

Leveraging indirect tax automation in your procurement transformation

Maintain compliance, reduce costs, and increase cash flow

Companies today face disruption from competitors and new entrants that upend established business models by leveraging new technologies. These competitive pressures demand that you extract value from every operation, leaving no room for waste or inefficiency. Improving processes and leveraging the right technology can help you maintain your competitive edge.

Coupa's cloud-based business spend management platform supports the entire spectrum of the source-to-pay process—including contracts, inventory, sourcing, and supplier management. It is designed to give organizations visibility and control over the ways spend happens in the organization—procurement, expenses, and accounts payable. Coupa provides visibility to analyze enterprise-wide spend and make effective sourcing decisions, all while delivering transactional efficiencies via automation.

KPMG can help you realize the value of your investment in Coupa by streamlining and automating the processes around indirect tax and coordinating these enhancements with the Coupa solution. The KPMG team has the experience and know-how to develop an effective framework around the 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 taxes, GST, VAT) is integral to the requisition, purchase order, and invoice entry process. Whether using native Coupa 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 Coupa 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 to identify the options you have in Coupa 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 intersect with Coupa 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 reverse-charge accruals in Coupa 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



Critical indirect tax requirements

There are many critical touchpoints and requirements for indirect taxes related to the Coupa 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 Coupa 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 Coupa.

KPMG brings a diverse background and set of skills to work with organizations to embed leading-practice indirect tax processes within the Coupa 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 Coupa | 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 Coupa and OK2PAY | KPMG has prebuilt functional specifications for indirect tax reporting and reconciliations. |
| Integration of backend ERP to post vendor-charged tax and use tax accruals | KPMG has designed backend general ledger integrations for a variety of ERPs (SAP, Oracle, JDE, etc.). |



KPMG tools and services to enhance tax for Coupa

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



Tax automation and integration

KPMG can work with you to deploy and/or integrate into an existing indirect tax software package to automate indirect tax decision making, controls, and reporting from Coupa. KPMG has a wide range of experience with a variety of 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 APIs as a means to simplify, secure, and facilitate SaaS and on-prem tax automation integrations. Predefined APIs support tax data interactions with Coupa while still preserving your tax data as aligned to any corporate data models.



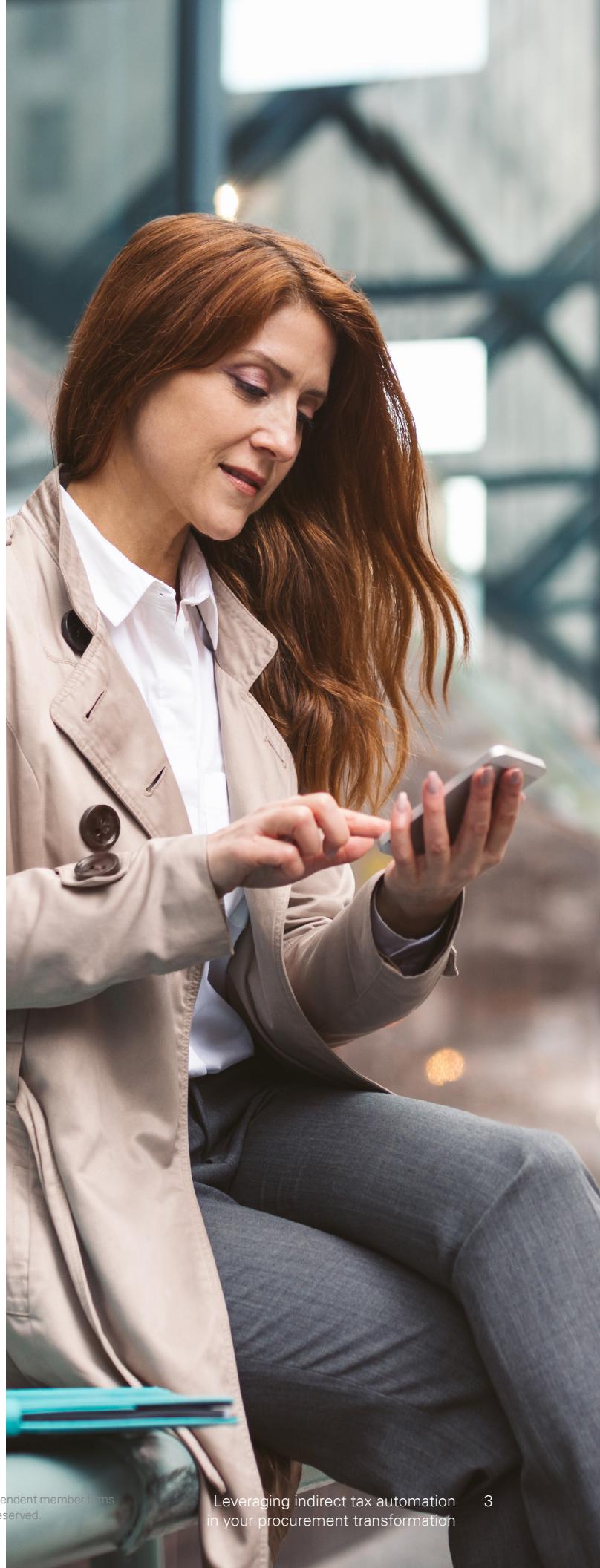
Data and analytics

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 Coupa 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 Coupa—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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