

### Our Tax Calculation and Reporting focus

Our Tax Calculation and Reporting focus is to automate the tax function as much as possible and get a holistic view on our data. This holistic view requires, that our Tax Calculation and Reporting is developed within our performance management framework. This report covers tax reporting and planning with aim to optimize calculation of current and deferred taxes. It helps an entity to recognize the current and future tax consequences of transactions and other events that have been recognized in the financial statements.

#### Accounting for Tax

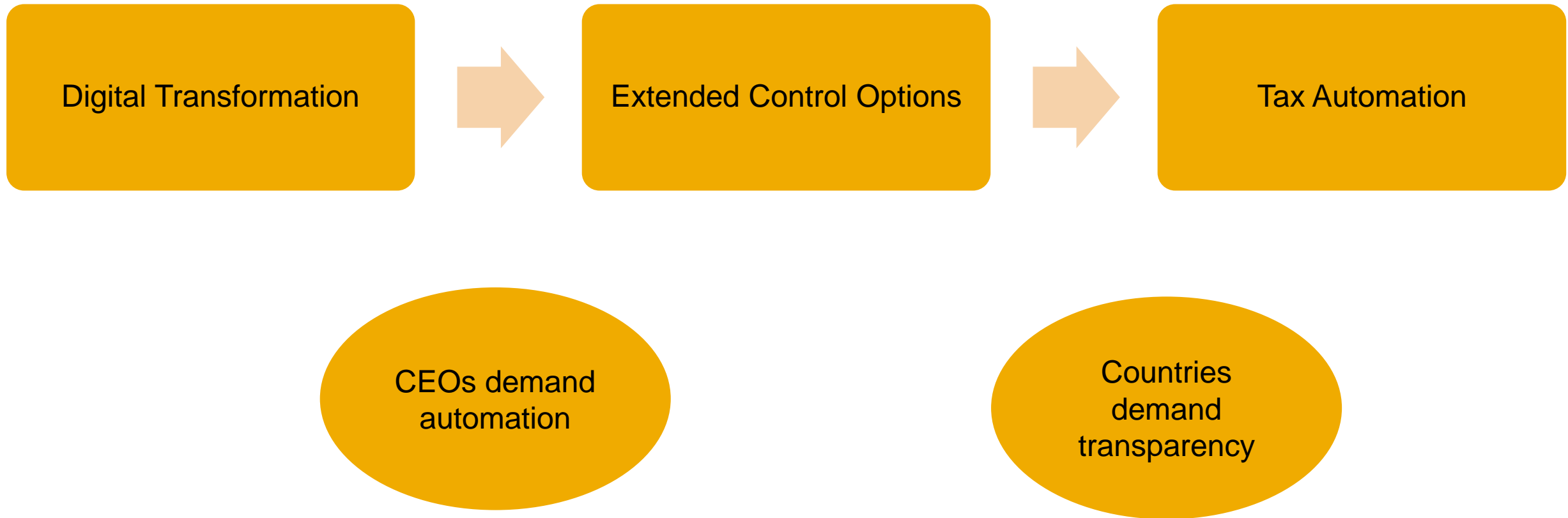
