MAKING VAT SIMPLE

itax4apps

ORACLE

eTax
&
iTax

2022-11

4apps group

AGENDA

- introduction
- etax4apps
- itax4apps
  - Filing
  - Demo
  - Model
- q&a

4APPS GROUP

Since 2001
30+ experienced consultants

Oracle ERP
Core Competence and Expertise Center

Process & Output
Process Focus
Output Driven

Experts
Functional & Technical Skills with Business Knowledge

Oracle Partner
Oracle NetSuite Alliance Partner
Oracle Gold Partner

itax4apps
A true end-to-end solution for indirect Tax

ABOUT US

Frank Laarhoven

- Managing & Founding Partner 4apps
- Sales Manager
- Over 20 years of Oracle experience
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ITAX4APPS CUSTOMERS

KRAMP

ahead with
smart logistics

FLUKE

itax4apps

IBFD

Canon
CANON MEDICAL

GRACO

Huhtamaki

LEGENDA

Value Added Tax (VAT)

(Indirect Tax)

Determination part

eTax

- Tax on Transactions
- Tax Engines
- Tax Rules
- Tax Regimes
- Tax Rates
- Tax Flows
- Tax Boxes

Services

etax4apps

Reporting part

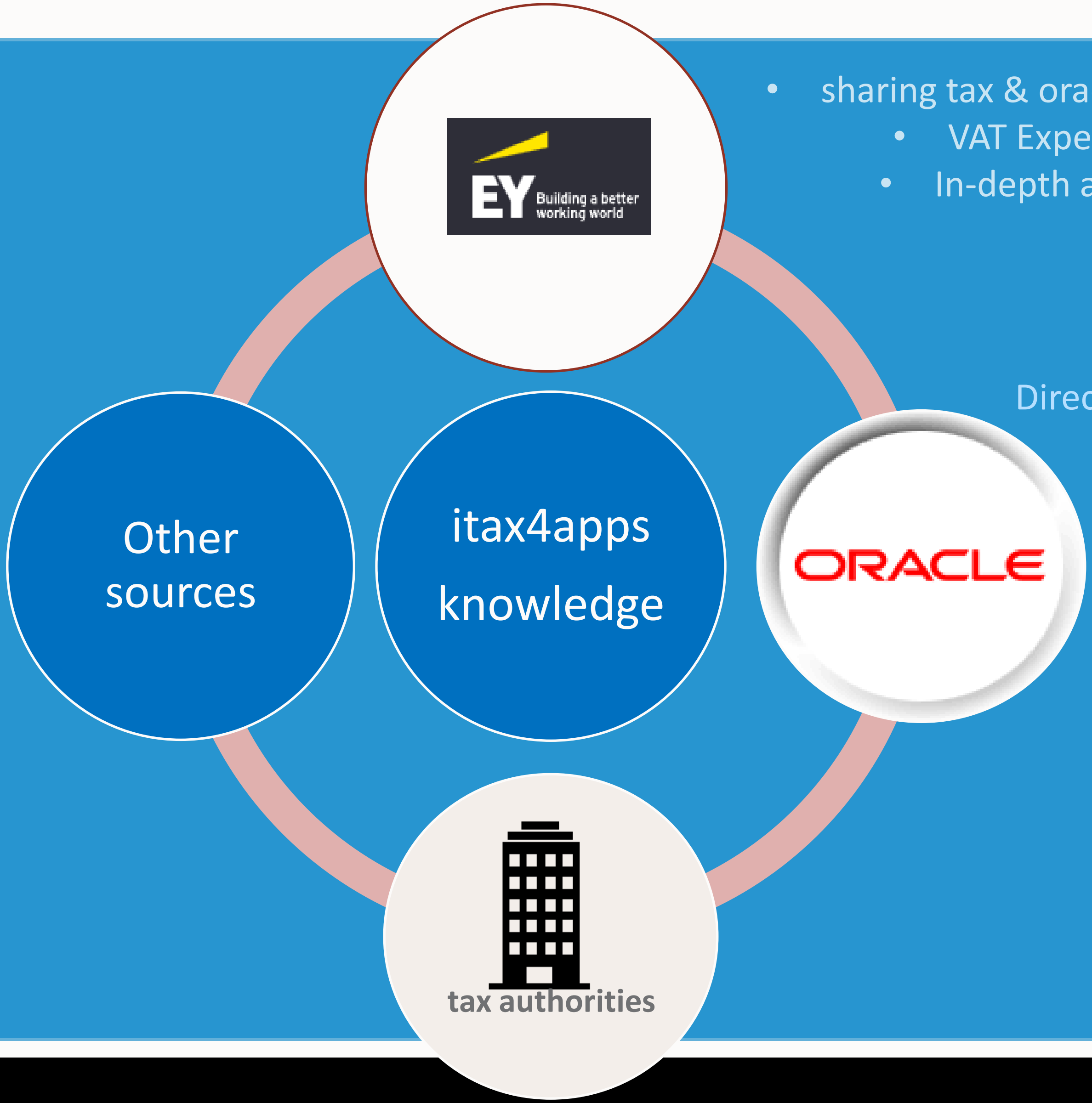
iTax

- Tax Processing
- Tax Reconciliation
- Tax Declaration
- Tax filing
- Tax Authorities Integration
- Tax VIES Integration
- Tax VIES Validation
- Tax Compliancy
- Tax Summary

itax4apps

Solution

KNOWLEDGE SOURCES & SHARING



- sharing tax & oracle knowledge
  - VAT Experience
  - In-depth analysis

Direct ‘how to’ conversations

- VAT handling
- SAF-T integration
- Roles in various countries
- Exchanging views
- New developments

