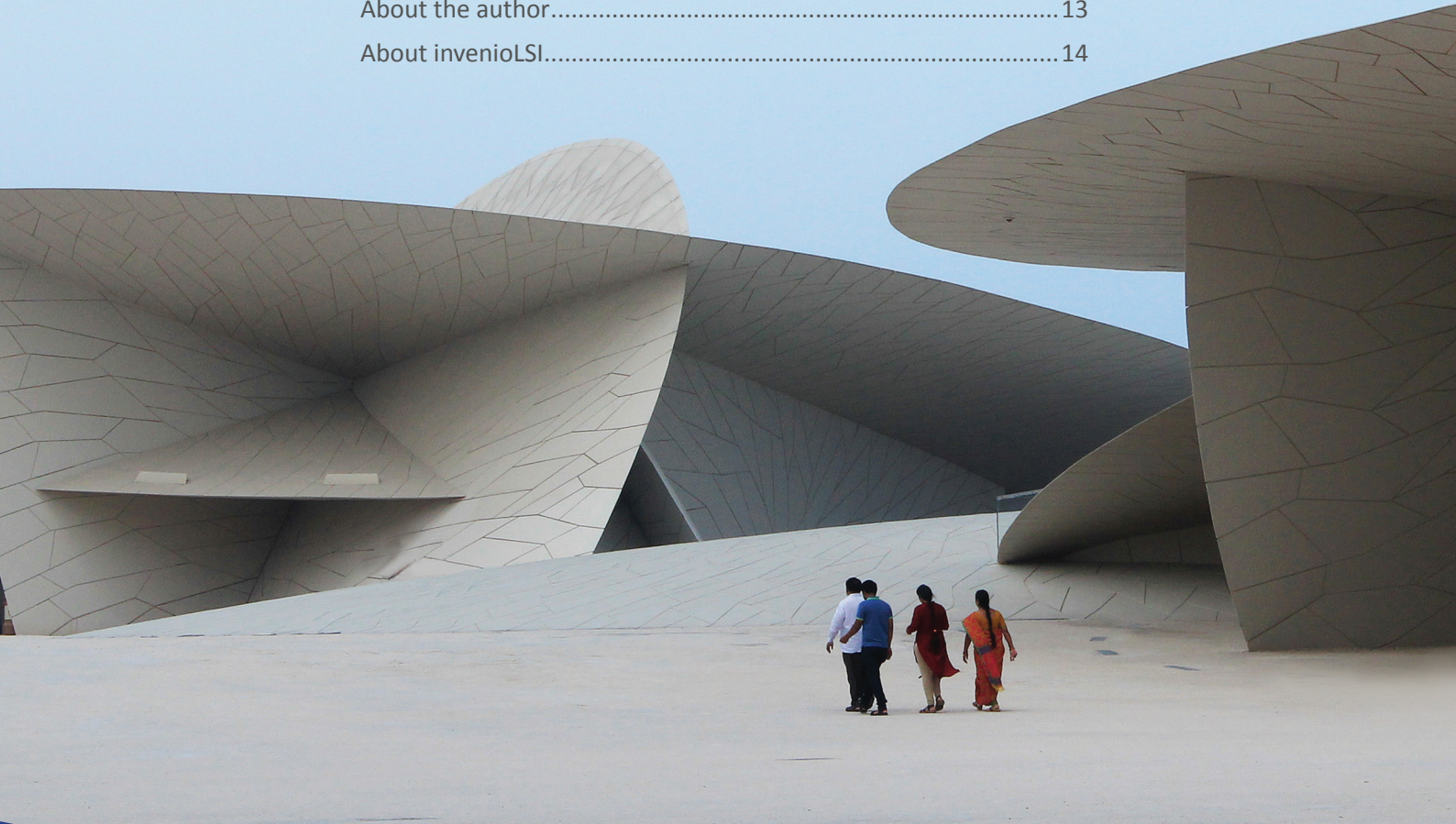




**Using SAP Tax and Revenue
Management (TRM) to conduct
e-assessments in the State of Qatar**

Contents

Introduction.....	04
1 Risk Management and Profiling	06
2 Audit and Assessment	07
3 e-Tools for Assessment.....	08
4 Hierarchy and workflow	09
5 e-Invoicing and assessments	09
6 Continuous Communication.....	10
7 Integration of processes	10
8 Presumptive or Estimated Assessments.....	11
9 Business Intelligence (BI) reports	11
Conclusion	12
About the author.....	13
About invenioLSI.....	14





Introduction

The SAP Tax and Revenue Management (TRM) package for the Public Sector enables tax regulatory authorities to effectively render the collection of taxes implemented in their country, coupled with the proper management of revenue.

The SAP TRM package has been designed in an integrative manner as it allows a single taxpayer view and aids multiple tax types, which can significantly help public sector organisations increase collections and maximise compliance, while enhancing taxpayer service and satisfaction.

This commercial-off-the-shelf (COTS) software is easily configurable and adaptable to the changing needs of the tax authority, based on the continuous amendments in legislations, thereby helping the public sector in accomplishing the goal of a stable and flourishing economy.

In this eBook, I will discuss the real value of the solution which helped the General Tax Authority (GTA) to conduct the scrutiny and assessment of declarations filed by the taxpayers during a given tax period, in the State of Qatar.

The discussion will also cover how the versatile and holistically designed package embodies all the legislative requirements within the ambit of automation, consequently helping the authority to reap numerous benefits, such as increased taxpayer compliance, increased revenues, transparency, and independence.



Whenever we talk about Public Sector Units (PSUs), we expect a greater degree of transparency, from any public sector organisation to the citizens of its nation.

Especially, when it comes to a tax regulatory authority. In this case, the onus of transparency increases, since it forms the backbone of the economy and enables effective realisation of revenues, via a combination of direct and indirect taxes.