Current tax

+ Deferred tax

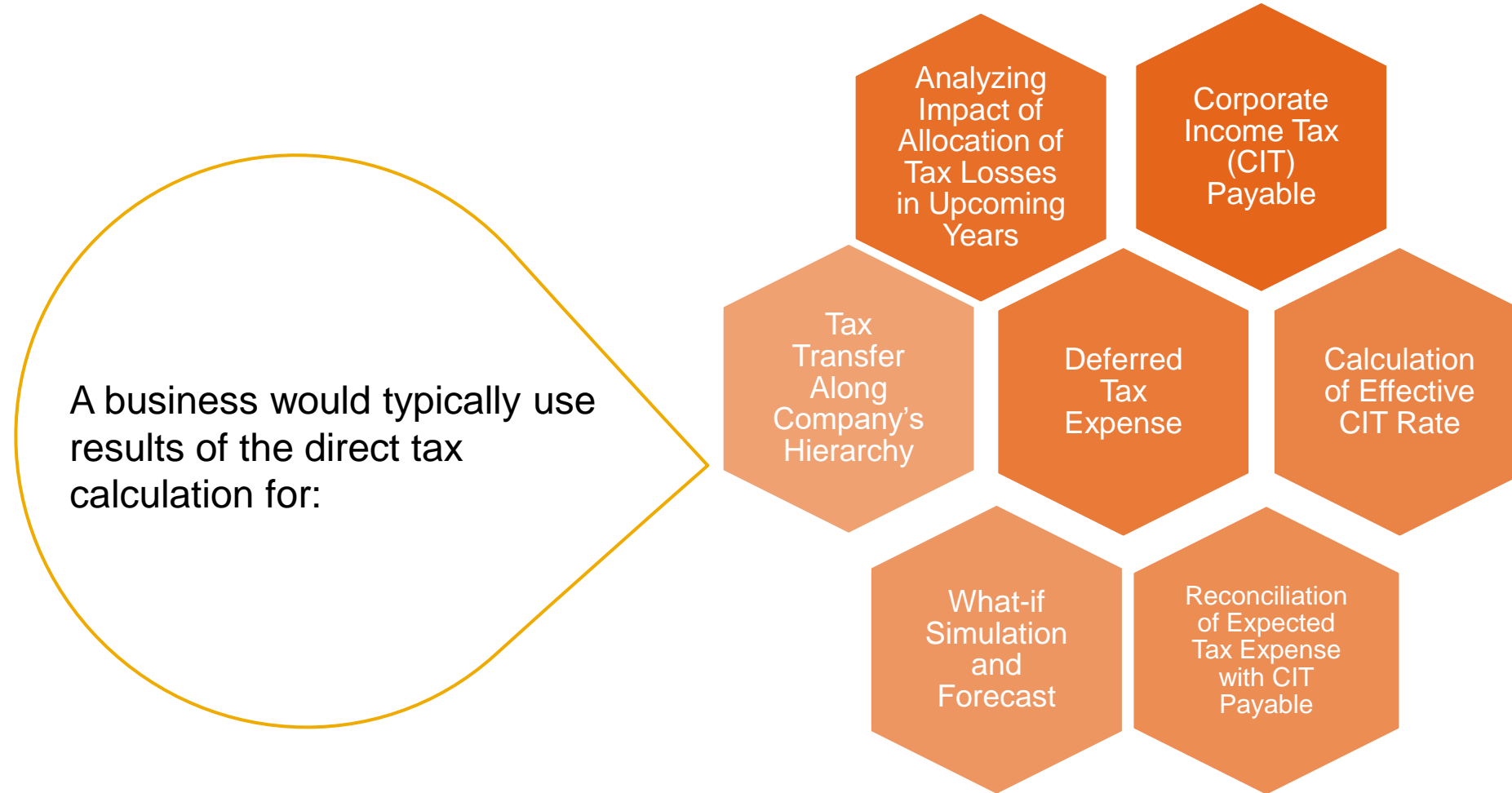
= Tax expense

# SAP Profitability and Performance Management Tax Calculation and Reporting Content – Details

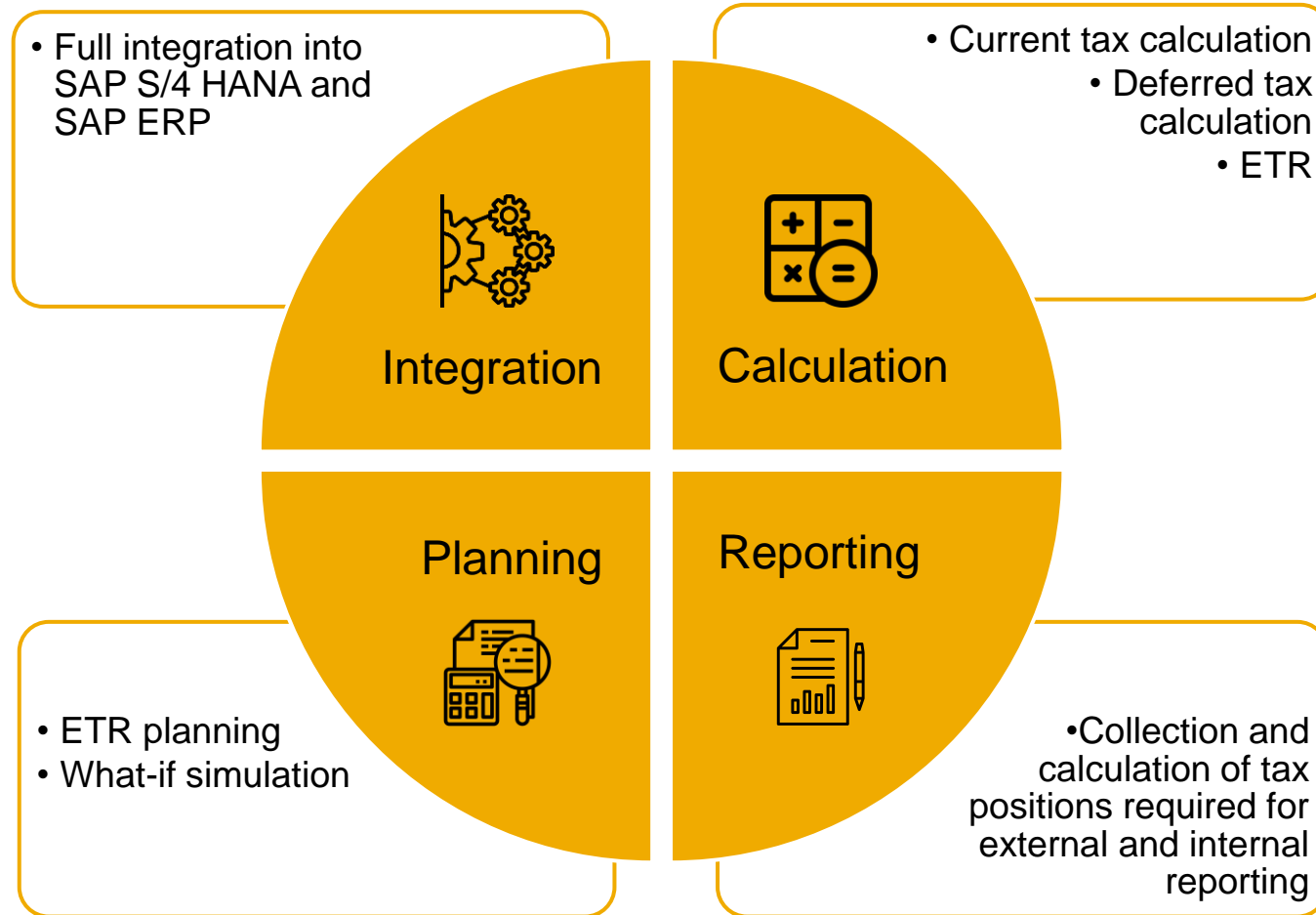
# Digital Transformation Drives Tax Automation



