



SOVOS

# Achieve continuous compliance for VAT

Continuous transaction controls e-invoicing and real-time reporting: A solution from KPMG and Sovos

Today, governments around the world rely more heavily on value-added taxes (VAT) than ever before. Most are looking for new ways to ensure they are capturing all that is due as an increasingly vital revenue source. Yet, the VAT gap—the difference between expected revenue and the amount actually collected—persists due to fraud, evasion, and miscalculations.

As a result, tax administrations around the world are adopting new and more expansive compliance requirements introducing new data demands and processes to close the VAT gap and make government tax collection smarter and more efficient.

The new mandates for VAT include obligatory e-invoicing exchange and real-time reporting. Under these systems of continuous transaction controls (CTCs), tax authorities collect transactional data from accounts receivable (AR) via businesses' billing systems either in real or near real time. The tax authorities record the transaction details, the sale amount, and the VAT to ensure that subsequent VAT payments, and VAT claims on the buyer side, match the VAT stated in the transactions.

For U.S. companies operating globally, managing such high-touch VAT compliance amid rapid regulatory change may seem overwhelming—especially when facing large transaction volumes, high VAT throughput, and different reporting rules in every geography. Yet accurate reporting at every point in the supply chain is critical for both profitability and business-to-government compliance.

KPMG and Sovos can help you design and deploy solutions to address CTC e-invoicing and real-time reporting mandates. Taking advantage of the experience of KPMG Tax professionals and Sovos software, you can implement a single-platform solution that meets evolving VAT compliance requirements across multiple countries and delivers the efficiencies of a modern, cloud-based tax solution.

## **KPMG: Tax services for VAT compliance software**

The trend toward compliance through continuous controls pushes businesses toward digital transformation. Fortunately, the KPMG Indirect Tax Technology practice can help you transform your tax organization to embrace digital enablement, automation, and bottom-line contributions to profits. This means together we can handle the VAT obligations you face today, for example periodic VAT reporting, while preparing you for the evolving CTC requirements that you will face tomorrow.

The KPMG Indirect Tax Technology team includes professionals with extensive tax related backgrounds, including practical experience with design process and tax automation. Additionally, the team has the technology skills that bridge the gap between tax organizations and IT teams, providing guidance that is critical to an integrated, digital approach to tax.

Finally, our professionals have experience integrating third-party transaction tax compliance software—such as Sovos software—with existing ERP and legacy systems. With extensive knowledge of Sovos technology, KPMG Indirect Tax Technology professionals can help you implement Sovos' solution, determining which countries are in scope, defining the transaction flow, and setting up data pulls from your ERP system to get information to the tax authority and back.

By designing and implementing an automated system, KPMG can help increase your tax organization's productivity by easing the administrative burden involved in handling periodic VAT reporting and/or SAF-T (Standard Audit File for Tax) if required, improving the accuracy of VAT data, and redirecting resources toward higher-value activities such as tax planning and analysis.

## **Sovos: Local knowledge with global reach**

Sovos was built to solve the complexities of the digital transformation of tax, with complete, connected offerings for tax determination, CTCs, tax reporting, and more. The company's customers include half the Fortune 500 as well as businesses of every size operating in more than 70 countries. Sovos' SaaS products integrate with a wide variety of business applications, from ERP to point of sale to backend systems.

Sovos provides a scalable solution for handling all types of VAT compliance obligations—including CTCs post audit e-invoicing, periodic reporting including SAF-T as required in specific jurisdictions, covering 70 countries. Sovos' leadership credentials stem from its geographic coverage and the functional breadth of the VAT portfolio. In addition, the solution provides:

