

**SAP Solution Brief
SAP for Public Sector**



SAP® TAX AND REVENUE MANAGEMENT FOR PUBLIC SECTOR

Capture All Appropriate Revenues and Increase Compliance

Government agencies charged with administering and collecting taxes and revenues must capture all appropriate revenues while easing the compliance process for the public. The SAP® Tax and Revenue Management for Public Sector package provides a single view of the taxpayer and supports multiple revenue types, helping you increase collections and maximize compliance. It is configurable, upgradeable, standardized off-the-shelf software that supports the tax and revenue management life cycle at lower risk and cost than custom-developed solutions.

Government agencies are under tremendous pressure to provide responsive services to constituents, while financial support for these services is limited or diminishing. Governments are understandably reluctant to increase taxes or duties. The need to support legislation, policies, and spending requirements in such areas as education and healthcare drives these agencies to capture all appropriate revenues due the government and increase compliance.

Unfortunately, many governments have fragmented tax and revenue management processes and lack a single view of the taxpayer. With disconnected systems for taxes, permits, licenses, tolls, duties, fees, royalties, and other revenues, governments cannot accurately determine either what is owed or what has been paid. Hence, creating a unified view of revenue liability and payments is impossible; the result is that constituent service suffers and voluntary compliance plummets.

Many governments are increasing compliance and revenues by consolidating various tax and revenue activities, which improves productivity and simplifies the compliance process for the public. The SAP® Tax and Revenue Management for Public Sector package supports holistic and efficient tax and revenue administration with fully integrated software that provides a single view of all taxpayer obligations. This robust software, which is part of the SAP for Public Sector solution portfolio, supports common functions and processes across all of the government agencies responsible for revenue collection.

Outdated Systems Compromise Your Agency's Mission

For revenue agency administrators, addressing the needs of taxpayers, constituents, businesses, and employees is a complex balancing act. Even more difficult is the requirement to cost-effectively and judiciously manage payments and disbursements, handle compliance and auditing, assess delinquencies and penalties, and equitably distribute funds to appropriate agencies.

Many agencies are further stressed by the inadequacies of their business systems. In some cases, a separate system exists for each tax, fee, revenue, and payment type – and for each step in the revenue life cycle. These applications are typically custom-built, nonintegrated, or legacy systems developed with outdated technology. As a result they are inefficient, lacking both flexibility and standardization. Upgrading or improving these systems is time-consuming, costly, and virtually impossible.

Thus, revenue agency administrators share a number of common problems:

- **Uncaptured revenue** – Agencies have no reliable method for detecting and reducing fraud or for identifying constituents who fail to file mandatory documents or make required payments.
- **Low compliance** – Because many government systems have no risk scoring capabilities, tax and revenue agencies have limited visibility into taxpayers' total obligations and status. Combined with the inability to track or match documentation, this results in poorly targeted, incomplete audit coverage and low overall compliance.
- **Inability to implement new tax schemes** – Disconnected legacy and custom-built systems are incapable of flexibly adapting to evolving tax rules and laws, preventing agencies from updating or changing their revenue generation strategies.

- **High taxpayer burden** – Many agencies cannot provide 24x7 service, and limited channels of access hinder taxpayer interaction. Complex filing processes act as a disincentive for otherwise law-abiding constituents. These frustrations reduce voluntary compliance by taxpayers and foster constituent discontent.
- **Inefficient billing and collection operations** – Multiple systems and paper-based processes for each type of revenue or transaction create redundant data capture and inefficient billing processes.

These problems not only compromise your ability to efficiently and cost-effectively assess, collect, disburse, and analyze revenues, but also reflect negatively on the mission of your agency. Uncollected revenues contribute to budget gaps and shortfalls. When government spending exceeds revenues, services shrink and programs are unfunded. Then state, regional, and local governments are unable to support federally or centrally mandated programs. These problems, if left unchecked, can result in negative media exposure, political pressure, and citizen discontent.

Administer Tax Processes Uniformly and Effectively

SAP software for tax and revenue management enables governments to capture all appropriate revenues and increase compliance rates as follows:

- **Unified taxpayer service** – Taxpayers can register through multiple channels and are given a single, unique account accessible via the Internet to support around-the-clock constituent service. You can deliver consistent taxpayer services and have comprehensive visibility of taxpayer interactions across the stages of the tax life cycle.

