



# VAT Add-on

## *for use with SAP*

**The VAT determination logic within SAP was developed more than 25 years ago without any significant changes since then. Over the last 25 years however, the European VAT rules have changed significantly, creating huge complexity for an ERP system designed around a simple tax regime. As a result, a multinational company with mid-to-complex business flows simply cannot be VAT compliant without modifying standard SAP, and ensuring that these modifications are constantly maintained.**

Many companies running SAP are either unaware of the extent to which they are not compliant, or only have partial solutions to cope with the problem. As tax administrations across Europe sharpen their focus on non-compliant taxpayers, the trend to review the ERP system as a source of VAT compliance risk, is increasing. Businesses can no longer accept the inherent risks, and therefore require a solid fix that is simple to implement and maintain.

**Meridian's VAT Add-on for use with SAP delivers a VAT compliant determination solution, built into your SAP R/3 software. The VAT Add-on is designed by highly experienced VAT consultants and SAP consultants with more than 20 years in depth knowledge of VAT determination in SAP and SAP integration functionality.**

The VAT Add-on is designed not only to address the shortcomings within SAP's VAT determination and reporting logic, but to bring simplicity and transparency into your VAT determination in SAP.

## Why Meridian?

Meridian offer a unique team of International VAT and SAP systems experts, which have deep experience in understanding how 'best in class' companies achieve accurate VAT compliance and efficient processes in their SAP systems.

If you are looking to achieve 'best practice' across your SAP and VAT systems processes, then Meridian is your ideal partner. Our consulting services range from strategic assignments – where we evaluate the best VAT system design, configuration options or third party interfaces and tax engines – to a deep-dive audit of your existing configuration, to identify errors and weaknesses that expose your company to real financial risks.

Given our unique blend of VAT and SAP skills, we use our practical experience to quickly identify your business flows, in order to gain the necessary understanding of the complexity of your global VAT issues. Our SAP system consultants, as well as our International VAT consultants, are knowledgeable in both areas. This prevents the common communication gaps and ensures an effective bridge between your business, VAT and IT staff.

## An end-to-end solution

We help companies select the right solution for their business. If a decision is made to implement the VAT Add-on, then Meridian can provide full end-to-end support, including:

- Defining a business case, the project scope and plan, and the project team
- Producing detailed user and functional specifications (for internal IT team)
- Configuring your SAP system
- Formulating test scripts and coordinating user-acceptance testing
- Preparing documentation and delivering training, in multiple languages, to introduce, explain and reinforce the key concepts and process changes
- Cleaning-up your master data
- Preparation for go-live
- After go-live support

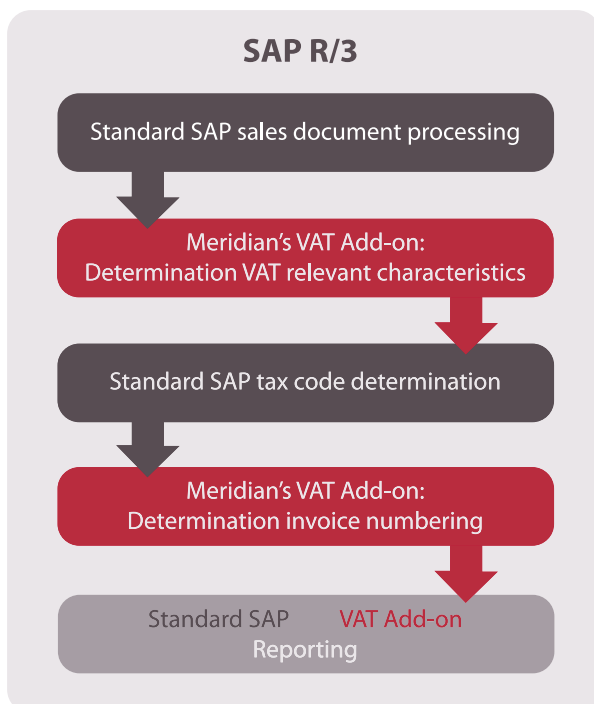
## VAT Add-on features

The VAT Add-on for use with SAP solves all known pitfalls and shortcomings within VAT determination and reporting in SAP.