direct contacts: Mr. Carlos Saez/ Mr. Hein Wagenaar

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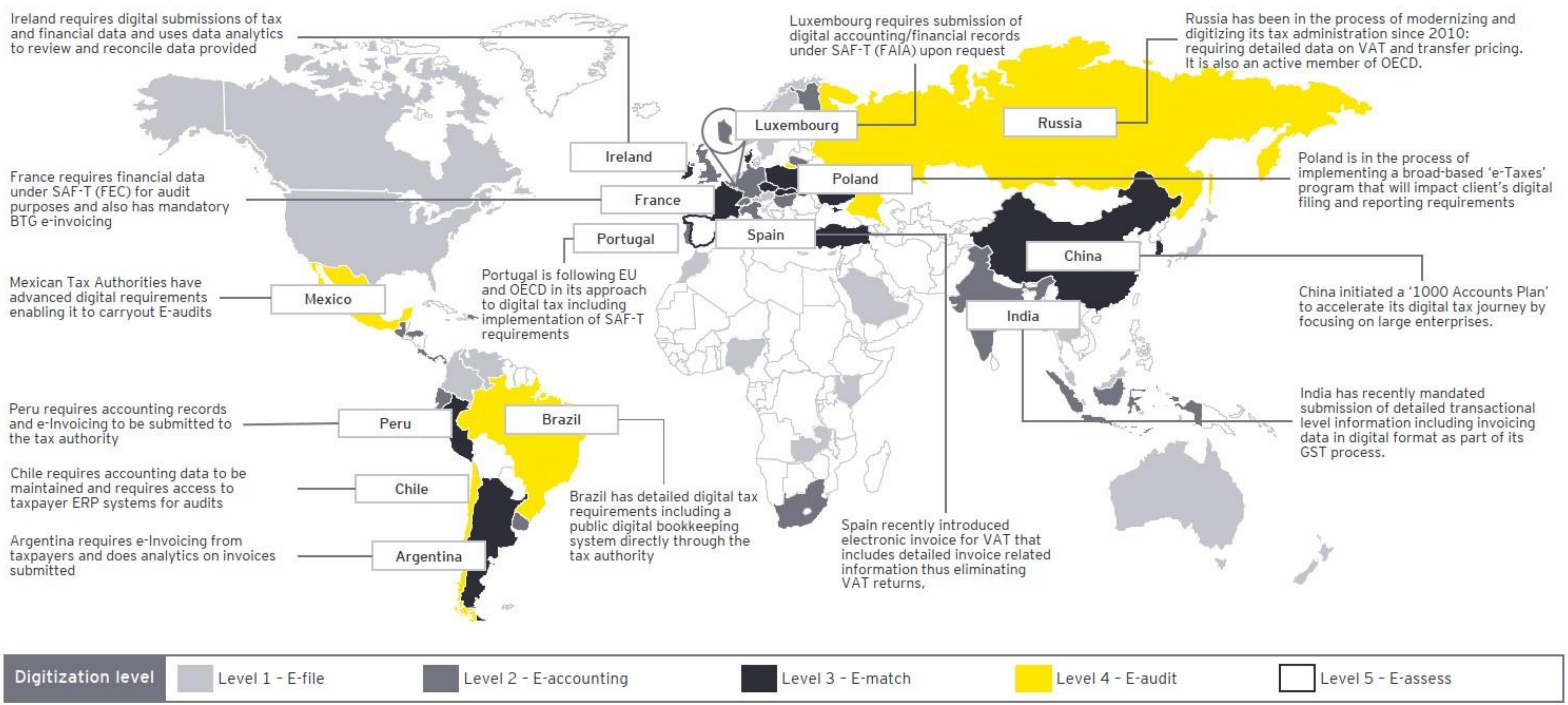
GLOBAL DIGITIZATION



courtesy EY Building a better working world

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DIGITIZATION LEVELS

Level 1	Level 2		Level 3	Level 4		Level 5
"E-file"	**"E-accounting"**	**Paradigm shift**	**"E-match"**	**"E-audit"**	**Disruptive**	**"E-assess"**
Use of standardized electronic form for filing tax returns required or optional; other income data (e.g., payroll, financial) filed electronically and matched annually	Submit accounting or other source data to support filings (e.g., invoices, trial balances) in a defined electronic format to a defined timetable; frequent *additions and changes at this level*		Submit additional accounting and source data; government accesses additional data (bank statements), begins to match data across tax types and potentially across taxpayers and jurisdictions in real time	L2 data analyzed by government entities and cross-checked to filings in real-time to map the geographic economic ecosystem; taxpayers receiving electronic audit assessments with limited time to respond		Government entities using submitted data to assess tax without the need for tax forms; taxpayers allowed a limited time to audit government-calculated tax

courtesy EY Building a better working world

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EUROPEAN VAT GAP

VAT GAP IN 2019 (EUR million)

AUSTRIA	2,895	DENMARK	2,778	HUNGARY	1,483	MALTA	287	SLOVENIA	298
BELGIUM	4,444	ESTONIA	116	IRELAND	1,721	NETHERLANDS	2,660	SPAIN	5,840
BULGARIA	508	FINLAND	646	ITALY	30,106	POLAND	5,379	SWEDEN	597
CZECHIA	2,835	FRANCE	13,858	LATVIA	237	PORTUGAL	1,609	UNITED KINGDOM	17,176
CROATIA	77	GERMANY	23,443	LITHUANIA	1,048	ROMANIA	7,411		
CYPRUS	54	GREECE	5,350	LUXEMBOURG	267	SLOVAKIA	1,313		

