



# Leveraging indirect tax automation in your procurement transformation

**Maintain compliance, reduce costs,  
and increase cash flow**

Modernization of the procurement process generates significant value for an organization. Driving tax automation and optimization as part of procurement transformation streamlines often-disconnected processes and creates cross-functional efficiencies, resulting in both operational costs savings and a significant return on investment.

The economic and operation pressures that have resulted from the COVID-19 pandemic are driving businesses and governments to operate faster and more efficiently. Procurement digital transformation is front and center in this new normal. Ivalua's business spend management system supports the entire spectrum of the source-to-pay process—from supplier onboarding and engagement to sourcing, inventory, and payments. It is designed to give organizations real-time visibility and artificial-intelligence-powered insights into the ways spend happens in the organization—procurement, expenses, and accounts payable. Integrated master data management capabilities unify data across back-end systems.

KPMG can help you realize the value of your investment in Ivalua by streamlining and automating the processes around indirect tax and coordinating these enhancements with the Ivalua solution. The KPMG team has the experience and know-how to develop an effective framework around the accounts payable (AP) process, automate tax decisions, and create a streamlined reporting process, each of which helps you reduce costs and increase cash flow.

The calculation and reporting of indirect taxes (sales and use tax, goods and services tax [GST], value-added tax [VAT]) is integral to the requisition, purchase order, and invoice entry process. Whether using native Ivalua tax functionality or a third-party tax engine solution, companies must focus on their core indirect tax requirements during the implementation.

This includes designing and implementing the necessary master data granularity, process changes, and core Ivalua configurations to help ensure that taxes can be calculated correctly. During the validation and blueprinting phase of the project, our KPMG Tax Technology practice works with clients to assess your current requirements and identify the options you have in Ivalua to validate vendor-charged taxes and perform accruals when needed.





## What's new across the procurement landscape and indirect taxes?

Our KPMG Indirect Tax Technology team has seen an increased emphasis on reducing costs and improving cash flow which directly intersects with Ivalua and the purchasing process. This includes:

- Improving the process and technology to evaluate and short-pay erroneous vendor-charged tax to improve cash flow
- Accurately accounting for taxes in the requisition and purchase order approval process to account for true spend totals
- Implementing enhanced accuracy and automation to perform use tax and VAT reverse-charge accruals in Ivalua during AP invoice entry, thereby reducing manual compliance costs
- Enabling implementation of a centralized procurement process that manages spend, shipments, and tax obligations across an expanded jurisdiction footprint
- Maintaining compliance and reducing operational costs as the workforce evolves to a significantly more remote presence
- Creating a roadmap and scalable solutions for emerging mandates around e-invoicing and digital tax reporting.



## Critical indirect tax requirements

There are many critical touchpoints and requirements for indirect taxes related to the Ivalua procurement process. These include:

- Correctly identifying the nature of what is being purchased to derive the appropriate tax rules
- Including the correct expected vendor-charged tax amount on requisitions and purchase orders to allow for approval of workflows based on true cost
- Separately stating tax when processing invoices in Ivalua to support audits and to determine when additional tax accruals may be needed
- Validating vendor-charged tax to improve cash flow and reduce issues posting and paying vendor invoices
- Establishing a process to drive use tax accruals and cross-border VAT/GST reverse charges within Ivalua.

KPMG brings a diverse background and set of skills to work with organizations to embed leading-practice indirect tax processes within the Ivalua procure-to-pay process. This includes helping ensure that master data, workflows, configuration, reports, and integrations are designed and developed with a lens on indirect taxes.

Common indirect tax focus area for Ivalua	KPMG value add
→ Granularity and tax sensitivity of purchasing categories and commodity codes	KPMG has a dictionary of purchasing categories that are considered leading practice for taxes.
→ Automation of vendor-charged tax validation and accruals during invoice entry	KPMG has extensive experience implementing automation during AP processes for tax.
→ Help ensure ship-to, ad-hoc, and vendor addresses	KPMG leverages proprietary validation tools to cleanse addresses for master data cleanup.
→ Accurate indirect tax reports from Ivalua and OK2PAY	KPMG has prebuilt functional specifications for indirect tax reporting and reconciliations.
→ Integration of back-end enterprise resource planning (ERP) to post vendor-charged tax and use tax accruals	KPMG has designed back-end general ledger integrations for various ERPs (SAP, Oracle, JDE, etc.).



### **KPMG tools and services to enhance tax for Ivalua**

The KPMG Indirect Tax Technology practice utilizes a wide range of tools to enhance the indirect tax function. These tools and services can help you get the most of your Ivalua deployment and help ensure that the indirect tax function can contribute to the efficiencies created by the Ivalua platform.



### **Tax automation and integration**

KPMG can work with your team to deploy and/or integrate into an existing indirect tax software package to automate indirect tax decision-making, controls, and reporting from Ivalua. KPMG has a wide range of experience with various tax automation solutions. As a certified implementation partner of many tax engine solutions, KPMG can help provide guidance and support from vendor selection through to final implementation and/or integration. Our integration tax software solutions provide application programming interfaces (APIs) as a means to simplify, secure, and facilitate SaaS and on-premises tax automation integrations. Predefined APIs support tax data interactions with Ivalua while still preserving your tax data as aligned to any corporate data models.



### **Data and analytics**

Data is fundamentally changing the way businesses and tax authorities approach tax management, and KPMG can help you gain insight into your tax data to better monitor and manage taxes from the Ivalua process. Our market-leading data and analytics tools are specifically designed for the tax function to help increase visibility, access information, better manage risks, and identify opportunities for overpaid taxes. Whether you're looking for static diagnostic reports, services in the cloud, or custom-designed on-premises solutions, we can offer the tools in your preferred delivery model.



### **Procurement**

KPMG Powered Enterprise | Procurement enabled by Ivalua—embedded with years of leading practice, built upon preconfigured templates, and enhanced with automation—enables you to quickly transform and aims to derive enhanced value from your move to the cloud. Our finance background enables us to assess tax considerations and implications for procurement spend, helping our clients deliver tangible benefits and support transformation of procurement in their organization.

## Contact us

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