SAP TRM has greatly helped the General Taxation Authority (GTA), the taxation regulatory body in the State of Qatar, to effectively perform its role and responsibilities while being on the radar of transparency. One such instance is the ability of GTA to conduct taxpayer e-assessments or faceless assessments to make the economy more transparent and tax-compliant vis-à-vis other taxation regulatory bodies around the globe.

There are many possibilities in the way a system of e-assessments can be configured using a combination of existing and emerging technologies in SAP. One such solution is the utilisation of the SAP Standard Case Management Module which can be tailored to the requirements specified in the tax jurisdiction of a country. The other being the amalgam of Standard Form-Based Processing with the front end being designed using SAP Fiori Solutions.

As far as the solution in GTA is concerned, the latter has been implemented keeping in view its versatility and effectiveness in helping the authority realise its long-term goals.

The following excerpts highlight key features of the state-of-the-art solution delivered for the GTA, enabling employees to perform their duties with due diligence and utter transparency:

1 • Risk Management and Profiling

The solution is well equipped with the latest technology which focuses on the need for a Risk Management feature enabling the proper identification and assessment of risk factors, setting of risk scores, and assigning of risk profiles to each liable taxpayer, based on a set of tax dependent rules.

The various tax risk factors can be broadly classified as*:

- a. **General tax compliance indicators** contain the rules on how compliant the taxpayer is.
- b. **Tax audit risk indicators** contain rules such as the economic sector of the taxpayer, revenue and tax liability thresholds, certain accounting ratios, and more.
- c. **Refund related tax indicators** contain the rules for the source of refund initiation, amount, and frequency of refund requested.



*Note, this is an indicative list of the risk indicators. Further, these risk indicators and the method of their calculation is a variable function and our existing SAP solutions provide the facility to make changes in risk scoring and profiling, based on the changing demands of the Tax Authority.

