-time tax.
- [Top integrators and advisors](#) recommend Vertex as the preferred indirect tax solution for SAP S/4HANA.
- The partnership focuses on delivering SAP-specific value and supporting SAP's Clean Core strategy.

Ready to see how Vertex O Series can make your SAP S/4HANA migration easier? Visit our [Vertex + SAP partnership page](#) to learn more.



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## Vertex Goes Beyond a Tax Engine

- **Exclusive Add-Ons Only for SAP Users**
  - Vertex Accelerator+ for SAP ERP: Centralizes tax-related business functions
  - Vertex PLUS Tools: Optimizes AP and AR processes
- **Additional Solutions for VAT Reporting**
  - Periodic reporting
  - e-Invoicing
  - Reconciliation
- **Full End-to-End Lifecycle Support**
  - Exemption certificate management
  - Sales and use tax compliance (software or outsource service)
  - Compliant global invoice generation

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