# Tax Calculation and Reporting – Business Perspective

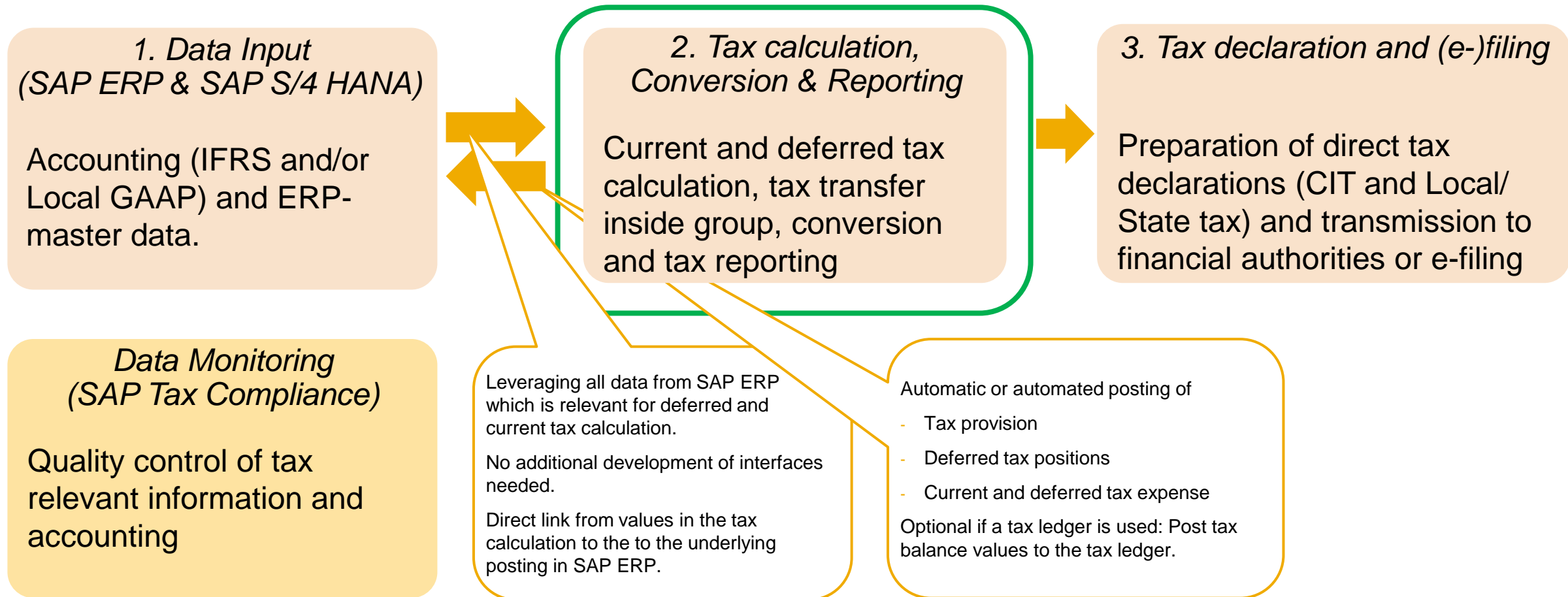


# What is Tax Calculation and Reporting?