Total EU-28	**134,436**

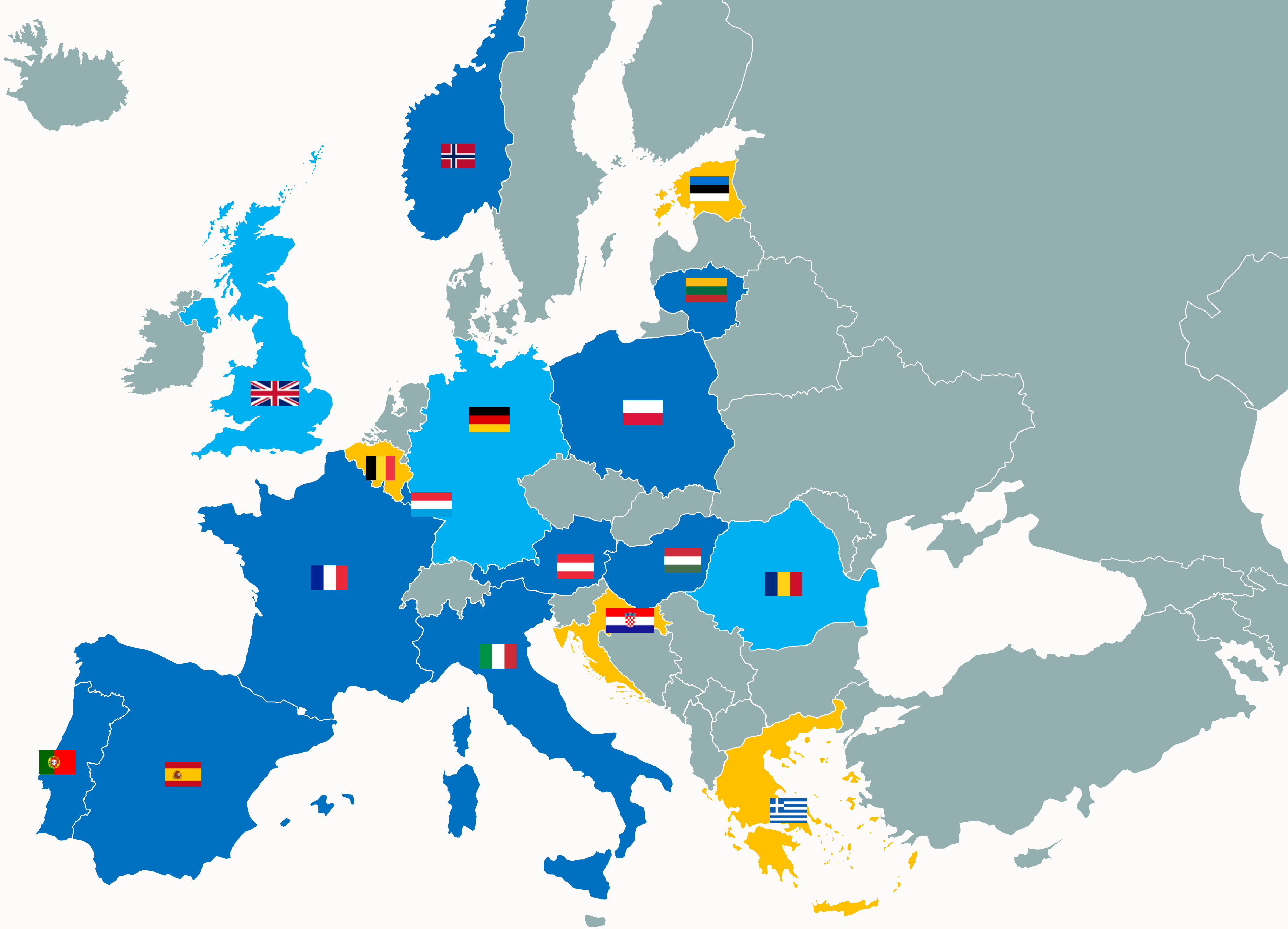
PER 2022-11

EUROPE IS CLOSING THE VAT GAP

LEGENDA

DIGITAL COVERAGE

- STANDARD AUDIT FILE FOR TAX (SAF-T) / CONTINUOUS TRANSACTION CONTROLS (CTC)
- OTHER FORMAT
- FUTURE



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INVOICE REPORTING ROADMAP

High – level e – invoicing & e – reporting watchlist*

2022

January
Italy – New e-archiving requirements
Romania – SAF-T for large taxpayers
Poland – Voluntary e-invoicing
Panama – New registered taxpayers must adhere to e-invoicing regulation
Peru – Platform for e-invoicing and electronic fee receipts available
Mexico – Mandatory use of Carta Porte 2.0

May
Luxembourg – B2G mandate
Serbia – B2G mandate

July
Romania – Mandate for high-risk products & B2G mandate
Italy – Cross-border reporting
Philippines – Start next pilot e-invoicing
Australia – B2G e-invoicing for Commonwealth Government entities
San Marino – Mandatory e-invoicing
Serbia – B2B e-invoicing reception and storage
Vietnam – Mandatory e-invoicing
Guatemala – Mandatory e-invoicing mandate

August
Panama – B2G mandate

2023

January
Romania – SAF-T for medium taxpayers
Saudi-Arabia – Mandatory e-invoicing (Integration phase)
Portugal – Obligation to include ATCUD in invoices
Serbia – B2B e-invoicing issuance mandatory
Philippines – Phased roll-out of e-invoicing mandate
Panama – All participants of the e-invoicing pilot mandated to use e-invoices & certain taxpayers
Portugal – B2G mandate micro-enterprises
Portugal – SAF-T for non-established businesses
Mexico – Obligation to use CFDI 4.0

April
Egypt – E-invoicing mandate fully implemented
Slovakia – E-invoicing pilot programme B2G (voluntary)

October
Japan – Qualified invoice system

2024

January
Poland – Mandatory e-invoicing
Denmark – Phased roll-out of e-invoicing mandate

July
Belgium – (Envisaged) phased roll-out of B2B e-invoicing mandate
France – B2B mandate reception all taxpayers, issuance large taxpayers
Spain – (Envisaged) mandatory B2B e-invoicing

2025

January
France – B2B mandate issuance mid-sized companies
Ukraine – SAF-T for Large taxpayers
Romania – SAF-T all taxpayers
Latvia – (Envisaged) B2B & B2G mandate
China – (Expected) Special e-fapiao VAT invoice
Slovakia – Mandatory e-invoicing B2B/B2C

2026

January
France – B2B mandate issuance small companies

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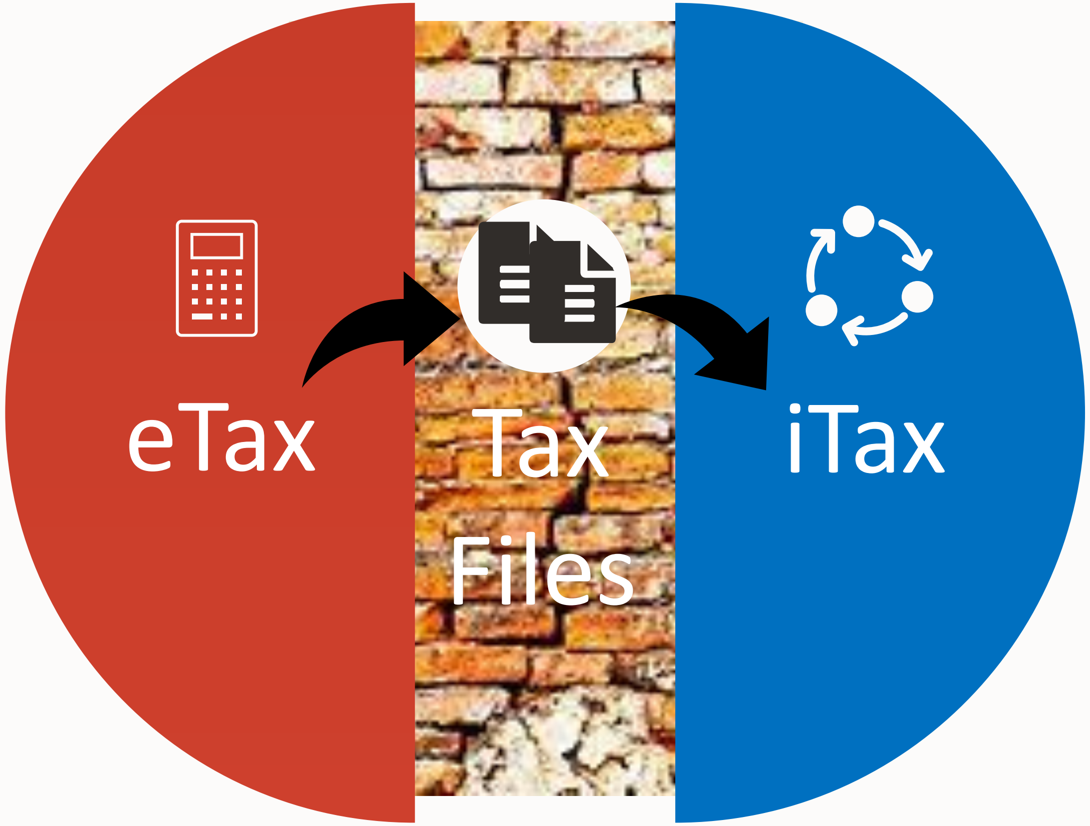
VAT PROCESS
COMMON PRACTICE

