

# Indirect Tax Technology Sourcing

## Requirements and Evaluation Questions

### Indirect Tax Tech Acquisition Considerations

On the surface, the core functionality of an Indirect Tax Software seems simple enough. It acts as a rules engine – if a transaction occurs in a specific location, with a specific product or service, then it calculates and returns the tax that must be collected, remitted, or filed. It can also handle periodic reporting based on the requirements of different governments and tax agencies.

*The reality is much more complex.*

Because tax spans an entire ecosystem of people, governments, enterprise systems and their associated business processes, there's a multitude of different features and nuances that need to be present in order to solve the complexities of the modern tax landscape. There are the non-negotiable components of Indirect Tax Software, their functions, and key considerations for evaluation.

### Indirect Tax Tech Solution Selection and RFP Process

For an RFP aimed at selecting the most comprehensive and modern all-in-one solution for indirect tax compliance globally, a buyer would want to include evaluation categories that cover all critical aspects of indirect tax management. See solution evaluation categories with relevant questions for each in the next tab. You can insert this section into the main part of your RFP or use it as an attachment.

Sovos can provide you with a free consultation on your indirect tax solution selection process. For more info, contact [taxguide@sovos.com](mailto:taxguide@sovos.com).

## I. Tax Determination and Calculation

| Question   | Response |
|--|----------|
| How does the solution handle tax determination across multiple jurisdictions, including complex tax scenarios?                                       |          |
| What tax types (e.g., VAT, GST, Sales Tax) are supported by the solution?  |          |
| Can the system handle real-time tax calculation for transactions across various channels (e.g., online, in-store, B2B, B2C)?                         |          |
| How often are tax rates, rules, and regulations updated, and how is this process managed?  |          |
| Does the solution support custom tax rules for specific business needs?  |          |
| How does the solution ensure accuracy in tax determination and prevent errors?   |          |
| Can the system manage exemptions, thresholds, and tax holidays?  |          |
| How does the solution integrate with existing invoicing and billing systems for seamless tax determination?  |          |
| What level of automation does the solution provide in tax determination, and what manual interventions are required?                                 |          |
| Does the solution provide detailed audit trails for all tax calculations?  |          |
| Does your offering include access to subject matter experts in case of legal interpretation or audit defense challenges pertaining to your solution? |          |

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### II. E-Invoicing and E-Reporting

| Question  | Response |
|---|----------|
| How many jurisdictions do you support for e-invoicing and/or e-reporting?   |          |
| How many legal and business process experts are involved in monitoring legislation and continuously maintaining your products' compliance?  |          |
| Do you provide a multi-country electronic invoice and associated data archiving solution with in-built compliance localization including in-country storage as required?              |          |
| Can our company integrate with your solution in a consistent way using a single data model and API for multiple countries, without having to do all the local data mapping ourselves? |          |
| Does the solution support compliance with global e-invoicing mandates, including region-specific formats and standards?   |          |
| How does the system ensure the authenticity and integrity of e-invoices?  |          |
| Can the solution manage e-reporting requirements across multiple jurisdictions, and how are updates to filing requirements handled?   |          |
| How does the solution handle error detection and correction in the e-invoicing and e-reporting process?   |          |
| Can the solution accommodate multi-language and multi-currency requirements for e-invoicing?  |          |
| What is the process for storing and retrieving e-invoices, and how is data privacy ensured?   |          |
| Does the solution provide a dashboard or reporting tool to monitor e-invoicing and e-reporting status across jurisdictions?   |          |
| What level of support and updates are provided for changes in e-invoicing and e-reporting regulations?  |          |

### III. Filing and Reporting

| Question  | Response |
|---|----------|
| How does the solution manage tax return preparation, filing, and reporting across multiple jurisdictions?     |          |
| Does the solution offer pre-built reports for tax compliance, and can these be customized?                    |          |
| How does the system handle multi-jurisdictional filing requirements, including local and regional variations? |          |
| What is the process for reconciling tax data and ensuring accuracy in filings?                                |          |
| Does the solution support both manual and automated filing processes?   |          |
| How does the system alert users to filing deadlines and ensure timely submission of returns?                  |          |
| Can the solution handle amended returns and corrections efficiently?  |          |
| What type of audit and compliance reports does the solution generate, and how are these accessed?             |          |
| How does the system handle VAT/GST refunds, and what is the process for managing refund claims?               |          |
| What level of support is provided for end-of-year tax reporting and compliance?                               |          |

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### IV. ERP Integrations and Compatibility

| Question  | Response |
|---|----------|
| Which ERP systems does the solution integrate with natively, and what is the process for integrating with custom or legacy systems? |          |
| How does the solution handle data synchronization between the ERP and the tax system?   |          |
| What level of customization is required to implement the solution within our existing ERP environment?                              |          |
| How does the system ensure real-time data exchange between the ERP and the tax solution?  |          |
| Can the solution manage data flows between multiple ERP systems if the organization uses different platforms across regions?        |          |
| How does the solution handle ERP upgrades or changes, and what level of support is provided during these transitions?               |          |
| Does the system provide APIs or other tools for custom integrations with our existing tech stack?                                   |          |
| How does the solution manage user roles and permissions when integrated with an ERP system?   |          |
| Can the solution support a phased implementation across multiple ERP systems and regions?   |          |
| What testing and validation processes are recommended to ensure a smooth integration?   |          |

### V. Global Coverage and Scalability

| Question  | Response |
|---|----------|
| Which countries and regions does the solution support, and how comprehensive is the coverage for indirect tax compliance? |          |
| How does the solution manage compliance with country-specific regulations and tax laws?                                   |          |
| Can the solution scale to accommodate the growth of our business in new markets and regions?                              |          |
| How does the system handle multiple languages and currencies across global operations?                                    |          |
| What is the process for onboarding new countries or regions as we expand?   |          |
| How does the solution ensure compliance with local data protection and privacy regulations globally?                      |          |
| How does the solution handle reporting and analytics on a global scale, and are these customizable by region?             |          |
| What is the process for updating the system to reflect changes in global tax regulations?                                 |          |
| What level of global customer support is available, including local language support in key regions?                      |          |

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