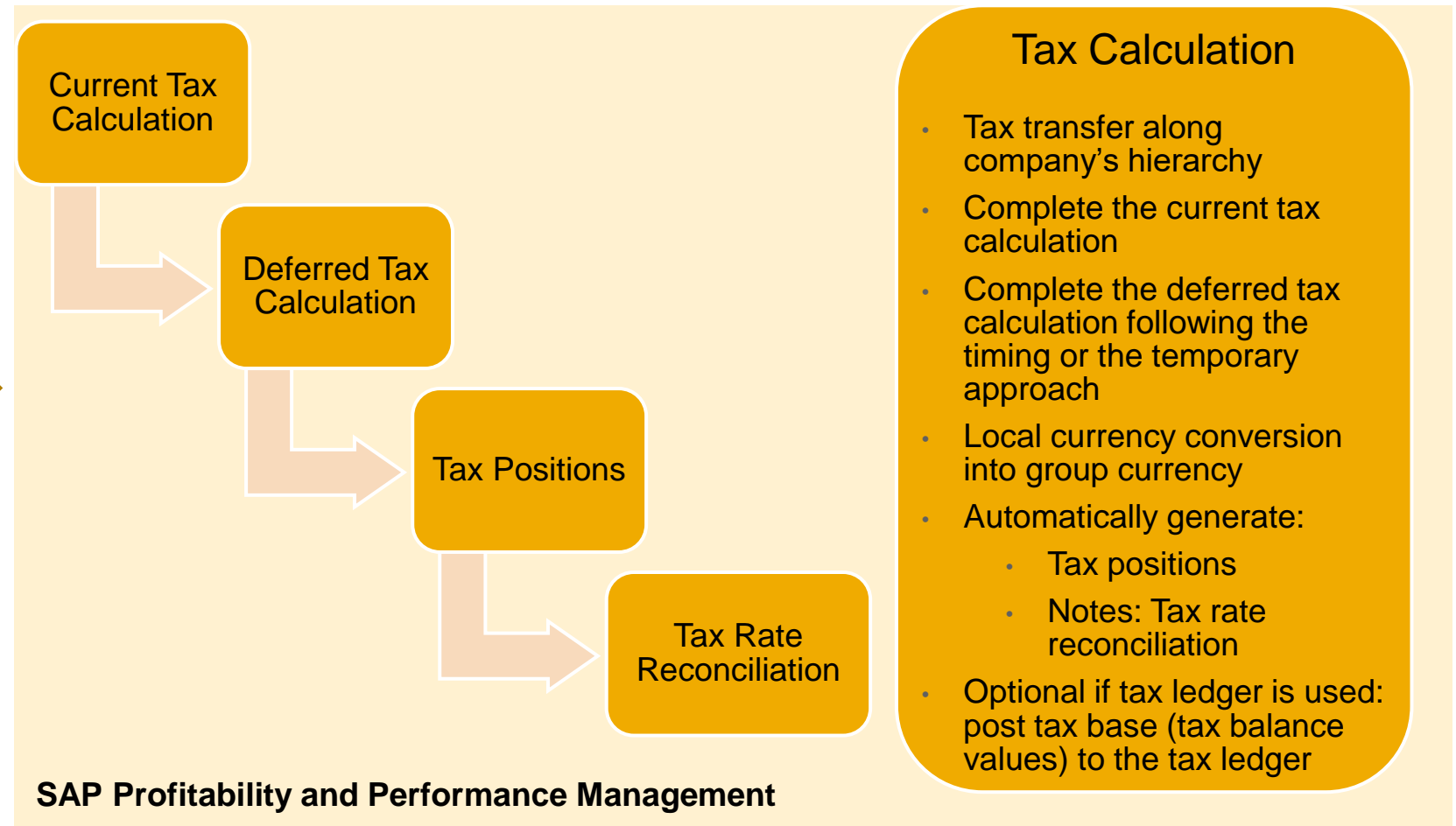
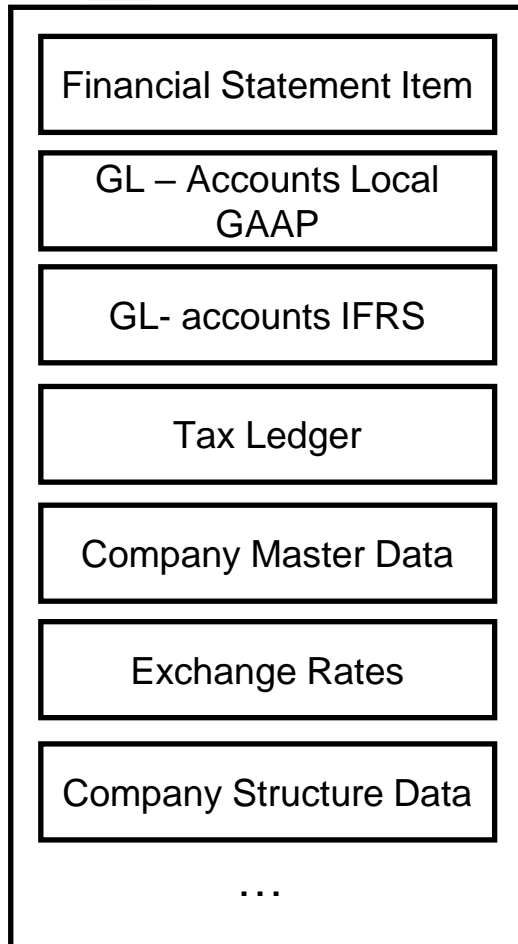
# Direct Tax Data Lifecycle

