



Simplifying indirect tax compliance in SAP S/4HANA Public Cloud with SAP BTP

Clean core, real-time compliance, and enterprise tax innovation

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Safe Harbour

*For a compliant
presentation*

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Today's agenda

- **Why indirect tax needs new architecture**
- **Modern indirect tax platforms powered by SAP BTP**
- **Improving tax accuracy through intelligent master data integration**
- **Streamlining use tax review through real-time AP data access**
- **Delivering indirect tax innovation through clean core architecture**
- **Extending tax beyond SAP: Supporting hybrid ERP landscapes**
- **Business values and outcomes**

Why indirect tax needs a new architecture

Business Challenges

- Rapid growth of e-invoicing, Continuous Transaction Controls (CTCs), and real-time reporting mandates
- Increasing complexity of indirect tax determination across products, customers, vendors, and jurisdictions
- Difficulty maintaining tax customizations during ERP upgrades
- Data quality issues driving tax calculation errors and audit exposure
- ERP coexistence environments involving SAP and other finance systems

Traditional Tax Architecture Limitations

- Heavy ERP customization
- Multiple point-to-point tax integrations
- Siloed tax processes
- Limited visibility into tax data quality
- High upgrade and maintenance costs

Why BTP Matters

- SAP's strategic extension platform
- Supports Clean Core principles
- Provides centralized integration, workflow, analytics, and governance capabilities
- Creates an upgrade-safe foundation for tax innovation

Modern Indirect Tax Platforms Powered by SAP BTP

Modern indirect tax platforms integrated through SAP BTP enable real-time tax determination, centralized compliance management, and scalable enterprise-wide tax services

Real-Time Tax Determination

- Tax calculated at transaction creation
- Immediate visibility into tax outcomes
- Reduced manual corrections

Centralized Tax Services

- Standard APIs and integration services
- Reduced dependency on ERP customizations
- Simplified S/4HANA Public Cloud upgrades

Upgrade-Safe Integration

- Single tax determination service across multiple business units
- Consistent tax treatment globally
- Easier maintenance of tax rules and content

Enterprise Tax Platform Vision

- SAP S/4HANA Public Cloud
- SAP ECC
- Legacy ERP systems
- Acquired business applications

Improving Tax Accuracy Through Intelligent Master Data Integration

The accuracy of tax determination depends heavily on the quality of underlying master data

Tax-Relevant Master Data Sources

Customer Data

- Tax registrations
- Entity classifications
- Ship-to and bill-to locations
- Exemption certificates

Vendor Data

- Supplier registrations
- Vendor classifications
- Ship-to and place of supply locations

Material Data

- Product taxability
- Commodity classifications
- Industry-specific tax attributes

Financial Data

- Chart of accounts
- Cost centers
- Internal orders
- Other cost objects

Improving Tax Accuracy Through Intelligent Master Data Integration

The accuracy of tax determination depends heavily on the quality of underlying master data

BTP-Driven Validation Framework

Real-Time Validation

- Identify missing or conflicting data

Workflow Automation

- Route data exceptions for review
- Establish ownership and accountability

Continuous Monitoring

- Detect master data drift
- Improve tax determination accuracy over time

Business Outcomes

- Reduced tax errors
- Lower audit risk
- Increased automation
- Improved compliance confidence

Streamlining use tax review through real-time AP Data Access

Use tax compliance remains one of the most **manual and error-prone areas** of indirect tax management

Current-State Considerations

Manual AP reviews

- Spreadsheet-based analysis
- Sampling methodologies
- Significant labor requirements

Data accessibility issues

- Multiple ERP systems
- Limited visibility into transactional details
- Delayed identification of use case tax exposure

BTP-Based AP Data Architecture

Real-time data access

- Extract AP transaction data directly from source systems
- Standardize data across ERP platforms

Intelligent analytics

- Identify untaxed purchases
- Detect accrual gaps
- Prioritize high-risk transactions

Automated workflows

- Route exceptions to tax teams
- Support documentation and audit trails
- Improve review efficiency



Benefits

Tax Team Efficiency

- Less manual data collection
- Faster review cycles

Improved Compliance

- Increased use tax accrual accuracy
- Reduced audit assessments

Better Visibility

- Continuous monitoring of AP tax risk

Delivering indirect tax innovation through Clean Core architecture

BTP allows tax organizations to innovate without creating technical debt within S/4HANA.

