

Sabrix Tax for SAP Goods Movement

Sabrix Tax for SAP Goods Movement enables an organization using SAP to accurately and efficiently calculate, accrue and record tax on SAP internal goods movements within the Material Management (MM) module. With this solution, it is possible to avoid the problem of incorrectly estimating tax liabilities on internal goods movements.

Goods Movement

At the time of purchase, it is possible to call Sabrix using the SAP-certified SabrixConnection for SAP which will take into account the relevant transaction data elements to make a tax determination and calculation and then return the results to SAP. With the Sabrix Tax for SAP Goods Movement, this highly accurate tax determination capability can be extended to post-purchase transaction activity of those previously purchased goods.

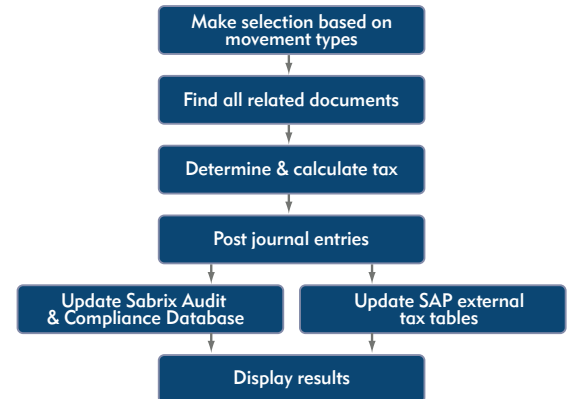
Post-purchase goods movements may result in transaction tax liability based on a change in intended usage or location of a product that may be signified by certain data elements including cost center, project or location. For example, a company may purchase inventory that is intended for use in production and eventual resale, so this product usage does not trigger a sales or use tax liability at the time of purchase. When the company later decides to move some of this inventory for its own internal consumption, this may trigger the need to calculate a use tax for the product. This may be identified by one of the following:

- Transfer to a cost center.
- Transfer to a project.
- Transfer of stock to fixed asset.
- Stock Scrapping.

Such goods movement transactions would have tax consequences based on the final purpose and location of where the goods are going to be used.

Sabrix Tax for SAP Goods Movement

Sabrix Tax for Goods Movement is an application that provides a user interface and a process for properly identifying, computing and posting the proper tax based on the characteristics of the goods movement activity. This process is currently not available through SAP standard functionality and allows SAP users to accurately manage their tax liability for selected post-purchase goods movements that affect the taxability of the products being moved. It is an ABAP object-oriented program that can be run to perform the following:



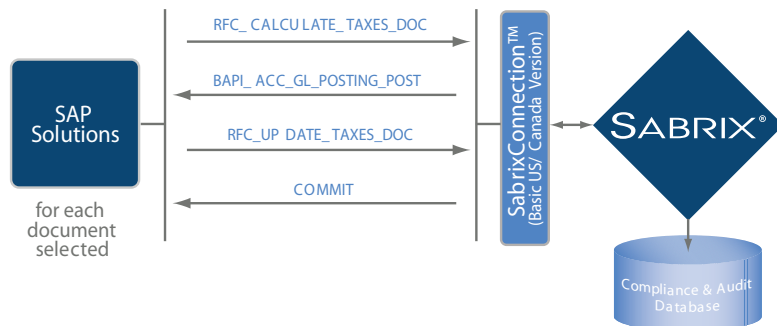
- Identify specific goods movement transactions
- Determine and calculate tax with the Sabrix Application Suite
- Post journal entries in SAP to accrue the estimated tax
- Update the Sabrix Audit & Compliance Database and the SAP external tax tables
- Display the results in a custom SAP report

Architecture & Installation

The above diagram describes the steps of the process flow.

Sabrix Tax for SAP Goods Movement utilizes the SAP-certified SabrixConnection for SAP to communicate with the Sabrix Application Suite. It uses standard RFCs (Remote Function Calls) and BAPI to perform the communication and all of the application functions. This use of certified connections and SAP-prescribed RFCs ensures the robustness and supportability of the solution.

The installation of the Sabrix Tax for SAP Goods Movement is accomplished through the use of an SAP Basis transport, enabling the installation to be completed in one step. The implementation of the SabrixConnection for SAP is also very rapid and is described below. The following diagram illustrates the integration between SAP and the Sabrix Solution as implemented with the Sabrix Tax for SAP Goods Movement.



The SabrixConnection for SAP

The SabrixConnection for SAP is an important component of the Sabrix Tax for SAP Goods Movement and manages the integration between SAP and Sabrix. The SabrixConnection for SAP connects to the SAP Standard Tax Interface and passes specific, predefined transaction data from SAP to the Sabrix Solution. The Sabrix Solution then determines and calculates all applicable transaction taxes, stores detailed tax and transaction information in the Sabrix Audit and Compliance Database, and returns the tax results back to the SAP Standard Tax Interface for placement in the appropriate SAP Application.

Components of the Solution

The diagram on the right illustrates the important components of the Sabrix Tax for SAP Goods Movement solution. In addition to SAP and the SAP-provided RFCs and BAPI, there are two

additional components of the solution that are part of the Sabrix product suite: The Sabrix Solution and the SAP-certified SabrixConnection for SAP. These are described in more detail below.

The SabrixConnection for SAP Architecture

The SabrixConnection for SAP is a Java application that creates and transmits a simple XML structure over standard HTTP protocols. Sabrix utilizes Java technology combined with Sabrix's XML integration layer to connect with SAP R/3, mySAP CRM, and mySAP Mobile Client utilizing SAP's Java Connector (JCo).

The unique design of the SabrixConnection for SAP provides support for SAP R/3, mySAP CRM, and mySAP Mobile Client all with one Sabrix interface solution and code base. This design reduces IT investments and maintenance costs significantly.

The SabrixConnection for SAP can reside on the application server side of Sabrix, SAP, or a separate instance, delivering a flexible and scalable integration architecture.

If desired, several instances of the SabrixConnection for SAP can be started in parallel allowing load balancing in heavy transaction environments.

The SabrixConnection for SAP maps data between the SAP provided RFC structures and the Sabrix Solution XML structures. The SabrixConnection for SAP is a data transport mechanism only and contains no embedded tax or calculation logic. In addition, no special tax or calculation logic is required within SAP. All tax and calculation logic capabilities reside within the Sabrix Solution which is easily configured by the tax professional through Sabrix's powerful and intuitive user interface. With Sabrix, tax professionals can manage the entire transaction tax environment without custom programming and IT department involvement.

The Sabrix Solution Tax Determination

The Sabrix Solution automatically determines tax based upon the attributes of a transaction, requiring no manual tax decisions during transaction processing.

The Sabrix Solution's automatic tax determination capabilities deliver a level of tax accuracy and compliance industry by:

- Eliminating tax decisions by sales, purchasing, and accounting personnel by automatically determining tax.
- Enabling the tax professional to administer company specific tax configurations.
- Providing the Sabrix Audit & Compliance database and associated reports, which contains all paid and accrued taxes calculated by Sabrix.

The Total Solution

By using the Sabrix Tax for SAP Goods Movement, companies are able to extend the capabilities of their Sabrix Solution while achieving a much finer level of accuracy in the determination of taxes for internal goods movements.