SAP-based management of corporate income taxes:

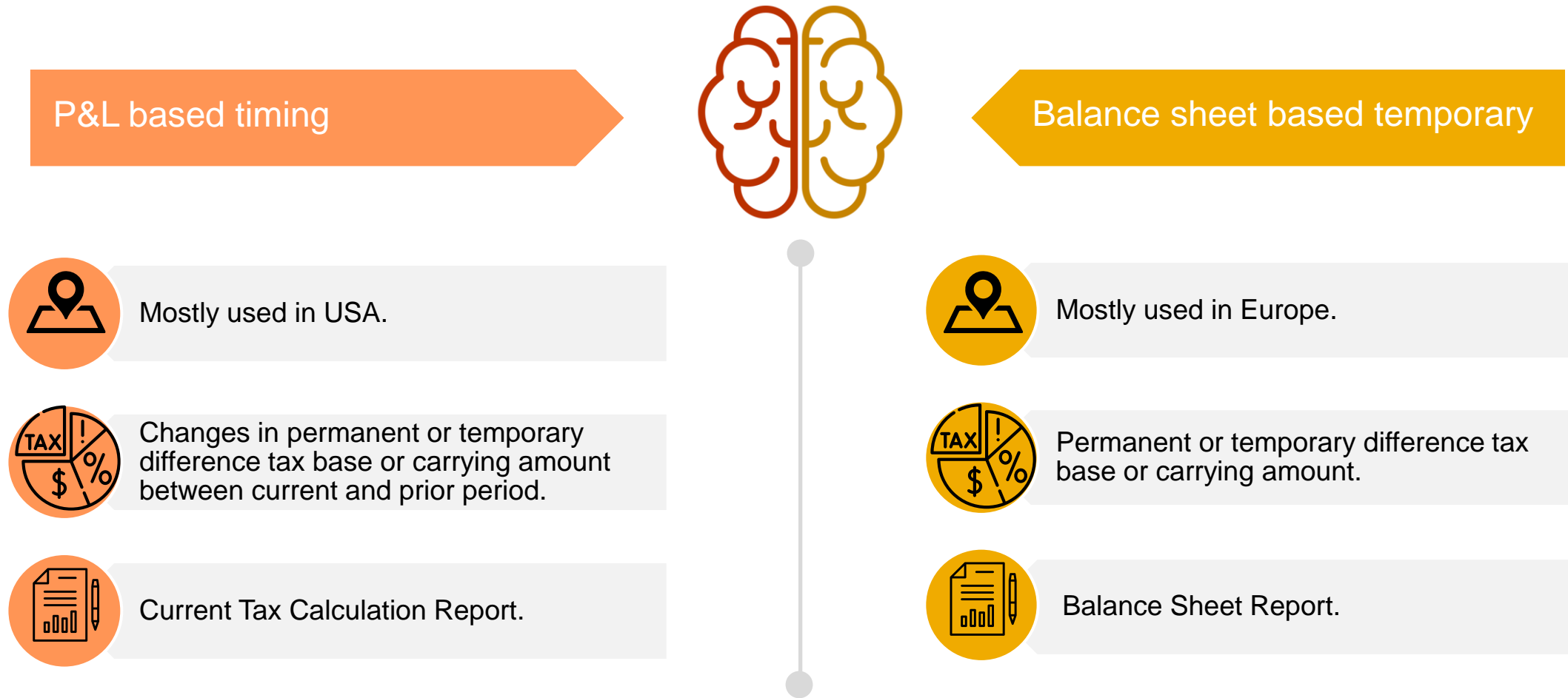


# Interaction of SAP ERP & SAP S/4 HANA with SAP Profitability and Performance Management Add-On

**SAP S/4 HANA**

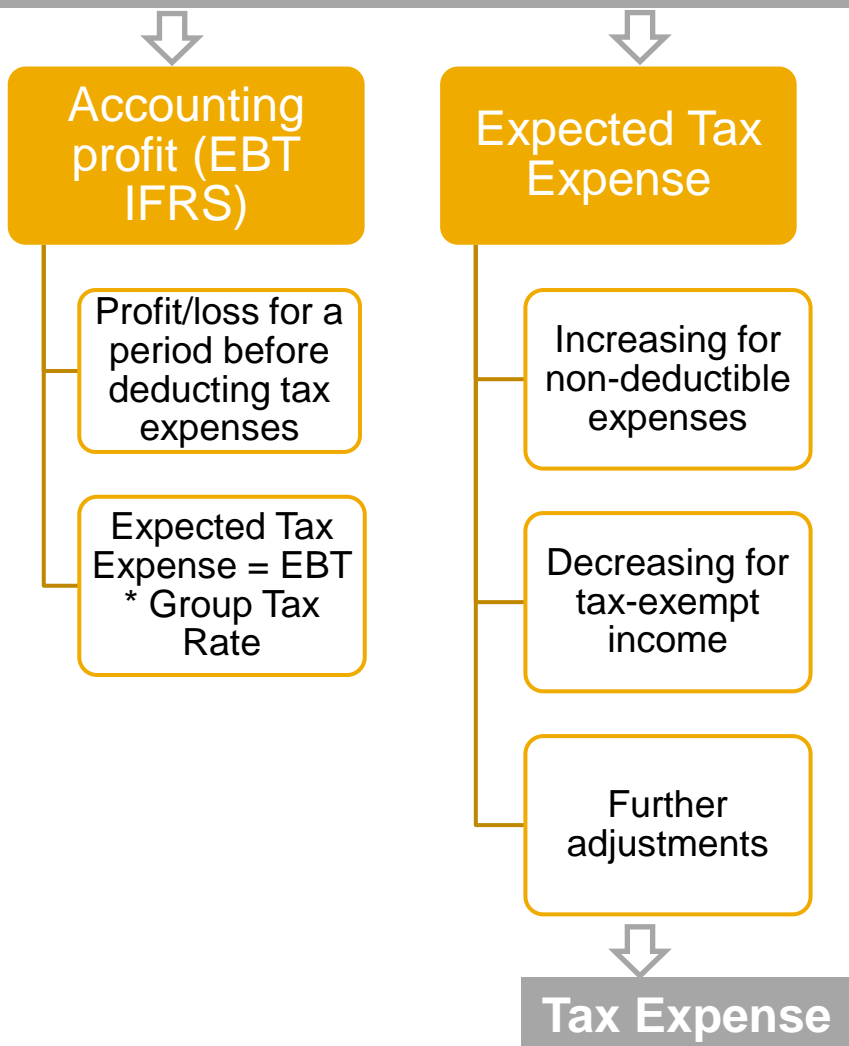


# Calculation Approach



# Tax Rate Reconciliation

Accounting profit  $\neq$  Taxable profit



\* Fiscal Year: 2019 \* Posting Period: 014

Tax Position	Company Code	Sunshine Berlin	Sunshine New York
	Global currency	Value	Value
EBT IFRS - profit (-)	USD	14.188.974,60	15.349.733,33
Expected tax expense (+)/ income (-)	USD	4.256.692,38	4.604.919,99
Impact of differences between corporate and group tax rate	USD	0,00	0,00
— Non-deductible expenses	USD	2.423.304,00	1.519.999,70
Gifts and entertainment expenses	USD	673.140,00	620.000,00
Non-deductible interest expenses	USD	807.768,00	499.999,80
Other	USD	942.396,00	399.999,90
— Tax-exempt income	USD	-2.557.932,00	-2.977.767,52
Capital gains	USD	-807.768,00	-950.000,00
Dividends	USD	-1.211.652,00	-1.752.767,52
Other	USD	-538.512,00	-275.000,00
Impacts of tax group	USD	0,00	-15.000,00
Changes of permanent differences	USD	0,00	24.999,99
Other effects (tax rate changes etc.)	USD	0,00	0,03
— Tax expense (+)/ income (-) - IFRS current period	USD	4.133.096,02	3.157.152,19
- thereof deferred tax expenses (+)/ income (-) - IFRS current period	USD	-299.052,81	-10.949,98
- thereof current tax expenses (+)/ income (-) - IFRS current period	USD	4.432.148,83	3.168.102,17