ORACLE
VERTEX
SOVOS
TaxJar
THOMSON REUTERS
Avalara



Integrated / 3rd Party Tax Engines
Custom / Migrated Tax Rules

Reporting /Reconciliation
Custom Reports/Pivots in Excel

iTAX PROCESS
COMMON PRACTICE

5. VAT Reconciliation
4. VAT Declaration
3. Create Pivot table(s)
2. Import into Excel
1. Export transactions

Tax Reports

Tax (Dump) Files

BOTTOM-UP

iTAX PROCESS CHALLENGES

- Limited and poorly-functioning (VAT) reports
- Excel dependency risk
- Late discovery of incorrect transactions
- Not up to date due to constant new tax regulations
- No automated integration with Tax Authorities

VAT COMPLIANCE
STATUS QUO

eTax

How?	Who?
Integrated Tax Engines Custom/Migrated Tax Rules	**IT Department**
3rd Party Tax Engines Custom/Migrated Tax Rules	**IT Consultancy**

VIES

+

iTax

How?	Who?
	VAT Specialists **Service Providers**

Tax Authorities

=

Business Decision

STATUS QUO

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VAT PROCESS
eTAX

Integrated Tax Engines

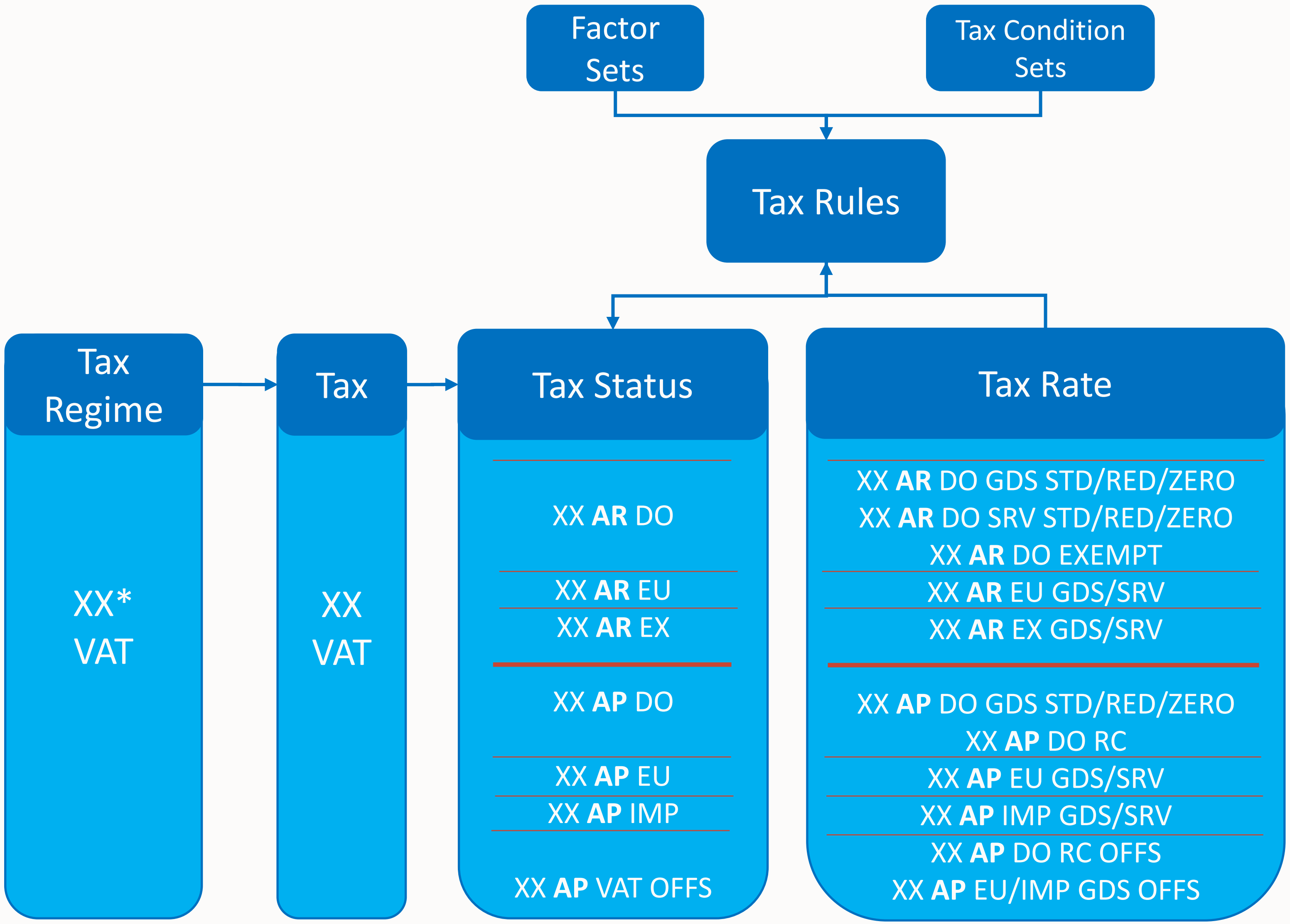
4apps group Standard Tax Rules

SAFE HARBOR STATEMENT

This presentation is intended as a discussion document for specific questions related to VAT Determination. It is intended for information purposes only and should not be relied upon as the only basis for making a decision to solve these specific questions. We strongly advise you to consult your fiscal partner to review the VAT Determination before making an actual decision as 4apps group is not specialized in VAT determination from a legal and fiscal business process point of view. We are specialized in implementing the optimal Tax solution in Oracle e-Tax based on this VAT determination that is advised by your fiscal partner.