Clean Core principles

Keep customizations outside ERP Core



Tax Logic

Deployed as extensions



Standard API

Consumption



Reduced

ERP modifications

Upgrade-Safe innovation



Faster

Adoption of SAP releases



Lower

Regression testing effort



Reduced

Operational risk

Tax innovation opportunities



Tax Data Quality Services

Pre-posting validation
Data enrichment



Tax Exception Management

Workflow-driven issue resolution
Automated escalation



Tax Analytics

Compliance dashboards
Audit readiness reporting



AI & Automation

Anomaly detection
Predictive tax risk monitoring
Automated compliance controls

Extending tax beyond SAP: Supporting hybrid ERP landscapes

Many organizations operate

- SAP S/4HANA in some regions
- Legacy or other systems acquired through M&A

BTP as the enterprise tax hub

Standardized tax APIs

- Single tax determination service
- Consistent rules across systems

Unified compliance processes

- Shared tax workflows
- Common monitoring and reporting

Accelerated ERP transformations

- Maintain tax consistency during migrations
- Reduce integration duplication

Strategic value

Instead of building:

- One tax architecture for SAP
- One tax architecture for other financial systems

Organizations build:

- One enterprise tax architecture powered by SAP BTP

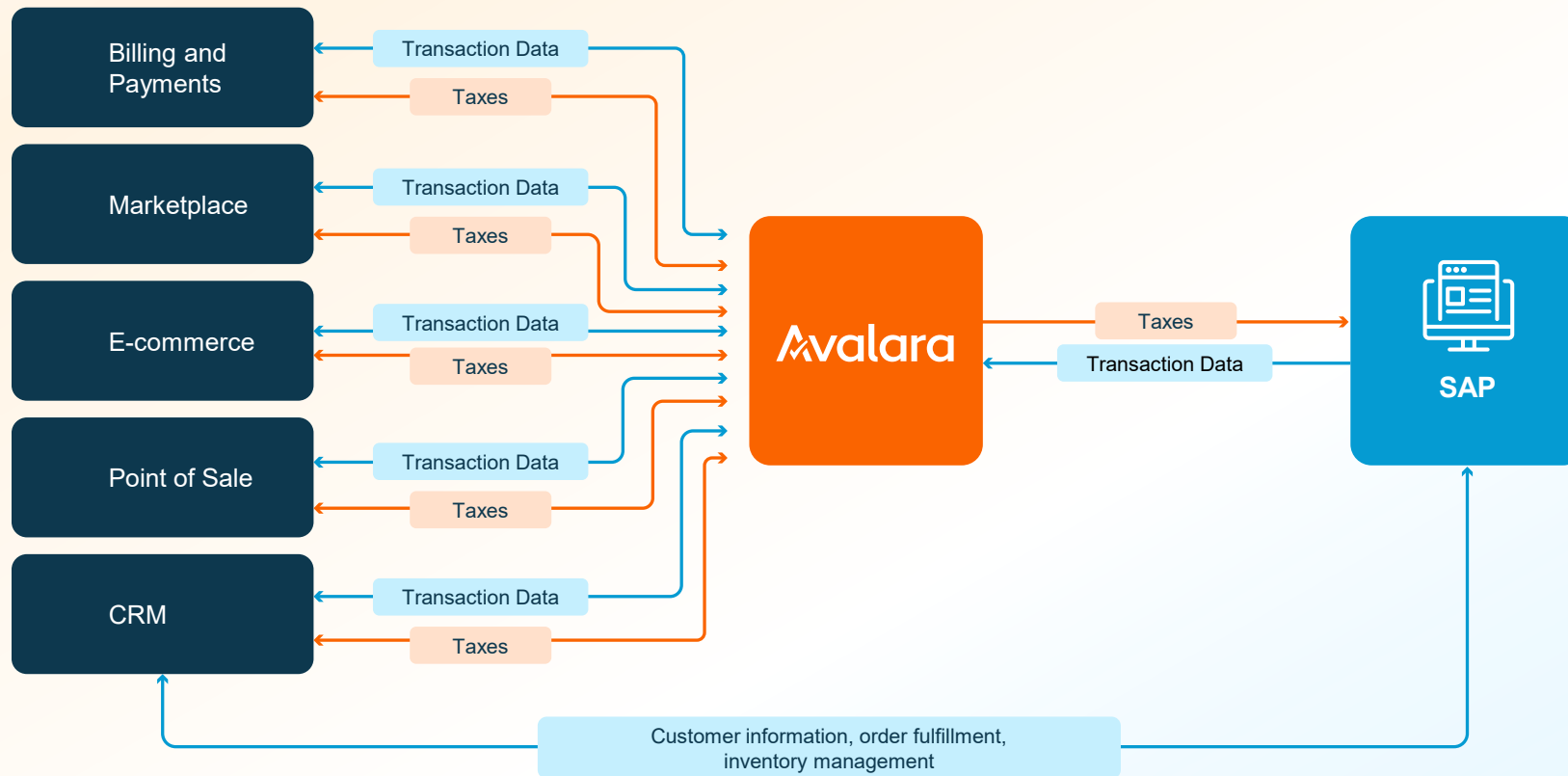
Business value & outcomes



For Tax Leaders	For IT Leaders	For Finance Leadership
Improved tax accuracy	Clean Core compliance	Reduced operational risk
Reduced audit exposure	Lower maintenance costs	Greater visibility
Increased automation	Faster upgrades	Improved scalability
Faster response to regulatory change	Simplified integration landscape	Better support for growth and acquisitions

> Why is Avalara the best solution for SAP Public Cloud

Powering omnichannel commerce with a single tax engine



Why omnichannel businesses choose Avalara

- ✓ Create a single source of truth for tax across all sales channels
- ✓ Deliver consistent tax calculation regardless of where customers buy
- ✓ Eliminate duplicate tax logic across ecommerce, marketplaces, POS, and billing systems
- ✓ Maintain visibility into liabilities across every transaction source
- ✓ Simplify reconciliation and financial reporting
- ✓ Track nexus exposure across all channels and jurisdictions
- ✓ Automate returns and remittance from one centralized platform
- ✓ Scale into new channels without adding tax complexity