# Environment Overview

General		Edit	Search	Go to			
[Icons]		[Icons]	<input type="text" value="Search"/>	MODELING	PROCESS		
Main > Sample Content > Cross-Industry							
<input type="checkbox"/>	Environment Description	Environment	Version	History Versions	Reports		
<input type="checkbox"/>	Process Mining on S/4 HANA	SXM				[Edit]	
<input type="checkbox"/>	Agile Plan and Forecast Modeling	SXF	0010	1	3	[Edit]	
<input type="checkbox"/>	Allocation Hub	SXH	0003	0	4	[Edit]	
<input type="checkbox"/>	Corporate Budgeting and Planning	SXB	0003	0	4	[Edit]	
<input type="checkbox"/>	Corporate Sustainability Management	SXD	0001	2	3	[Edit]	
<input type="checkbox"/>	Financing and Investment Sustainability Management	SXV	0004	0	5	[Edit]	
<input type="checkbox"/>	IT Cost Management	SXI	0011	0	3	[Edit]	
<input type="checkbox"/>	Liquidity Management powered by Process Mining	SXL	0003	23	2	[Edit]	
<input type="checkbox"/>	Operational Transfer Pricing	SXG	0014	0	0	[Edit]	
<input type="checkbox"/>	PCM to PaPM Activity Based Costing	SXR	0003	0	2	[Edit]	
<input type="checkbox"/>	Product and Service Costing	SXO	0001	0	5	[Edit]	
<input type="checkbox"/>	Profitability and Cost Management	SXP	0012	0	3	[Edit]	
<input type="checkbox"/>	Simple Cost Allocation Management	SXS	0005	1	2	[Edit]	
<input checked="" type="checkbox"/>	Tax Calculation and Reporting	SXT	0007	0	5	[Edit]	
<input type="checkbox"/>	Value Chain Sustainability Management	SXC	0012	7	6	[Edit]	