2 • Audit and Assessment

The GTA has enabled tax officers to create assessments of filed tax-declarations by creating systematic and planned Audit Cases in the system. The solution can create up to 100,000 assessment cases in one go. The system also enables officers with relevant information, about any person being a registered or potentially unregistered taxpayer, to perform the assessment by using the newly introduced Ad-hoc Request feature, based on a system of approvals.

3 • e-Tools for Assessment

To conduct the taxpayer assessment in a comprehensive and secured manner, the solution also features many other tools:

- a. **Automation in requesting clarification and/or additional information** from taxpayers, to provide tax officers with relevant and up-to-date information, while enabling taxpayers to respond to these queries via the 'Dhareeba Portal' which acts as a central point of communication. This curbs the immediate need to visit the physical GTA offices, consequently, adding more transparency and accuracy across processes and operations.
- b. **Summoning the taxpayer** to GTA offices when required. This can be done by generating an e-invite from the system requesting taxpayer availability for assessment proceedings. The system will mandate the tax officer to record meeting minutes and send the case for further approvals, thus, ensuring a greater degree of transparency.
- c. **Conducting tax inspections** allows the tax officer to send an e-communication to the taxpayer about the planned visit of GTA officers to an address to conduct a field inspection. The solution also allows the tax officer to record tax proceedings or field visit which can, later, be used and processed while completing the assessment.
- d. **Existence of document repository** where tax officers can access, read, and save the relevant documents pertaining to each case for their perusal, during and after the assessment.
- e. **Seeking expert opinion** within (internal expertise) and outside the tax authority (external expertise) in a quick, unbiased, and transparent manner enabling smooth conduct of e-assessment proceedings. The solution also allows the external expert to provide an opinion via an e-services facility specifically designed and implemented to cater to such tasks.
- f. **Notifying audit findings** via a report sent to taxpayers and allowing taxpayers to respond with their inputs, if any, within the stipulated period based on the premise of the principles of natural justice.



4 • Hierarchy and workflow

It is imperative for any tax jurisdiction, to have a hierarchy of officers with defined responsibilities entrusted to them by the legislation. Our solution is designed on standard SAP Business Workflow methods which allows the GTA to accomplish its goals for greater transparency, with an independent function. The assessment audit cases go through an independent workflow system, from the junior creating authority (i.e., researchers, specialists) to the senior approving authority (i.e., Director, Chairman). The working of this intricate workflow relies on the organisation structure having various defined functional and operational units within the tax authority, via standard SAP PPOME functionality.

5 • e-Invoicing and assessments

Invoicing plays a crucial role in determining taxpayer liability, while determining tax authority revenues. The solutions are designed so that each time an assessment is finalised, the system performs billing and invoicing, using SAP Public Sector Collection & Disbursement (SAP-PSCD) features, and immediately creates an e-Invoice for the taxpayer. The e-Invoice states the reason for the invoice being the result of an e-assessment for the same tax period, along with the inclusion of amounts, such as taxes due, or financial penalties.



6 • Continuous Communication

Communicating the results of the assessment is handled by making the relevant configurations. Automatic triggering of notifications, via a combination of PDF letters embedded within the email and SMS, is supported by the solution so taxpayers can be updated in a timely manner, with access to all necessary information.

7 • Integration of processes

The solution is finetuned to provide scope for linking various processes and applications, based on the rules set out by the legislation in the State. For instance, the system initiates the creation of an Investigation Proceedings Case while the officer is conducting an assessment on the same taxpayer. This has resulted in meeting the requirement to interlink various dependent operations and processes within the GTA. The system also provides the integration of assessment with fraud cases, thus enabling fraud detection and curbing tax-evasion practices.