Connector Ecosystem

5,000+
Channel Partners

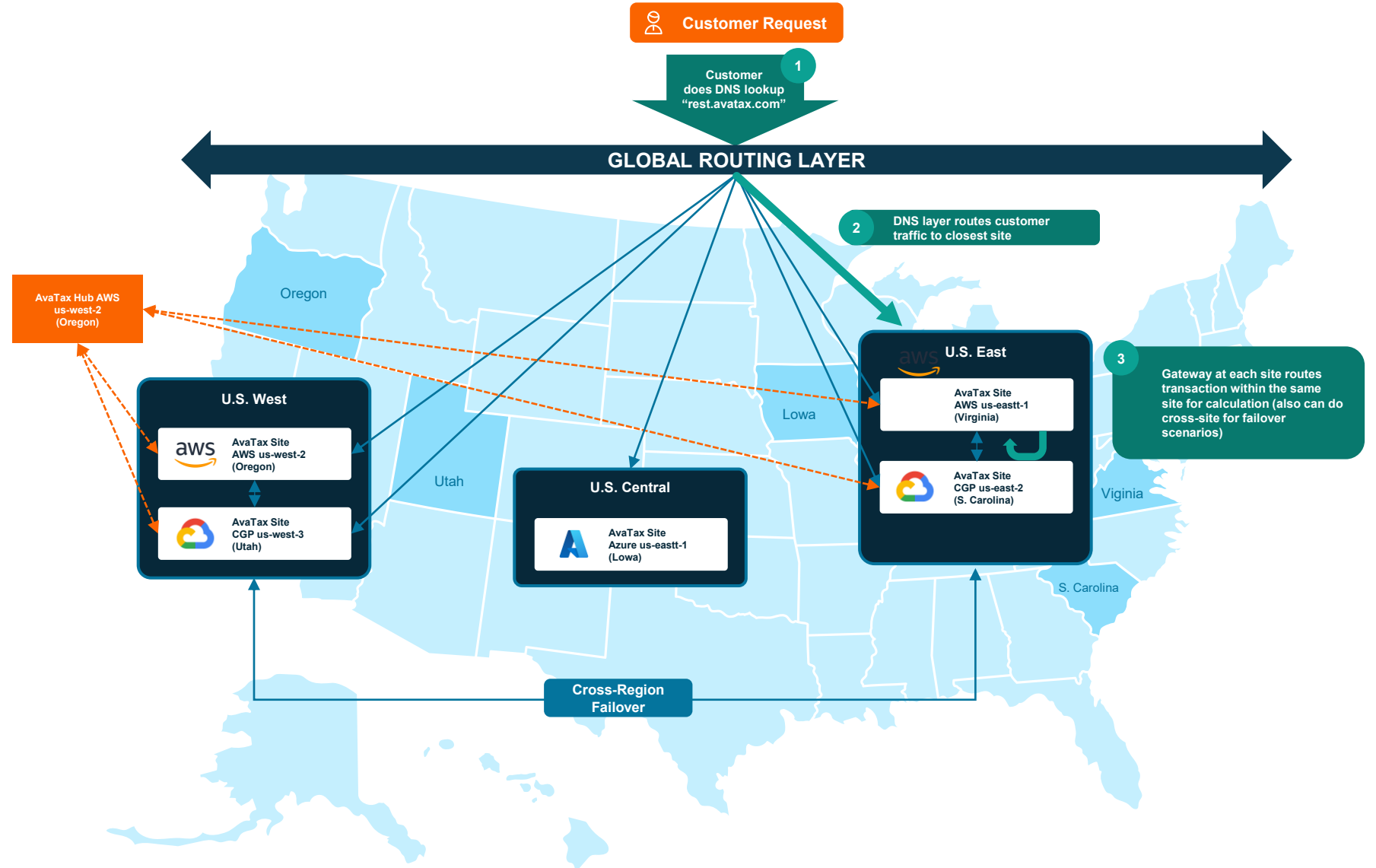
1,400+
Partner Integrations¹



¹Data as of December 31, 2025. 1 Refers to signed partner integrations.

AvaTax Global Platform

Multi-Cloud Reliability



Avalara was created to alleviate the burden of tax compliance

KEY FACTS AND FIGURES



In operation
since **2004**



More than **51 million**
documents / certificates
managed by Avalara
in 2024



More than **1,400**
signed partner
integrations



Nearly **50 billion**
AvaTax API calls made
by customers in 2024



Avalara processed
and filed more than **6**
millions returns
in 2024



Serving more than **43K**
customers from **75+**
countries

GLOBAL PRESENCE



Avalara: One-stop-shop for tax and compliance



End-to-end compliance

Comprehensive tax compliance everywhere you transact.



Flexible & scalable

Our products & services are designed to meet your business requirements



Easy to integrate

Connect with any business application through our out-of-the-box connectors and APIs



Real-time content updates

Our tax content is continuously updated across 60,000+ data sources.



Indirect tax expertise

Enterprise subject matter experts and insights to help you navigate the complexities of global tax compliance



Global partner network

1,400+ signed partner integrations with e-commerce and business application platforms to give you the support and coverage you need

