



# INNOVATE TAX

COMPLIANCE WITHOUT COMPROMISE

Indirect

**Tax has caught up with the digital world.  
Are you ready for what is coming?**

Hyperion Focus 2016

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**ORACLE** Gold  
Partner

# An introduction to Innovate Tax

- The largest, most experienced specialist in Oracle Indirect tax globally, able to roll out to any country
- Only works within Oracle applications (R12, Oracle Cloud)
- Specialises in Oracle tax engine but also expert third party tax engine integrators.
- Multi-award winning including European Innovator of the year 2016
- Consultants with 20 years Oracle experience
- Andrew Bohnet - Chair of the Tax Management Special Interest Group
- Head office in the UK, two new locations being established in Bulgaria and the United States of America.

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# Agenda

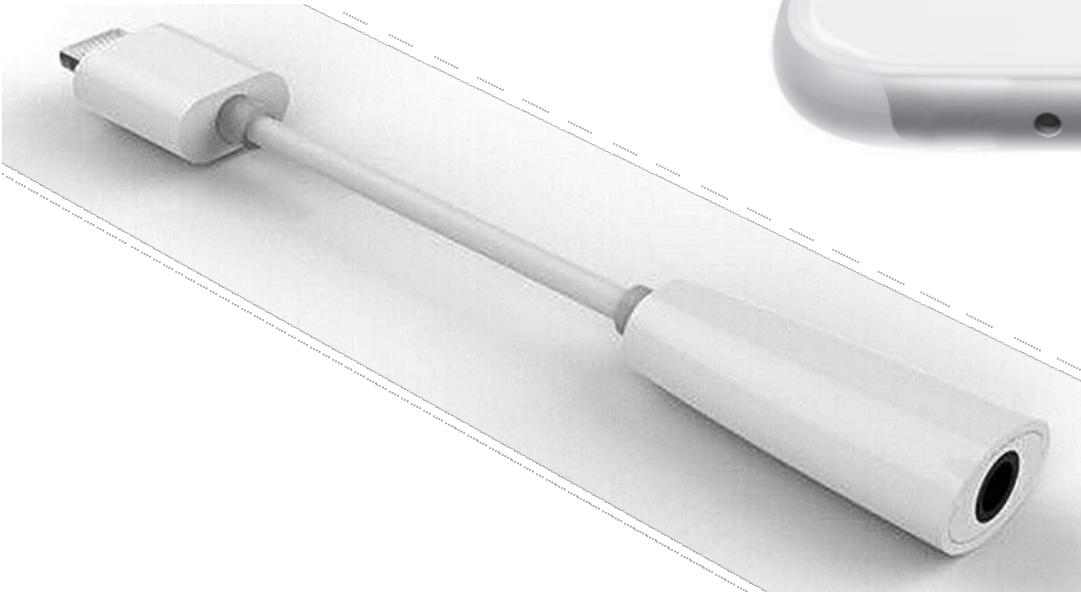
- **Tech revolution – Disrupter or Enabler?**
- **Going deeper – its not just the rate**
- **Moving forward**

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**No one likes change**



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# Disrupter or Enabler?

Whilst it is clear the technology being adopted is going to make it easier for the authorities to analyse the data it receives, what is the impact on the business that have to abide by the new rules and requirements?

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# BEPS

## BEPS – Base Erosion and Profit Shifting

OECD – Organisation for Economic Co-operation and Development

Changing laws on taxation over 100 years old

## CbCR – Country by Country Reporting

Turnover in excess of €750m

Provides access to detailed financial information

Assess Transfer Pricing risks



# VAT/GST Reporting

## SAF-T – Standard Audit File - Tax

OECD – Organisation for Economic Co-operation and Development

### SAF-T

- Portugal
- Poland
- Austria
- France
- Luxembourg
- Lithuania
- Norway\*

### SAF-T (Potential)

- Germany
- UK
- Czech Republic
- Ireland

### Transaction Network Analysis

- Belgium
- Netherlands

### GAF

- Malaysia

### Germany

- GDPdU



# VAT/GST Reporting

From OECD country - by country reporting and its Common Reporting Standard to the U.S. Foreign Account Tax Compliance Act (FATCA) to other legislation, governments across the globe are **demanding unprecedented amounts of information.** In different information and formats



# VAT/GST Reporting

In Estonia, simplicity and transparency in the improvements in VAT reporting and compliance resulted in a 12% improvement in VAT capture.

