

Today's Tax Challenges Demand an Integrated Approach

Ensuring Compliance and Boosting Efficiency
With a Centralized Tax Engine



White Paper

Being both compliant and on time are challenges that tax managers find to be, well, taxing. And with compliance requirements evolving, markets growing, and e-commerce opportunities expanding at an unprecedented rate, those challenges are only increasing. An integrated, automated, and end-to-end process for tax management is fast becoming the only way to attain and maintain compliance in today's business environment. When you have one centralized system for your entire organization, you can take the complications out of tax compliance — and your people can spend more time on the activities that bring value to your business.

Position your company to stay ahead of tax compliance issues and meet new priorities well into the future by teaming up with the right partner to deploy a centralized, fully integrated tax solution. In this white paper, you'll learn why it's important and how you can choose the solution that's right for your business.



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The Growing Challenges of Compliance Requirements

Tax compliance is serious business. Being noncompliant can result in hefty penalties and interest charges. If your business includes an e-commerce platform, meeting your obligations has become more complex and demanding. For example, the impact of the 2018 US Supreme Court ruling in *South Dakota v. Wayfair, Inc.* has been far-reaching. By freeing states to charge taxes on purchases from sellers located outside the state, the court upended traditional economic nexus rules. It is now necessary to know and to follow the rules and regulations in every tax jurisdiction.

On June 21, 2018, the United States Supreme Court ruled in favor of the state of South Dakota in a decision that has had far-reaching consequences for e-commerce throughout the US. In *South Dakota v. Wayfair*, the court overturned a 1992 ruling that had prevented states from collecting sales or use taxes in connection with mail order or internet sales that originated from sellers out of the state. The new ruling allows states to collect tax on purchases from sellers regardless of whether they have a physical presence in the state — thus greatly complicating tax compliance for businesses across the nation.

In addition to the huge number of tax jurisdictions, if you operate internationally, the challenges are compounded. Each time a tax rate changes, it needs to be integrated into your tax system across your organization. Changing tax rates add another layer of complication for your business and for compliance reporting.

For example, consider what could happen if one of your e-commerce customers places a large order and then decides to return a portion of it one month later. Without an integrated system, if the tax rate changes in the interim, you may risk overpaying or underpaying the customer during the refund process. To complete this transaction accurately — and meet compliance requirements — your system must compute the tax paid at the time of sale rather than the tax based on the rate at the time of the return.

If your e-commerce platform and ERP system are working with different data, these kinds of issues can rapidly multiply and ripple across the business. Small and medium-sized businesses with limited resources handling tax calculation and returns are particularly vulnerable to these changes. Updating multiple points in each system separately can create bottlenecks in the business and potentially cause inaccurate results.

To stay in sync, you need to be able to centralize and automate how you manage taxation. You need to know that your tax software updates tax rates as soon as they are effective — and that it has been done correctly.

You also need to know that transactions such as refunds and returns are being processed using the tax rate in effect at the time of purchase. To attain a “single source of truth” for accurate tax calculation and reporting that can be easily and automatically shared across all your business systems, you need an integrated tax engine.



Our cloud-based tax management solutions can position you to take advantage of a wealth of benefits, from improved agility and performance to better availability.

An Integrated Tax Engine is Simply Smarter

Imagine what it would be like if you could make one change to your tax system and have it automatically flow to all of your systems, accurately aligning them to your organization's global compliance and business requirements. From a single centralized point of control, you could configure all your systems to calculate your taxes in a particular tax jurisdiction according to your specific needs.

With an integrated tax engine, scaling and modifying the system to add new jurisdictions or support new requirements could be handled in minutes rather than in days or even months. You could make the necessary changes once, and they would be automatically applied throughout the systems integrated with your tax engine. The result would be a better, more compliant tax solution that can move at the speed of your business.

With an automated, centralized system, you can look across your entire organization and gather and report the required information with ease. Such fully integrated, cloud-based tax management solutions exist — and they can position you to take advantage of a wealth of benefits, from improved agility and performance to better availability.

The benefits of an integrated tax engine include the following:

- Enhanced business agility**
 A centralized tax technology platform enables you not only to flexibly adjust to meet new compliance needs, but also to scale for changes in your company's size, structure, or location — without time-consuming, manual software updates. Whether you're expanding into a new market or ensuring compliance with changes in tax law, you'll have access to the information you need at the moment you need it.
- Faster, more dependable performance**
 A cloud-based tax management solution lets you stay current with constant change by acquiring the latest content from thousands of tax authorities. Backed by a robust data infrastructure, it can return a response time in milliseconds for tax calculation that keeps up with the speed of business.
- Real-time updates**
 In today's information age, everyone expects the latest information to be available and accessible immediately. Modern business needs demand an always-ready solution that is updated in real time, without the burden of local software updates and IT dependencies.
- Nonstop availability everywhere**
 People are working in more places than ever — in the office, on the road, and at home — and they require a tax solution that is as mobile as they are. A cloud-based offering can deliver tax answers where and when you need them, regardless of where you do business or where your business systems are located.