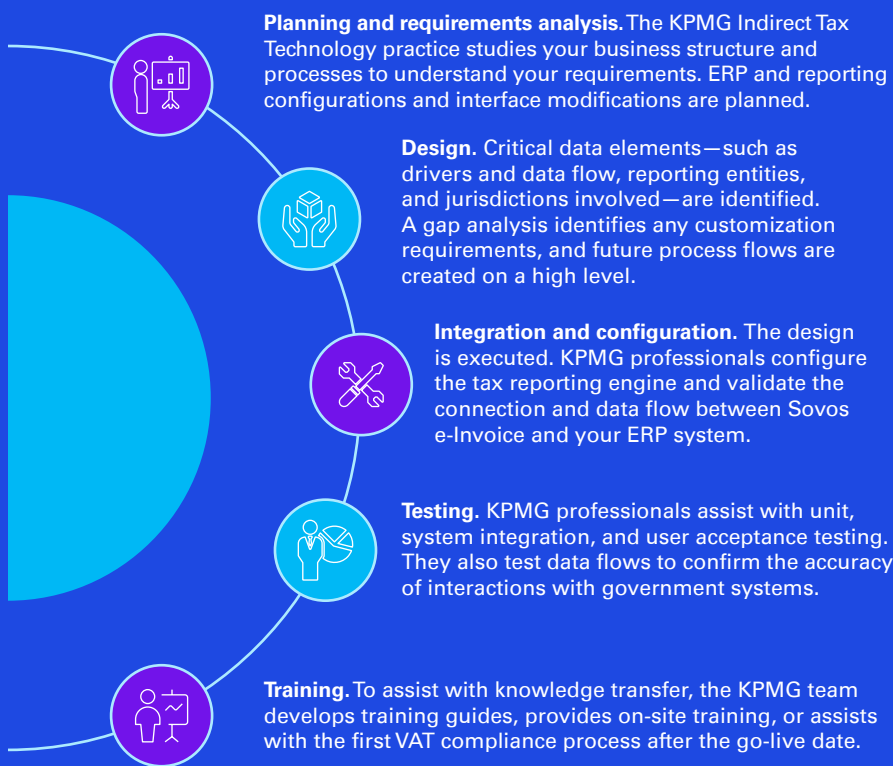
- In-depth updates on local regulations and rules to keep you up to date in today's constantly changing regulatory environment.
- Connections to more than 60 business process automation and ERP vendors so you can establish data integration with internal systems to automate the issuance and receipt of all invoices.
- A hybrid cloud model and the ability to customize the solution to your requirements.

With Sovos, you can simplify the burden of VAT by managing the changing requirements for every jurisdiction in one, easy-to-use interface.

## **VAT compliance solutions**

Working closely with your tax organization, KPMG and Sovos provide the services and technology to design and deploy a single platform to handle mandated CTC e-invoicing and real-time VAT reporting aligned to your target operating model.

Sovos delivers deep functionality that includes AR and AP invoice management; compliant, real-time reporting; invoice validation and monitoring; data extraction and mapping; ERP integration; global transmission; and connectivity to governments. KPMG then determines where and how you can best implement the technology by examining—and realigning—your VAT compliance processes. The KPMG Indirect Tax Technology practice guides you through the following phases:



#### Potential benefits of automated VAT compliance solutions

The joint solution for handling CTC e-invoicing and/or CTC e-reporting from KPMG and Sovos can provide the following benefits:

- **Lower costs.** Reduce the IT costs of compliance support and lower your transactional unit costs.
- **Simplify operations.** Deploy a single platform for managing accounts receivable, accounts payable, e-archiving, and VAT compliance across the countries where you operate.
- **Reduce negative impacts to cash flow.** Helps to ensure your input tax credits are not delayed due to incorrect or delayed reporting.
- **Decrease the risk of penalties.** Automate processes and verifications for clearance and post audit countries; link to all related documents from purchase order to invoice to tax reporting.

#### Comply with changing VAT rules

Turn continuous tax compliance to your advantage. KPMG and Sovos' global tax solution combines handling CTC and periodic reporting obligations including SAF-T via a single, continuously updated platform. Contact us to learn more about how to improve your indirect tax compliance.

For more information on how Sovos assists with an ever-changing CTC landscape or to learn more about [Sovos VAT reporting](#), please visit their website or contact one of our KPMG professionals below.

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