



Transforming Compliance Processes & Driving Sustainable Practices with Deloitte's Indirect Tax Logic (ITL)

In the ever-evolving sphere of excise taxation, compliance, and sustainability, [Deloitte's Suite of SAP Tax add-on products](#) offers a comprehensive solution to support businesses in complying with regulatory requirements.

Are you facing challenges to navigate through the complex landscape of excise tax automation in relation to your SAP S/4 HANA journey, all while striving to uphold environmental, social, and governance standards?

One of Deloitte's Indirect Tax Logic (ITL) SAP add-on modules (ITL ETX), helps businesses to prepare for dynamic and challenging Excise Tax regulations globally. It is here to transform your compliance processes and drive sustainable practices.

Let's explore this further through a real case study.

Client Issue

A global consumer business with a complex supply chain with multiple manufacturing entities, producing different types of excisable products, importing and exporting these products and selling them (intercompany) through sales entities was facing challenges in relation to: Excise Tax Determination, Calculation, Charging, Accruing, Inventory Management and Excise Tax Reporting as these are fundamental processes within their business. When embarking on their SAP S/4HANA transformation they were looking for a sustainable solution for handling their Excise Tax processes in an automated manner.

Some of the challenges the client was facing:

- 1. Visibility and Transparency:** Lack of visibility and transparency from an Excise Tax perspective to manage the taxable status of their excisable products. Difficulties with Bonded/non-Bonded status as well as Suspended/non-Suspended locations which generated additional compliance risks.
- 2. Excise Tax Complexity:** Excise Tax is a very local tax, the determination, calculation (incl. ad valorem) and reporting legislation differs substantially between countries. While, as a taxpayer, one has to provide full visibility on the inventory, tax stamps, products moving between locations either via EMCS or local periodical reports.
- 3. Compliance Hurdles:** Increased operational costs caused by suboptimal processes which also lead to increased compliance challenges.

Solution

Deloitte Tax Technology Team assisted the client in implementing a unique tax supply chain control framework on top of which the ITL Excise Tax solution was utilized, consisting of three components:

- Order component
- Inventory component
- Reporting component

These components work together to first assess transactions according to predefined tax control conditions, and subsequently to calculate and charge the correct excise tax amounts when applicable. The Inventory component ensures that all warehouse movements are taken into consideration for calculating and accruing the Excise taxes, while the Reporting component further facilitates both the operational and the regulatory reporting of Excise tax.

Impact

With its own tax business model configured in Deloitte ITL, the client now has a solution in place that provides control across the supply chain from an Excise tax perspective. Furthermore, it manages the products and movements within the supply chain by disallowing (chain) transactions that do not meet the tax criteria and allowing the ones that have been deliberately identified by the model as permitted. This does true justice to the first time-right requirement many companies and country tax authorities nowadays have. No costly data wrangling solutions or time-consuming analysis and corrections after the fact are needed anymore.

This resulted in increasing efficiency and accuracy at the client's tax team with respect to the EMCS reporting, increased product traceability and simplified and centralized the management of Excise Tax regulations updates into the system of record. Deloitte's ITL solution ensured the application of accurate and synchronized Excise Tax treatment on all invoices within the chain transactions and therefore its customers, increasing customer satisfaction.

Why choose ITL Excise Tax (ITL ETX)

Embrace the future of Excise tax management with ITL ETX:

- 1. Unmatched Accuracy:** ITL ETX offers advanced configuration options to cater for applicable rules and rates management to ensure you easily stay on top of your excise tax calculations, eliminating costly errors and audits.
- 2. Time and Cost Savings:** Limit time-consuming manual processes. ITL ETX automates excise tax determination and reporting, freeing your team to focus on strategic initiatives.
- 3. User-Friendly Interface:** You don't need to be a tax expert to use ITL ETX. Its intuitive design and the seamless integration with SAP standard objects make it accessible to everyone in your organization.
- 4. Configurable:** ITL ETX can be tailored to your specific needs. Define parameters, set thresholds, and create custom reports that align with your business or Excise tax needs.
- 5. Full Audit Trail:** Maintain a transparent audit trail for all excise tax activities, providing you with a robust defense in case of audits.
- 6. Scalability:** ITL ETX is suitable for businesses of all sizes. Whether you're embarking on your excise tax journey, or you are dealing with high volumes and/or complexity, it can grow with you.

Contact Us

Contact us today for a demonstration and discover how ITL ETX can elevate your business to new heights while championing sustainability and compliance.

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