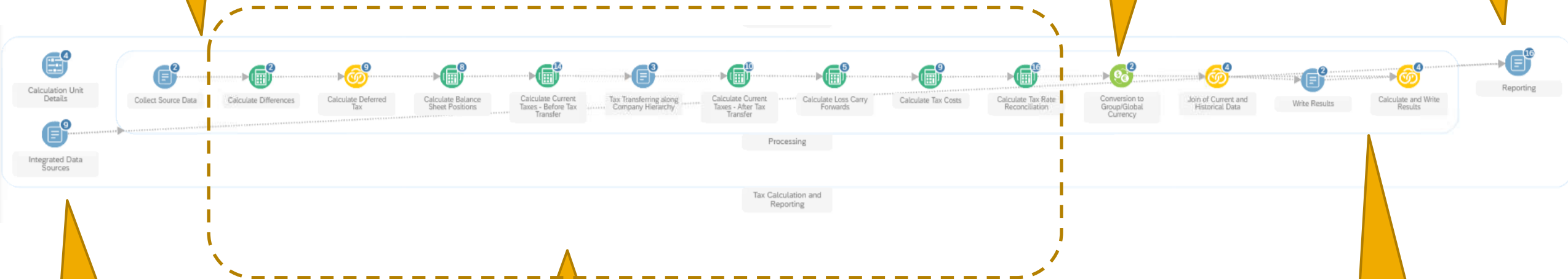
Tax Calculation and Reporting

# Calculation Model

Join of relevant input data

Conversion of calculated results into group currency

Predefined report queries



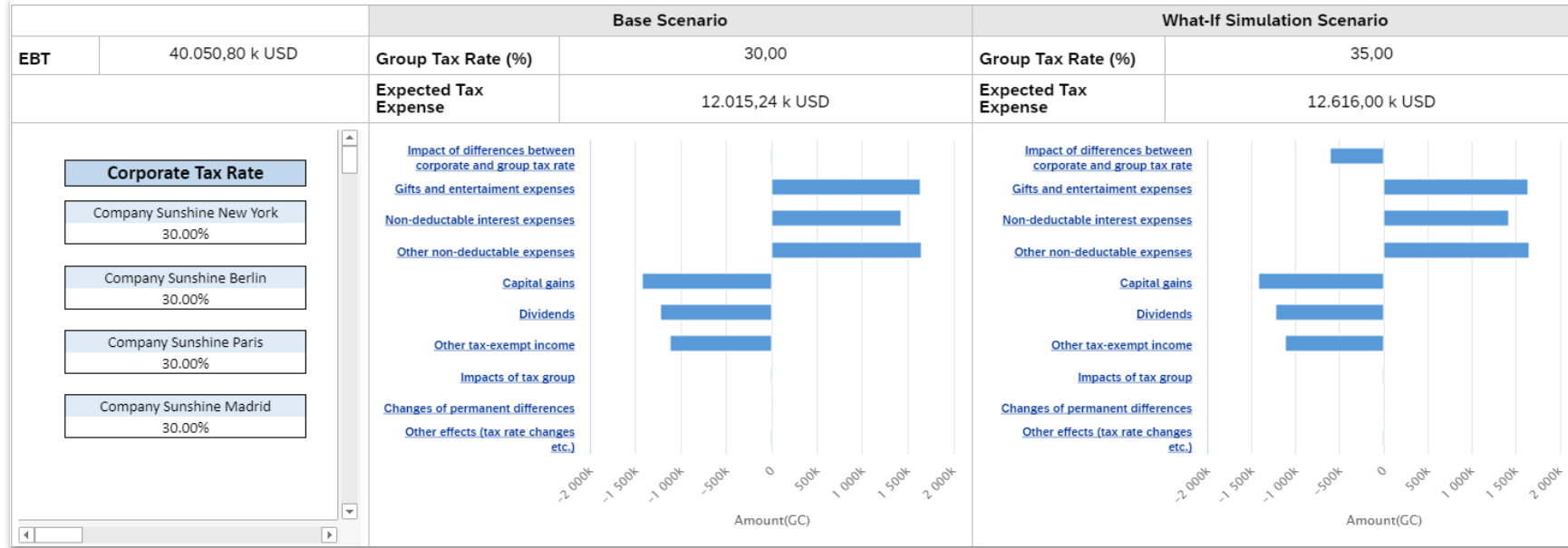
ERP and/or manually uploaded data sources

Direct tax calculation

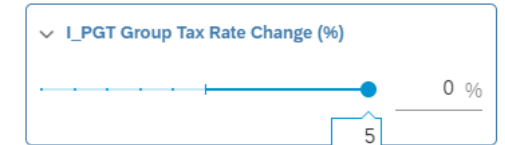
Execute calculation and write results to data source



# Report Management



## What-If Simulation



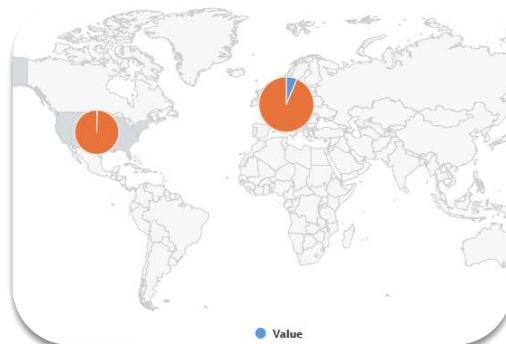
After increasing Group Tax Rate parameter by 5%, the changes are visible in the Group Tax Rate and Expected Tax Expense



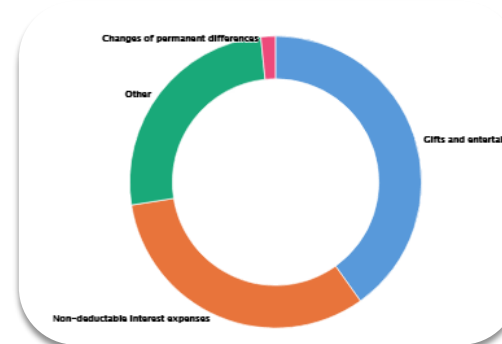
## Reports

Wide range of fancy and interactive visualizations

Tax Expense Breakdown



Non-Deductible Items



Breakdown of Deferred Tax