- **Efficient billing, collections, and disbursement processing** – Billing activities are supported through the management, tracking, accounting, and reporting of information related to tax payments, accounts receivable, billing, and refund activities. Payment request and collection management activities are processed automatically, using your agency’s business rules and taxpayer histories. The appropriate collection activities – such as notices, outbound calling, collection cases, or collection agencies – are selected based on the risk profiles of taxpayers. The software tracks all collection activities and can display taxpayer histories for all tax types.
 - **Comprehensive case management** – The software has a central repository for managing information triggered by various events that can originate in the system and from other sources and channels. It supports management of different case types, such as bankruptcy and audit, and enables the linking of objects from SAP and non-SAP applications that can be internal or external to your organization.
 - **Integrated revenue accounting** – Accounting and control functions are fully integrated with tax and revenue management processes to provide timely tax and revenue distribution, general ledger accounting, funds management, and fiscal reporting to legislative bodies and the public. This integration reduces IT and operational costs and processing cycle times, while improving fiscal transparency and financial accountability to the public.
 - **Timely return filing and payment processing** – Constituents can file tax returns through multiple channels, including paper-based forms, fax, or the Internet. The software validates the return, conducts exception handling, and calculates tax liability. It easily scales to support mass processing of transactions and supports various payment methods accurately and efficiently. These methods include electronic funds transfer, the Automated Clearing House (ACH) Network, debit cards, checks, credit card, and cash. The software supports global standardized electronic payment formats, such as electronic data interchange (EDI), as well as various country-specific formats.
 - **Extensive correspondence and contact management** – The software offers a comprehensive set of correspondence types for communication between an agency and its constituents, such as tax returns and remittance documents. You can automatically create outbound correspondence in connection with tax returns, incoming correspondence requests, and payment processes. With this software, you can store all constituent interaction in one consolidated view, whether captured by written correspondence, e-mail, interactive voice response, telephone, fax, EDI, or other paper documents. Because all information is in one place – whatever the format – your tax and revenue agency can present a consistent message to taxpayers.
 - **Consistent audit and compliance** – Returns are chosen through a rules engine, by random sample or by an income document-matching program. An audit case is created for the selected taxpayer, and an activity work list supports the audit process for the auditor. Furthermore, the software provides comprehensive business intelligence functionalities that help you to discover norms, trends, exceptions, and deviations in the data – supporting government audit detection and compliance monitoring. You can use the customer relationship management features of the software to proactively notify specific taxpayers about a change in the tax law that will affect their compliance.
- Streamline Collections and Improve Constituent Service**
- SAP offers configurable, upgradeable, and standardized off-the-shelf software for tax and revenue management. The software helps you enhance revenue collection efficiency and constituent services through consolidated and coordinated tax processes.
- With this software you can do the following:
- **Unify the entire tax and revenue management life cycle** via one consolidated software package covering the various stages of tax administration.

- **Support all revenue and receivable types** through one consolidated package that supports all revenue and receivable types, such as tax types, fees, permits, licenses, tolls, and duties, to improve productivity and lower operating and IT costs.
- **Improve voluntary compliance** by streamlining revenue administration processes through a “one-stop” online collection function that shows taxpayer obligations, status, case documents, payment history, and other related details.
- **Maximize recoveries of funds** by managing, tracking, and reporting on the activities, appeals, rulings, and results of investigations to ensure enforcement and compliance.
- **Speed up, simplify, and reduce barriers to taxpayer interaction** by integrating communication channels, providing multiple access points, and offering consolidated registration and account maintenance functionalities.
- **Share one single view of the taxpayer** with a consolidated view of the total obligation of taxpayers that helps you capture additional revenues and improve voluntary compliance.
- **Respond to changing agency needs while avoiding legacy IT costs** by using upgradeable, configurable, standardized, off-the-shelf software that avoids the high costs of custom development and provides flexibility to adapt to changing tax legislation or organizational requirements.
- **Resolve cases faster** by accurately selecting cases for audit and quickly determining appropriate collection processes.
- **Decrease costs per dollar collected and reduce processing costs** via multichannel (including online) filing functions, as well as taxpayer self-services and image retrieval linked to relevant properties or assets.
- **Foster a culture of taxpayer-oriented service** by providing a single face of the agency to taxpayers. Improve taxpayer service and organizational performance by quickly posting payments and returns to taxpayer accounts while generating refunds in a timely manner.
- **Accelerate return reconciliation** by using a business-rules-based tax calculation to score taxpayers fairly, identify and resolve exceptions, and accurately create first notices of tax action.
- **Enhance performance** with measurement functionalities that let you score against internal service standards (such as first-call response rates) using a consolidated view of performance and accountability measures.

Can You Afford to Wait?

To learn more about how SAP software can help you effectively manage the tax and revenue life cycle, call your SAP representative today or visit us on the Web at www.sap.com/publicsector.

Powered by SAP NetWeaver®

SAP Tax and Revenue Management for Public Sector is powered by the SAP NetWeaver® platform. SAP NetWeaver unifies technology components into a single platform, allowing organizations to reduce IT complexity and obtain more business value from their IT investments. It provides the best way to integrate all systems running SAP or non-SAP software.

SAP NetWeaver also helps organizations align IT with their business. With SAP NetWeaver, organizations can compose and enhance business applications rapidly using enterprise services. As the foundation for enterprise service-oriented architecture (enterprise SOA), SAP NetWeaver allows organizations to evolve their current IT landscapes into a strategic environment that drives business change.