eTAX
DEFINITION HIERARCHY

Regime to Rates Flow

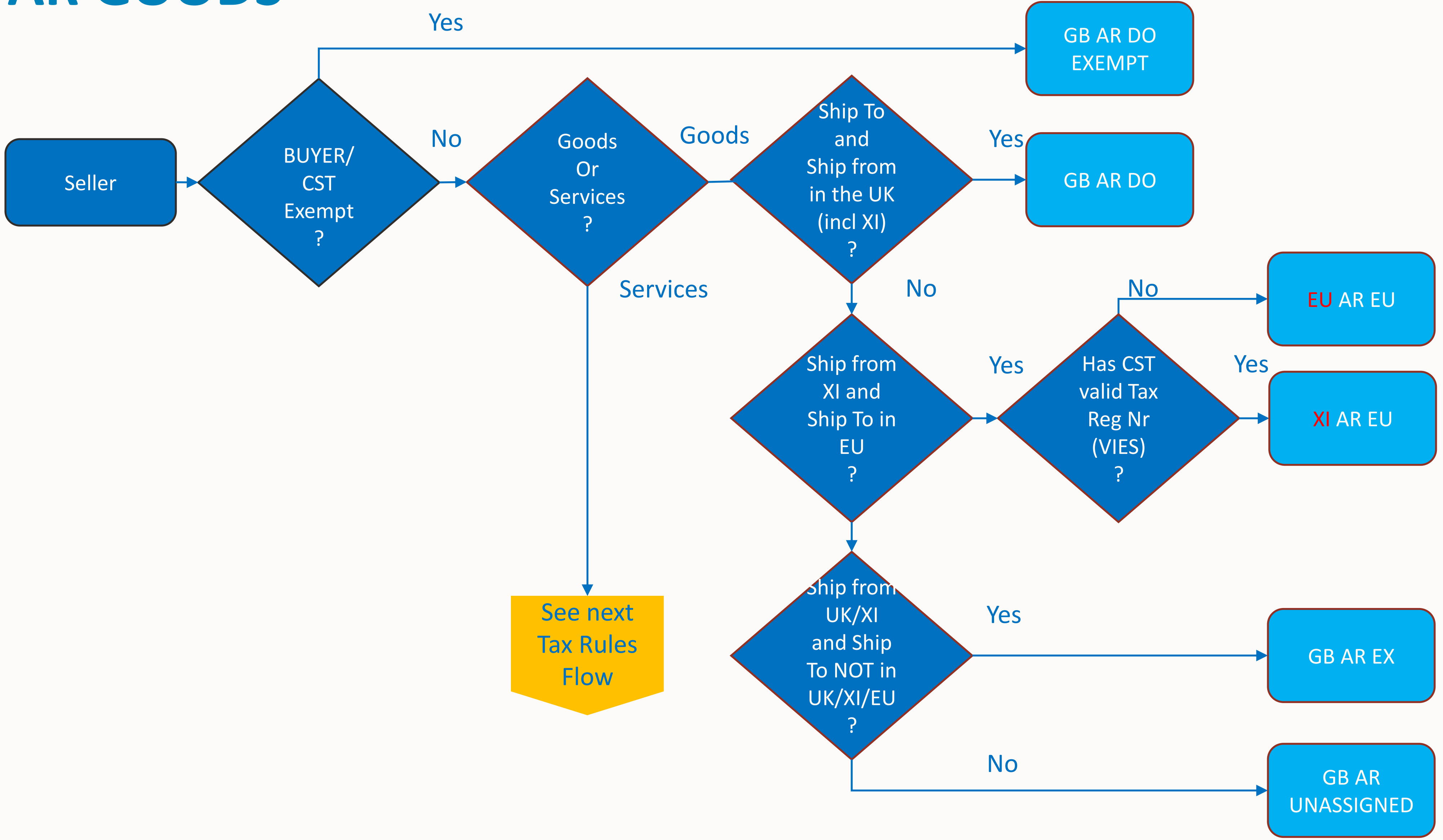


* Country Code abbreviation

GB EXAMPLE

eTAX
RULE FLOW

AR GOODS



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GB EXAMPLE

eTAX TO iTAX MAPPING

Map Rates to Boxes

Tax Rate	VAT Class	Rate (%)	Rate Description	Invoices / Credit Memo's Taxable Recoverable Box	Invoices / Credit Memo's Tax Recoverable Box
GB AP DO STD	Input	20	GB AP Domestic Standard	GB-7	GB-4
GB AP DO RED	Input	5	GB AP Domestic Reduced	GB-7	GB-4
GB AP DO ZERO	Input	0	GB AP Domestic Zero	GB-7	GB-4
XI AP EU GDS	Input	20	XI AP EU Goods	GB-7/GB-9	GB-4
XI AP EU GDS OFFS	Input	-20	XI AP EU Offset - Goods		GB-2
XI AP EU SRV	Input	20	XI AP EU Services	GB-7/GB-9	GB-4
XI AP EU SRV OFFS	Input	-20	XI AP EU Offset - Services		GB-2
GB AP IMP GDS	Input	20	GB AP Import Standard	GB-7	GB-4
GB AP IMP GDS OFFS	Input	-20	GB AP Import Standard Offset		GB-1
GB AP IMP SRV	Input	20	GB AP Import Standard	GB-7	GB-4
GB AP IMP SRV OFFS	Input	-20	GB AP Import Standard Offset	GB-1	GB-1
GB AP DO RC	Input	20	GB AP Reversed Charged	GB-7	
GB AP DO RC OFFS	Input	-20	GB AP Reversed Charged Offset		
GB AP OOS	Input	0	GB AP Out of Scope		
GB AR DO GDS STD	Output	20	GB AR Domestic Goods Standard	GB-6	GB-1
GB AR DO SRV STD	Output	20	GB AR Domestic Services Standard	GB-6	GB-1
GB AR DO GDS RED	Output	5	GB AR Domestic Goods Reduced	GB-6	GB-1
GB AR DO SRV RED	Output	5	GB AR Domestic Services Reduced	GB-6	GB-1
GB AR DO GDS ZERO	Output	0	GB AR Domestic Goods Zero	GB-6	GB-1
GB AR DO SRV ZERO	Output	0	GB AR Domestic Services Zero	GB-6	GB-1
GB AR DO EXEMPT	Output	0	GB AR Domestic Exempt	GB-6	
XI AR EU GDS	Output	0	XI AR EU Sales - Goods	GB-6/GB-8	
XI AR EU SRV	Output	0	XI AR EU Sales - Services	GB-6/GB-8	
GB AR EX GDS	Output	0	GB AR Export Goods	GB-6	GB-1
GB AR EX SRV	Output	0	GB AR Export Services	GB-6	GB-1
GB AR OOS	Output	0	GB AR Out of Scope		