“That’s huge” In July 2015, the Estonian Tax and Customs Board reported €95 million more in VAT the first half of the year than in the equivalent period for the previous year.

Taavi Kotka – Estonian Tax and Customs Board



# Electronic Invoicing

- Unexpectedly, **Brazil is leading the way** with other south American countries like Mexico and Chile following suit.
- Every Transaction submitted to authorities to get tax number before being set to the customer
- Brazil generated **\$1.5 Billion** extra (Profit)
- Public become the enforcer
- China Golden Tax Adapter (Fapiao)

## Electronic Invoicing

In a decade or so “the government will calculate the tax return for you; tax compliance professionals should have very little manual work to perform.”

Chris DeVito - Sr. Director, International Taxation at Johnson & Johnson

# Electronic Invoicing

- What is next?
  - Governments will know before the CFO!
  - Electronic uptake of invoicing increasing in US and EU
  - When will we see same for US and EU?



# Electronic Invoicing

The nature of the audit is also fundamentally different. “Brazilian tax authorities, by law, can **directly interrogate the information** in a taxpayer’s financial system and come to a conclusion based on the information they retrieve

. Aidan O’Carroll, E Y

**Nowhere to hide**



**And you cannot bury  
your head in the sand**

# HMRC

- £1.3b investment “to become one of the most digitally advanced tax administrations”
- VAT – all submissions to be on line – and not manually!
- The Blame Game (penalties for tax avoidance enablers)
- Help business plan – better cash flow with ‘Pay As You Go’

# HMRC

Many companies are surprisingly ill-prepared for the technological requirements governments are imposing and their implications.

“the drivers in tax are changing enormously, but most tax people are adapting new technology only when the things around them force them to.”



# Cloud, Cloud, all I hear is Cloud!

- Standardisation
- Direct connectivity
- More take up
- Less chance of data manipulation
- Talent development – everyone uses same solution, better business processes

# The Future

- Brexit
- 3d Printing
- Bitcoins
- Virtual Reality
- Digital Economy
  - Biggest challenge is determining what the digital economy is!
  - Tax it correctly or just tax it?
  - Use of Proxy server – where are you?
  - MOSS Reporting – separate tax recording. (the future state?)
  - Frequent law changes

The concern is not so much that there will be greater levels of transparency and closer to real-time access to data, but **how we can respond to the inevitable increase in information requests from taxing authorities to provide meaningful, contextual and accurate explanations.**”

Steve Foster - Executive Director, Global Tax Operations Dell Inc. Now a partner at EY

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# Its not just about the rate

Ultimately, 'Tax is Tax' where there should be just one outcome for each scenario but its not just about the tax percentage determined as the information collected based on the tax rate is used in multiple reports and as such needs a lot more detail.

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## The future

“For the tax function, the challenge is not just looking for big data, but good data.”

Dr Paul Kielstra

# Compliance and Reporting

- SAF-T – Reporting – Compliance
- BEPS – Reporting - Compliance
- CBcR – Reporting - Compliance
- Electronic Invoicing – Reporting - Compliance
- Electronic Submissions – Reporting - Compliance

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# In Real Time Please

The world is changing and the digital transformation of how indirect tax is reported, audited and collected is now a main focus of many tax authorities.

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# The indirect tax digital transformation

- Still reporting tax by GL date?
- Do you really trust your ERP data?
- Are users choosing tax rates?
- Using a shared service centre?
- Love Excel?
- No common fiscal policy. Even OECD provides ‘guidelines’, not ‘rules’!



# Achieving total compliance

- Think Global and standardise
- Minimise user interaction
- Design for shared service centres
- Tax Compliance Manager
- TACT – Tax Analytics and Compliance Tool
- Item Tax Manager
- Automated Adjustments
- Direct tax reporting



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# Why Innovate Tax?

- Consultants with 20 years Oracle experience
- Well over 100 countries preconfigured ready to go
- Fastest Oracle indirect tax implementation process anywhere
- Game changing compliance and Analytical tools (Bolt-on)
- Predefined solutions – MOSS, Drop Shipments, Bonded Warehouses, Digital Sales, AGIS and Intercompany, US Thresholds
- Full support and maintenance including free Oracle Cloud upgrade
- Everyone else uses us. Multiple partnerships as we are the ‘go-to’ company for any Oracle indirect tax requirements