8 • Presumptive or Estimated Assessments

The legislation of the State allows the authority to determine taxpayer liability for a given tax period in the event of taxpayer failure in filing tax declarations or non-responsiveness to queries, within the stipulated time period. The solution implemented in the State also caters to this requirement whereby tax officers can conduct the presumptive assessment based on system-generated tax declarations, on behalf of the taxpayer. This suo-moto generation – where an act of authority is taken without formal prompting from another party – of tax declarations is being handled by creating a complex algorithm using SAP BRF+ which is a combination of:

- a. **Industry data comparison** done by the system, using the arm's length principle of deciding the net profit margin of similar taxpayers comparable to determine the tax liability of the non-compliant year under consideration.
- b. **Intra-declaration comparison.** Determining the current tax liability for the relevant non-compliant

tax period by comparing the previous year's declarations for the same taxpayer.

9 • Business Intelligence (BI) reports

Our solution is powered by modern data analysis tools. The SAP BI tools enable the GTA to be more decisive by enabling tax officers to analyse an ample amount of taxpayer data by creating organised BI reports. These reports present comprehensive data in a much simpler and summarised format, which can be accessed in real-time.



Conclusion

Based on this e-assessment analysis, it can be fairly inferred that the GTA has accomplished its goal of implementing an effective Tax and Revenue Management structure in the State of Qatar, using a combination of advanced technology and unique expertise. The solution has been designed and implemented with a vision to increase tax compliance, detect fraud, curb unlawful tax evasion activities, and maximise revenues.

With the introduction of effective data-driven solutions and minimal human intervention, the GTA now offers enhanced taxpayer experiences with an aim to increase digital citizen engagement in the State, leading to a more compliant economy.



About the author

Sahil Sidhwani is an Associate Member (ACA) of the Institute of Chartered Accountants of India, set up in 1949 by an Act of Parliament. He is currently working as SAP-Tax & Revenue Management (TRM) & Public Sector Collections & Disbursements (PSCD) Consultant with invenioLSI. Sahil has been diligently rendering his services as a Tax Consultant for tax authorities in the GCC region, including the General Taxation Authority (GTA) in the State of Qatar.

Email: sahil.sidhwani@invenioLSI.com



About invenioLSI

invenioLSI is a specialist SAP based implementation and support services company, recognised as the number one, independent SAP Solutions provider for Public Sector and Services organisations. It has established niche positions in targeted private sector (Media and Supply Chain) segments and uses its own IP, Cloud, Digital and Analytics skills and capabilities to accelerate SAP based projects. We develop long term, strategic relationships with Federal, State and Local Public Sector customers together with private sector multinationals, with contracts that often extend to 10 years or more.

Fully international, our EMEA HQ is near London, while our North America HQ is in Waltham, Mass. Our

customer portfolio includes State of Nevada, Govt of the Kingdom of Saudi Arabia, Penn State University, State of Hawaii Dept of Transport, Govt of the United Arab Emirates, City of Phoenix, Govt of Qatar, Universal Music Group, Dow Jones, News UK, Penguin Random House and Johnson Matthey.

Contact: +44 (0)330 440 1800
Website: www.invenioLSI.com



We have achieved SAP Recognised Expertise in the Public Sector and are the world's leading SAP Tax and Revenue Management (TRM) consultancy. We were the first to implement SAP TRM for Public Sector on SAP S/4HANA®, and the first SAP partner to implement SAP S/4HANA® core tax administration solution, globally.

We help tax administrations to provide services more efficiently, making it easier to use and improve the citizen experience, to enable increased taxpayer compliance. Our experts in Public Sector Consulting and SAP TRM can help you implement an agile platform to address today's challenges and build future tax innovations, with ease. We use emerging technologies to go beyond automated tasks and look at data in real-time, predict outcomes based on trends, and create substantial organisational efficiencies.



Chandan Vashista
SVP & BU Leader

Email: chandan.vashista@invenioLSI.com



Martin Sobotka
SVP & BU Leader

Email: martin.sobotka@invenioLSI.com

This communication contains general information only, and none of invenioLSI, its member firms, or their related entities, its employees and the author is, by means of this communication, rendering professional advice or services. No one in connection with invenioLSI shall be responsible for any loss whatsoever sustained by any person who relies on this communication.