



TAX CODES WITH VALIDITY PERIODS

Multinational enterprises operating on SAP R/3 platforms face two challenges when it comes to tax codes: the limited number of tax codes available in standard SAP, and tax codes' high maintenance costs. Tytho Indirect Tax Logic provides the solution.

Tax codes: a limited and costly resource

In standard SAP, tax codes consist of two numeric and alphanumeric characters, allowing for a total of 1296 tax codes. This was more than enough in the past. However, in today's world multinational enterprises operate under complex global supply chain models, and tax authorities change rates with increased frequency. This makes running out of codes a real risk.

Moreover, every change to tax codes is an investment. New tax codes must be set up in the SAP Development client, tested and moved across the system landscape to the Quality client before it finally reaches the Production client. This process is every bit as time-consuming and cumbersome as it sounds, requiring days of work and lead times of up to two weeks.

A new type of tax code

Standard SAP offers two types of tax codes:

Non-jurisdictional tax codes

- No validity period
- Country key
- Tax Code key

Jurisdictional tax codes

- Validity period
- Country key
- Tax Code key
- Jurisdiction Code key

Tytho ITL offers a third type of tax code: non-jurisdictional tax codes with a validity period.



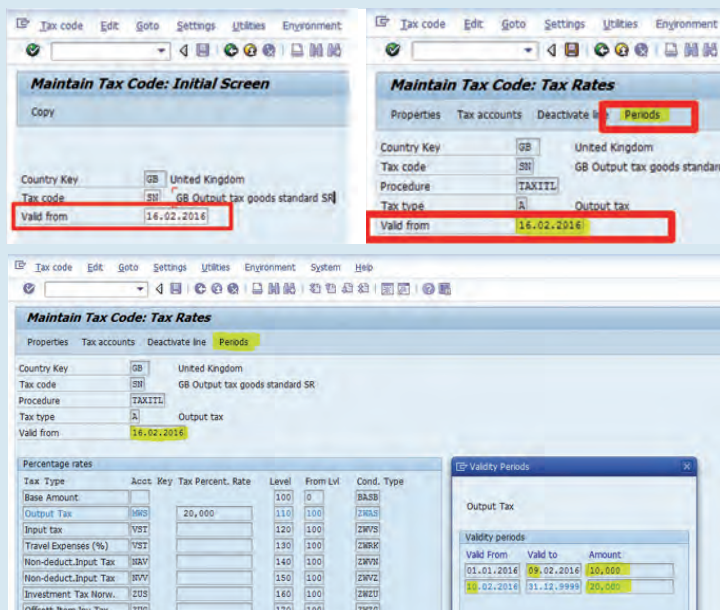
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We assist our clients with:

- Tax automation (ERP)
- ERP/tax health check
- Tax engine implementation and optimization
- Supply chain redesign
- Transfer pricing
- Training
- Tax solution selection
- Support





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Benefits

The biggest benefit is that new tax codes are no longer necessary when tax rates change. Simply end date the old rate and add the new rate with a new validity period. In this scenario, the two-character tax code and its description remain the same.

What this means for your company:

- Tax code maintenance costs are significantly reduced
- The risk of running out of tax codes is diminished
- Tax code maintenance is now possible as in standard SAP but with validity periods
- Complex, multi-rate tax codes can be maintained
- A sustainable naming convention for two-character tax codes

Want to know more?

There are several ways to implement Tytho ITL tax codes with validity periods in your SAP environment. If you want to know how we can help you get the most out of your ERP system, don't hesitate to get in touch or visit www.tytho.com for more information.

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