Meridian's VAT Add-on for use with SAP:

- Ensures the correct determination of your legal partner for VAT and its VAT ID number
- Ensures a correct and flexible determination of the tax departure country, the tax destination country and the tax classifications of your customers and materials
- Automates determination of triangular or A-B-C transactions
- Automates determination of bonded/not in free circulation goods
- Corrects VAT determination for Plants Abroad functionality
- Corrects currency translations within the VAT reports
- Automates determination of correct, sequential invoice number ranges without gaps (in case of foreign VAT registrations or fiscal entities/VAT groups)
- Automates determination of VAT warehouses
- Automates determination of special, local VAT rules (simplification, extended reverse charge mechanisms, etc.)
- Automates determination of special VAT regions across the European Union

## How the VAT Add-on works



## VAT Add-on benefits

### Reduces VAT compliance risk

- Corrects scenarios where SAP will make wrong tax decisions
- Eliminates instances where sensitive tax decisions are made by non-tax staff
- Reduces risk associated with manual processes, which are inherently subject to human error
- Reduces financial risk exposure associated with non-compliance

### Reduces VAT compliance costs

- Significant reduction in manual VAT reporting processes
- Removes need to manually change sales orders
- Significant reduction in manual VAT reconciliation processes

### Improves VAT compliance and transparency

- Simplifies the VAT determination logic in SAP bringing transparency over the whole process
- Allows automated VAT determination and compliance with all known European Union VAT rules
- 'Best in class' approach to reduce risk profile with tax administration

### Reduced cost of SAP system maintenance

- Built directly into SAP R/3, using standard SAP technology
- No external software and no interfacing systems required
- Proven technology – used in many large multinational companies
- SAP release independent

# About Meridian International VAT Consulting



## Tax Technology

Multinational companies rely extensively on their ERP systems to handle their international VAT compliance obligations, efficiently and in accordance with all legal rules and regulations. Understanding the complexity of a company's global business flows, and ensuring that these are correctly configured and aligned in the ERP system is a significant headache for both tax and IT systems professionals. Meridian's tax technology capabilities are designed to help businesses overcome these challenges, ensuring that the ERP system and processes are streamlined as an effective tool to improve and maintain the highest levels of VAT compliance, at the lowest cost.

Our tax technology solutions deliver practical and relevant advice, based on over two decades experience in international VAT and ERP systems consulting.

Our Tax Technology Solutions include:

- Consulting – best practice
- ERP system risk review
- VAT Add-on for use with SAP

For further information contact...

### Ryan Ostilly

E [ryan.ostilly@meridianglobalservices.com](mailto:ryan.ostilly@meridianglobalservices.com)  
T +44 208 601 4600

Meridian has been offering international VAT compliance and consulting services as part of its package of services for over 20 years. During this time, Meridian has accumulated significant, practical experience in assisting some of Europe's leading businesses remodel their supply chains in a VAT compliant and efficient manner and implement best practice configuration within their ERP systems. It is our expertise in International VAT and its practical application that our clients value.

Our services are delivered by a world-class team of international VAT experts, led by consultants who make it their job to understand your business. You can leverage the experience of this team at any time, to provide you with international VAT advice, through one point of contact, who will speak to you in practical terms, designed to deliver tangible results.

Meridian's consultants oversee the management and implementation of all our service areas including:

- International VAT consulting
- International VAT compliance
- Tax technology and ERP systems consulting
- Supply chain restructuring and VAT modelling
- Strategic VAT management review and advice
- VAT audit and risk assessment
- Foreign VAT recovery

### Roger Lindelauf

E [roger.lindelauf@meridianglobalservices.com](mailto:roger.lindelauf@meridianglobalservices.com)  
T +44 208 601 4600

Or visit [www.meridianglobalservices.com/taxtechnology](http://www.meridianglobalservices.com/taxtechnology)

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