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VAT PROCESS CHALLENGE

Integrated Tax Engines

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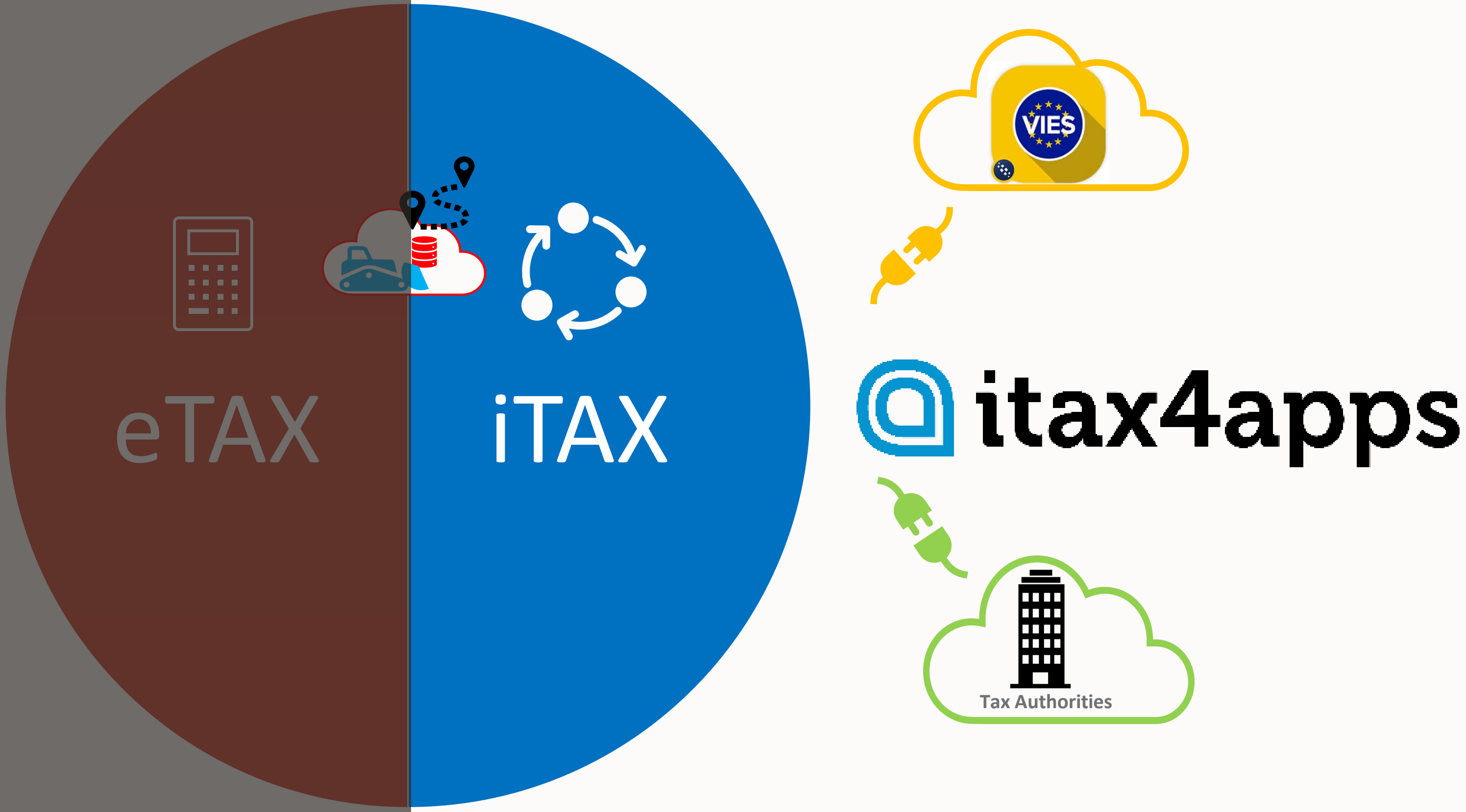

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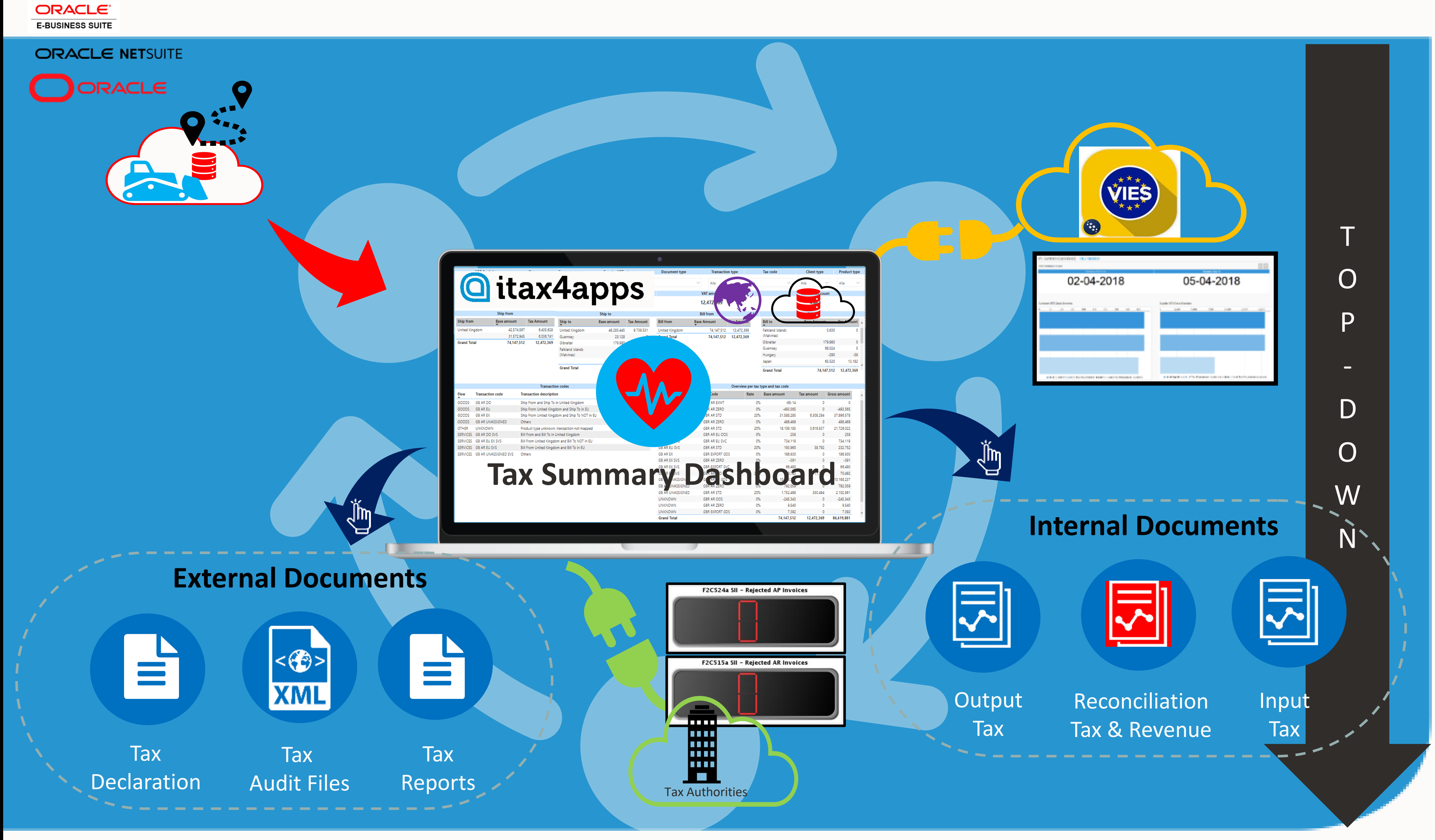
ITAX4APPS