Tax compliance is convoluted, complex, and challenging

51% of businesses say keeping up with changing tax laws is their #1 challenge

Our tax content and classification is second to none

Largest repository of structured tax content



9k+

Tax codes



20+

Industries



330+

Categories



30k+

Jurisdictions



82k+

Rates



900k+

Rules

One of the largest publicly available product catalogs



3B+

Products



88k

Brands



22

Top Level
Categories



500M

UPCs



660M

ASINs

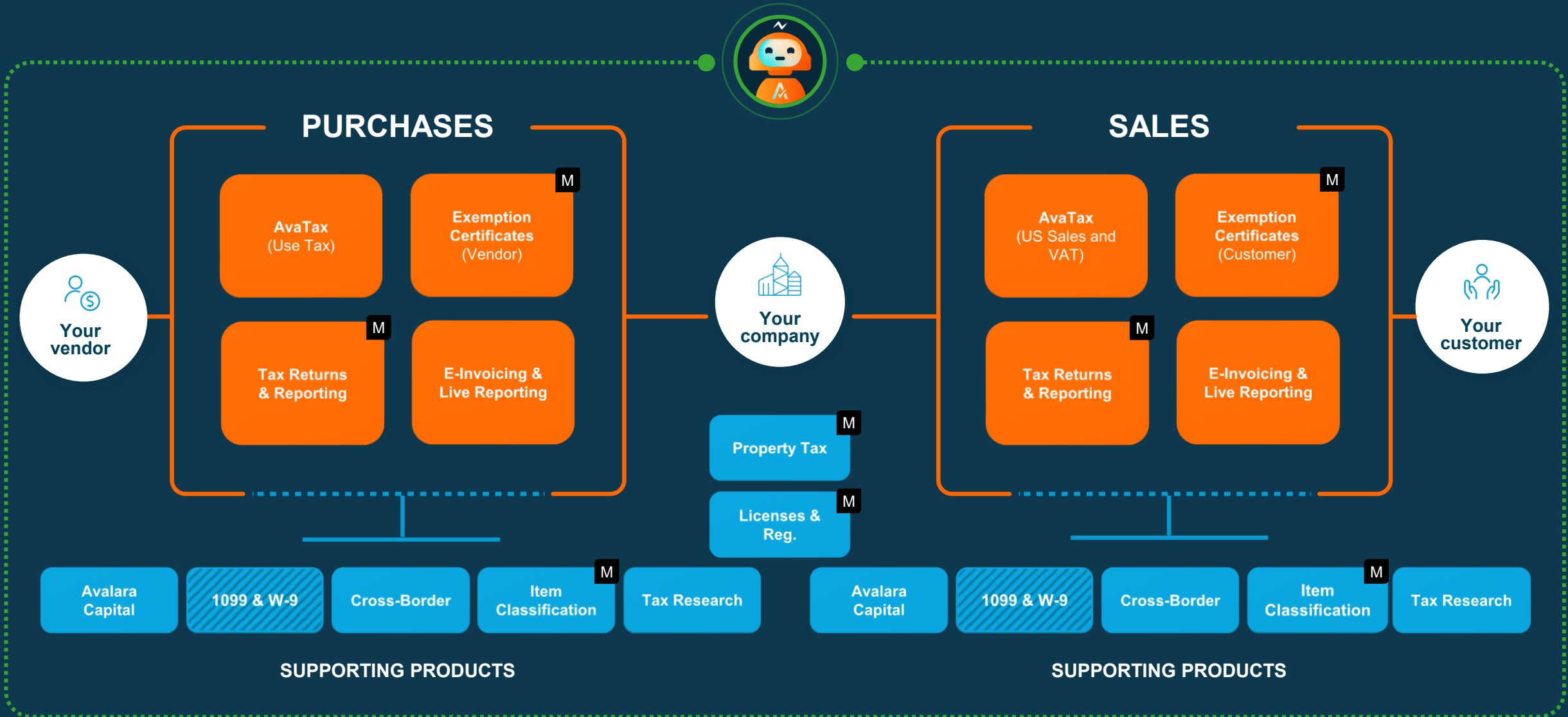


216M

Unique MPNs

Avalara products and services >

AI-powered order-to-cash (sales) and procure-to-pay (purchases) compliance workflows



Avalara + SAP

A proven partnership for the intelligent enterprise



SAP Endorsed App

Premium certified by SAP with added security, in-depth testing and measurements against benchmark results.



Clean core & cloud-native

Avalara delivers lower total cost of ownership and superior maintainability through clean core-focused integrations built on SAP BTP.



One connection, global coverage

Avalara connectors serve as a single point solution - helping unify your tax compliance across regions, systems, and channels with scalable, built-in automation.

