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Simplify the Complex Indirect Tax Landscape

How Lenovo Used a Hybrid Approach to Streamline Its Tax and Auditing Processes

Global governments are increasing their reliance on indirect taxes (also known as consumption, transaction, value-added, and sales taxes) and using them to shore up deficits. This means businesses are being required to navigate a dynamic indirect tax landscape that is riddled with unique tax laws that vary by product type, country, province, state, and even city. In the US, for instance, businesses had to comply with over 580 indirect tax rate changes in 2012; outside of the US, there were over 2,000 tax rate and product taxability changes — Brazil routinely makes as many as 10 indirect tax law changes in a given week! The

dizzying array of global indirect tax changes is a serious headache for tax departments tasked with complying in a timely manner.

Take Control of Indirect Tax Processes

While ERP systems generally provide comprehensive and highly configurable tax code-based reporting that can be extended to provide box-level tax return reporting, these systems are often limited when it comes to determining and calculating some types of taxes or providing reports to comply with certain rules and regulations. This was the case for Lenovo.

As one of the world's largest personal computer manufacturers with businesses all over the globe — including in countries with some of the most complex tax structures — Lenovo needed a robust, best-of-breed indirect tax solution. With the goal of transforming its indirect tax compliance processes to save costs and resources, Lenovo decided on a hybrid approach, one that combined the flexibility and scalability of SAP ERP Financials with the domain-specific expertise and scope of the ONESOURCE Indirect Tax solution from Thomson Reuters (see sidebar).

This hybrid approach allowed tax decisions to be made at the time of a transaction, ensuring that accurate data was used for the compliance process. By taking a hybrid approach and combining SAP ERP Financials with the ONESOURCE Indirect Tax solution, Lenovo has been able to maintain data for more than 1,500 global tax codes with a minimal need to identify and correct tax data errors.

A Weight Off Your Shoulders

Keeping track of indirect tax does not have to be a burden. By combining the ONESOURCE Indirect Tax solution with SAP ERP Financials, you can achieve a lower TCO, reduce the effort required to manage indirect tax, and ensure accurate billing — all while staying compliant with indirect tax regulations. To learn more, visit

<http://onesourceindirecttax.com>. ■

Benefits of Using an External Tax Engine

Is your company continuously dealing with complex or frequently changing tax rules and rates, different rules in different countries, or tax rules that are independent from ERP software? If this is the case, taking a hybrid approach to indirect taxes by using your ERP system in conjunction with the ONESOURCE Indirect Tax solution from Thomson Reuters may be the answer to your problems. The ONESOURCE Indirect Tax solution:

- Enables you to streamline tax calculation, determination, reconciliation, reporting, and audit preparation with a single, intuitive interface.
- Facilitates indirect tax planning with the ability to model transaction scenarios to achieve user-acceptance criteria. This ability helps companies understand the overall impact of new tax configurations and document their tax systems, policies, and processes to ensure compliance.
- Provides an automated indirect tax management process for IT, giving the tax department a simple set of rules to control.
- Guarantees data integrity by working in conjunction with SAP ERP Financials to ensure that the latest data is available for tax calculation.
- Accurately determines tax liability, eliminating tax penalties and interest costs while reducing overall cost of compliance.
- Provides Sarbanes-Oxley 404 compliance with comprehensive audit trails.