* VAT Compliancy made visable in PowerBI

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PER 2022-06

COVERAGE ITAX4APPS

itax4apps

LEGENDA

COVERAGE

EU

NON-EU

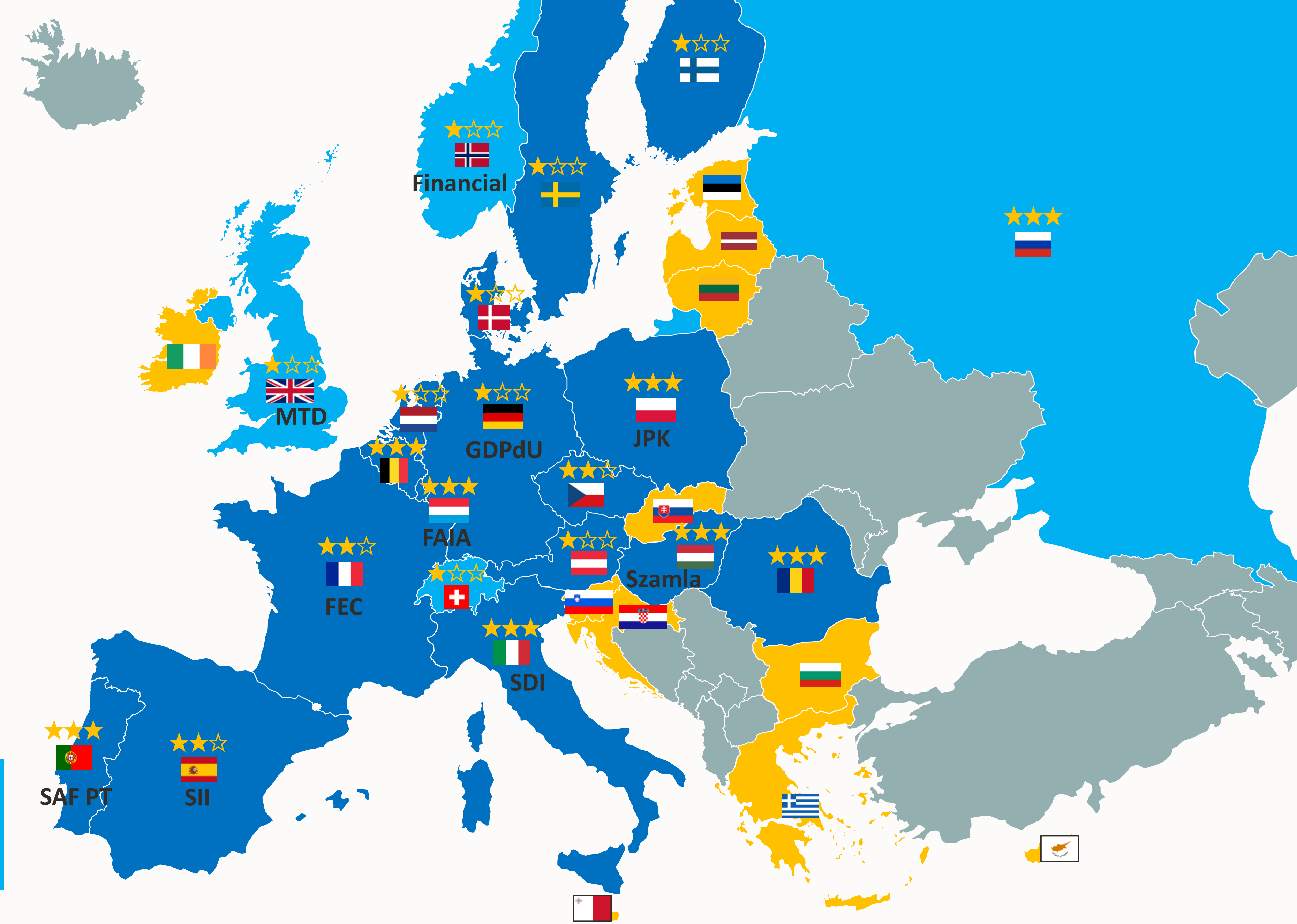
PLANNED 2022

COMPLEXITY PER COUNTRY

HIGH ★★★

MEDIUM ★★☆

LOW ★☆☆



★★★ US Sales Tax*

★★☆ South Africa

★★☆ Malaysia

* Some States

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EXAMPLE PROCESS SPAIN

COMPLEXITY

SPAIN

SAF-T

AUDIT FORMAT NAME

SII - Suministro Inmediato de Información

FREQUENCY

Within 4 days

START DATE

July 2017

DESCRIPTION

No longer required to file forms **347** (third-party transactions), **340** (record books) and **390** (annual VAT summary). Required for business with over 6 million euro turnover per year.

KEY CONSIDERATIONS

1. AP taxable amount per rate (depends on tax setup)
2. VIES validation is crucial
3. EU purchases in domestic SII file
4. Invoice Standard vs Invoice Simple
5. Treatment of credit notes and other corrections (no simple cancelling of transactions)
6. Rental invoices must be classified separately
7. Certificate for machine-to-machine requires attention

ITAX4APPS SOLUTION

- Automated machine-to-machine interface (based on webservices)
- Automated VIES Validation
- Includes exception reporting – status per invoice

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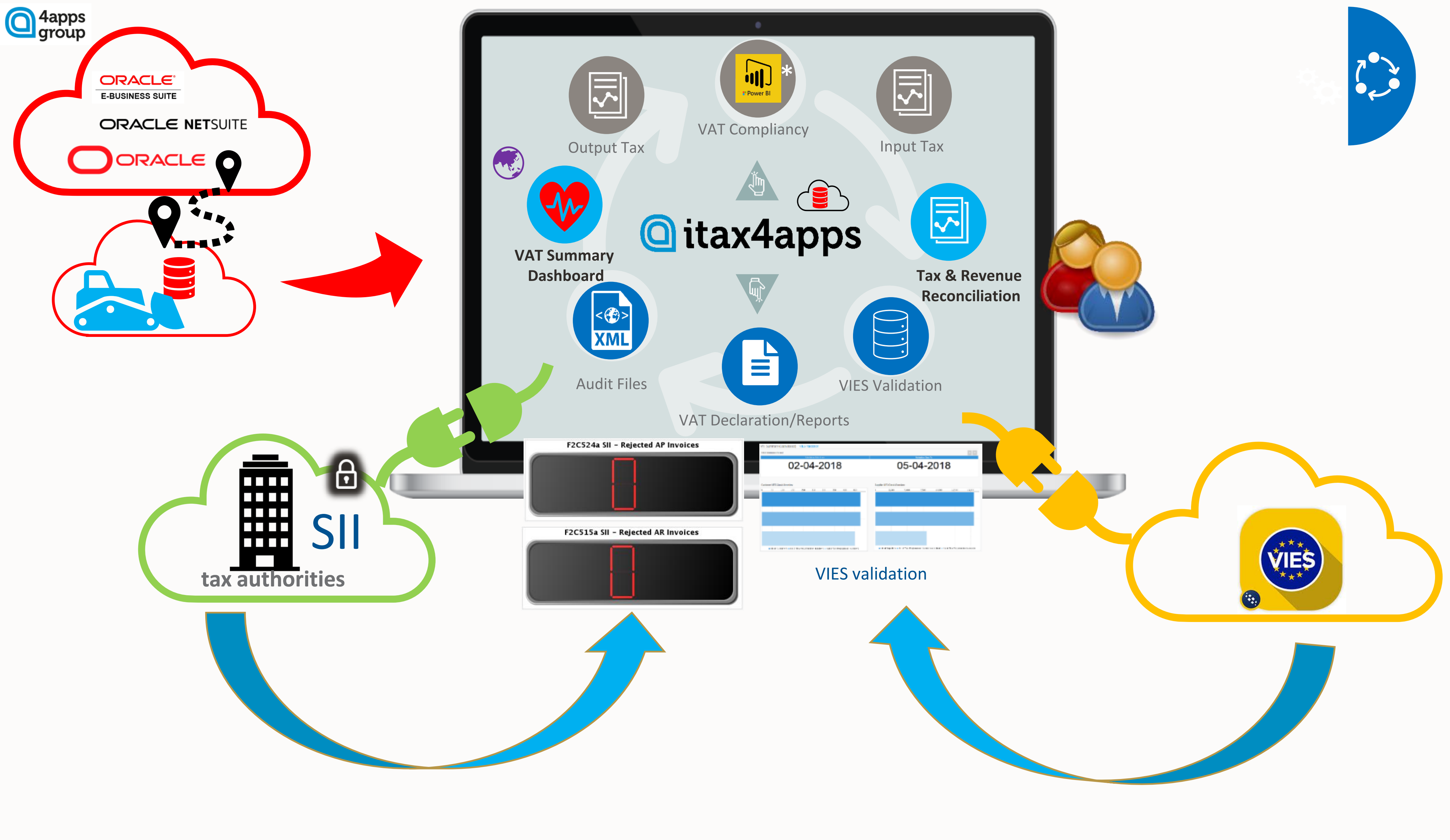
CONTINUOUS TRANSACTION PROCESS SPAIN