When you're investing in a tax calculation solution, it's important to look beyond the purchase price to understand the full cost of the solution.

Choosing the Right Tax Engine Takes Careful Consideration

Traditionally, on-premise tax calculation solutions have been the accepted norm for most businesses. But cumbersome manual updates, hidden costs, and an inability to keep up with the increasing pace of business have made cloud-based options much more attractive.

When you're investing in a tax calculation solution, it's important to look beyond the purchase price to understand the full cost of the solution. Many on-premise solutions require implementation costs, as well as IT and operations maintenance expenses that can quickly add up over time. These ongoing costs will likely include change control, performance tuning, solution customization, and ongoing hardware, network, and security upgrades and maintenance. Scaling the solution up and down can also require IT resources.

Unlike on-premise tax solutions, cloud-based offerings involve very little implementation and training costs. They also require no internal maintenance and very few ongoing costs. A simple, predictable subscription fee and occasional change control are the only recurring costs needed to keep a cloud solution fully aligned with your business.

Be Sure to Consider Ease of Integration

In addition to fast implementation and lower ongoing costs, cloud solutions are designed for ease of integration. What good would a robust tax solution do if you can't integrate it with all of your core business systems? Look for a cloud solution that's easy to implement, from a trusted and proven partner that can provide the support you need to get the full value from your investment.

The right partner — one with years of experience implementing cloud tax solutions for businesses around the globe — will make it easier for you to fully integrate your solution with your existing processes. Your partner should provide a robust integration program that provides support whether you choose to handle the integration in house or through a third party. To further minimize risk and ensure that the solution is aligned to your needs, they should also help you fully test and verify each integration before it goes to market.

More than one third of the active Thomson Reuters ONESOURCE™ Indirect Tax implementations are being implemented in the new ONESOURCE Indirect Tax Cloud. More than half of those cloud implementations have gone live in 2019 as of September, with an additional 30 scheduled to go live before the end of the year.



ONESOURCE is an end-to-end indirect tax solution designed to easily address the needs of organizations with a global reach.

Take a Proactive Step Forward in Compliance

Thomson Reuters ONESOURCE™ Determination empowers you to automate transactions in the cloud without all the time and headaches of managing and maintaining an in-house tax engine or reporting system. This on-demand cloud solution, built on the same patented global tax technology that Fortune 500 customers have relied on for nearly two decades, is available to companies of all sizes.

ONESOURCE is an end-to-end indirect tax solution designed to easily address the needs of organizations with a global reach. Its engine determines the rates for 193 countries and territories and every tax jurisdiction in the United States, to smoothly handle any tax calculation.

Built to accommodate constant change, it can easily adapt to new rates and requirements, so there's never any need to spend time and money manually updating multiple systems. The solution integrates with all your systems and operates seamlessly with those systems. Because it's cloud-based, our tax automation software can scale quickly to the size of your company, for less cost.

The solution offers:

- **A unique patented process**
ONESOURCE provides the only patented, end-to-end automated solution on the market for sales, use, and excise tax, GST, and VAT.
- **Powerful integration**
Connect to ERP, financial, billing, and e-commerce systems through prebuilt and custom integrations.
- **Trusted tax information**
Stay up to date on global tax changes through in-house expertise backed by SSAE 18–certified and ISAE 3402–certified processes.
- **Powerful personalization**
Ensure that all your tax liability needs are met with our patented process that handles corporations of every size and geographic reach.

Learn more about ONESOURCE Determination and other tax compliance solutions at tax.tr.com/determination.

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Thomson Reuters ONESOURCE

Thomson Reuters ONESOURCE™ is the industry's leading corporate tax technology platform. ONESOURCE enables global tax compliance and accounting decision-making. In over 180 countries, ONESOURCE helps companies stay in compliance, avoid penalties and audits, save time, and increase efficiency through every step of the tax lifecycle, including corporate income tax, indirect tax, property tax, trust tax, tax information reporting, transfer pricing, data management, and internal processes. For more information, visit tax.tr.com/onesource.

Learn more about **ONESOURCE Determination and other tax compliance solutions** at tax.tr.com/determination.