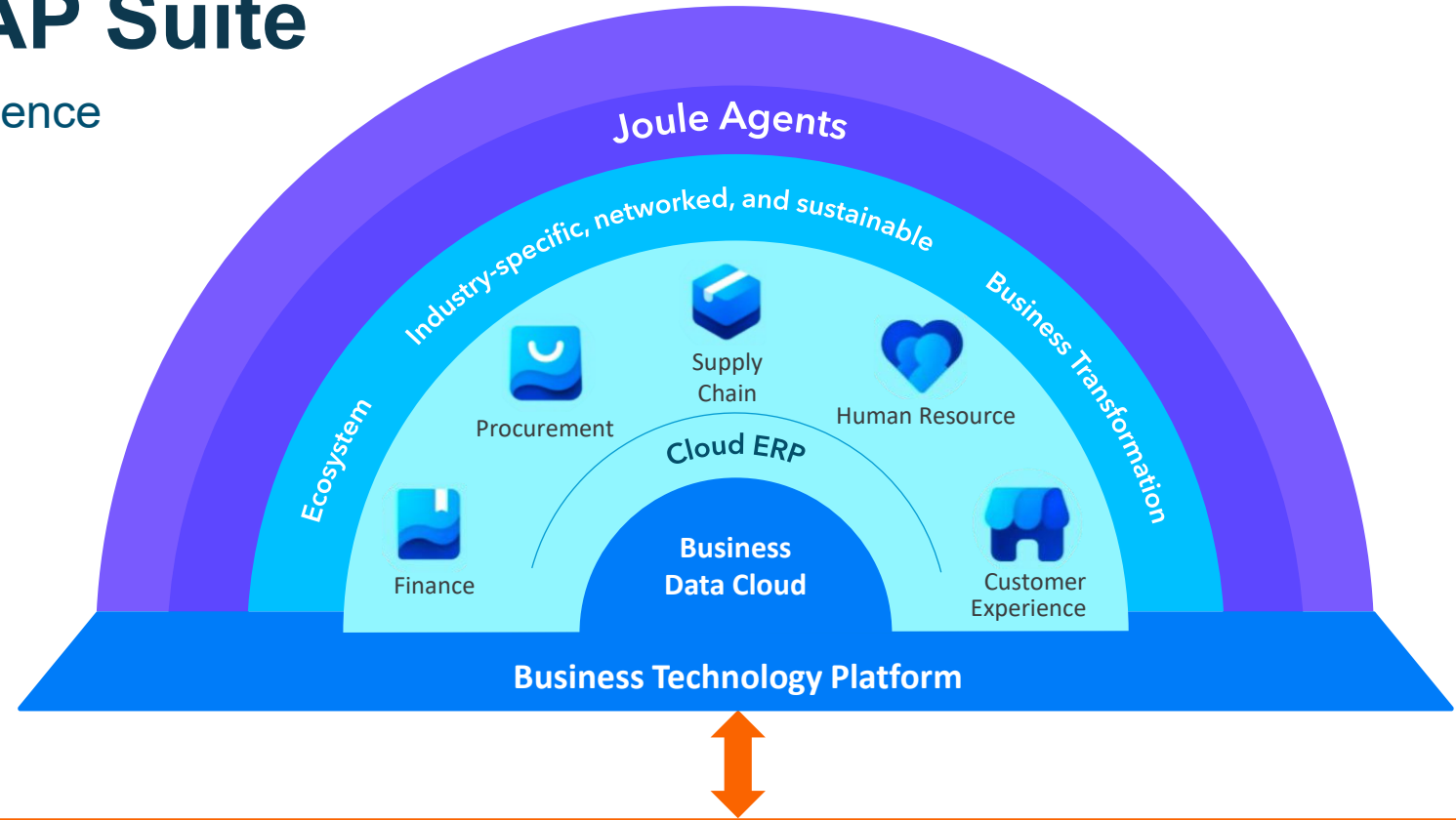


Future-forward alignment to SAP

Avalara integrates with the SAP BTP services and data cloud delivering preconfigured data to align with SAP's AI and data strategies.

Elevating the SAP Suite

Real-Time, Trusted Tax Intelligence



Avalara

AI-Powered Compliance Platform

Trusted by businesses and governments for clean, structured compliance data.

Powering AI-Driven Insights with Trusted Tax Intelligence

Avalara provides the compliance data quality, real-time accessibility, and intelligence that SAP's Joule needs to deliver trustworthy, business-context-rich AI insights.



Tax Content

Avalara's comprehensive, regularly updated geography content and structured tax content fuel every calculation to determine taxability and apply more accurate rates for millions of products and services.



Tax Calculation

Avalara automates sales and use tax with rooftop accuracy, GST, VAT calculations as well as specialty tax types and industry-specific functional taxes with a single solution.



Tax Reporting

Avalara's advanced reporting and returns services provide a complete tax compliance solution, reducing risk and strengthening governance to meet global fiduciary obligations.



Why Enterprises Choose Avalara for SAP

Future-proof tax compliance that aligns with SAP strategy, scales globally, and reduces risk - without compromising clean core principles.



Maximize SAP investment

Avalara reduces custom code and compute load in SAP by offloading tax logic to its cloud-based engine, aligning seamlessly with RISE with SAP and clean core principles.



AI-ready and Joule-aligned architecture

By centralizing tax data and automating workflows, Avalara helps SAP customers maintain clean systems ready for AI and Joule integration.



Operational efficiency at scale

Avalara automates the full tax lifecycle within SAP workflows, eliminating manual steps and increasing accuracy across transactions.



Lower compliance cost and risk

With real-time tax updates and built-in audit logging, Avalara reduces manual compliance work and simplifies audit readiness.



Global scalability and coverage

Avalara supports tax compliance in over 190 countries through a cloud-native platform built to scale with growing global businesses.



Unify data for better decisions

Avalara connects and standardizes tax data across the SAP suite, enabling consistent tax logic and better visibility enterprise-wide.

> Closing Takeaway

SAP BTP is not simply an integration layer for S/4HANA tax processing.

It is a strategic enterprise tax platform that enables real-time tax determination, intelligent data validation, automated compliance workflows, and continuous innovation while preserving a Clean Core architecture across SAP, Oracle, and hybrid ERP landscapes.

> Thank you!