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DEMO

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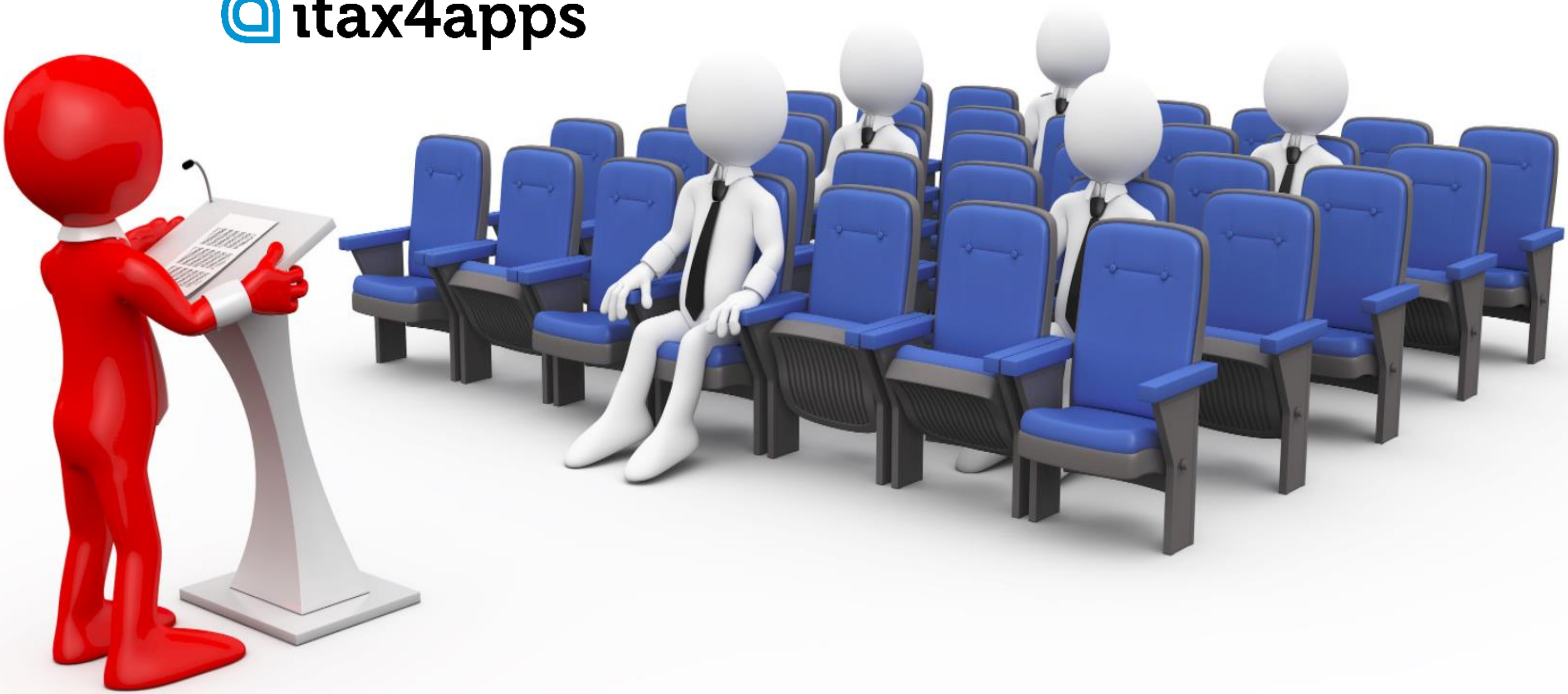

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VAT COMPLIANCE STATUS QUO

eTax			iTax			
How?	**Who?**	+	**How?**	**Who?**	=	**Business Decision**
Integrated Tax Engines Custom/Migrated Tax Rules	IT Department			VAT Specialists		
3rd Party Tax Engines Custom/Migrated Tax Rules	IT Consultancy			Service Providers		**STATUS QUO**

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VAT COMPLIANCE CHALLENGE

eTax

How?	Who?
Integrated Tax Engines	VAT Specialist
4apps group Standard Tax Rules	**Tax Advisor**

iTax

How?	Who?
VIES itax4apps Tax Authorities	Financial Accountants

Business Decision

REAL DIGITALIZATION

eTAX & iTAX
VAT COMPLIANCY

* VAT Compliancy made visable in PowerBI

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ITAX4APPS

* VAT Compliancy made visable in PowerBI

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ITAX4APPS SOLUTION MODEL

@itax4apps

SOLUTION TYPE	SOLUTION NAME	SOLUTION DESCRIPTION
	itax4apps	A true indirect tax Solution for VAT compliancy, hosted on Oracle Cloud Infra, including near real-time Oracle NetSuite and continuous VIES database integration
	country4itax	Country specific true indirect tax Solution for VAT compliancy
	filing4itax	Country specific automated continuous Tax Authority integration

Tax Authorities

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ITAX4APPS SERVICE MODEL

@itax4apps

SOLUTION TYPE	SOLUTION NAME	SERVICE DESCRIPTION
	etax4apps	Standardizing VAT determination
	itax4apps	itax4apps Installation on cloud4itax itax4apps & Source application Connection Setup & Data Load & Data Validation itax4apps Connection Setup itax4apps & VIES Database Connection Setup
	country4itax	Country specific itax4apps Configuration & Tax Box Mapping
	filing4itax	Country specific itax4apps Tax Authority Integration Setup

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QUESTIONS & ANSWERS

Q & A

INFORMATION

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