SAP® TAX AND REVENUE MANAGEMENT FOR PUBLIC SECTOR
INCREASING COLLECTIONS AND MAXIMIZING TAXPAYER COMPLIANCE

The SAP® Tax and Revenue Management for Public Sector package can help agency revenue administrators effectively deliver tax collection and revenue management services. By providing a single view of the taxpayer and supporting multiple revenue types, the software can help public sector organizations increase collections and maximize compliance while enhancing taxpayer service and satisfaction.

CONTENT

INTRODUCTION
USING SAP® SOFTWARE TO MEET TODAY'S CHALLENGES

Public sector organizations like yours face unprecedented challenges in the administration and management of public revenues. Effective tax collection and revenue management represent the financial lifelines of government. Without sufficient revenue, federal, state, and local agencies cannot deliver the essential services that taxpayers, citizens, and constituents expect and need. And the cost of providing services in areas such as health, education, social services, and national security is rising.

Yet, as we experience some of the worst economic conditions in decades, governments around the world face a significant gap between revenues they should be collecting and monies that are actually collected. Moreover, operational costs are escalating, caused by the increasing volume and complexity of taxation rules. What's more, aging legacy systems with data in "silos" and nonintegrated processes complicate the effort to identify taxpayers, highlight past-due payments, and collect revenues.

As a result, the pressure on agencies like yours – those charged with administering and collecting taxes and revenues – is increasing. Not only must your agency capture all appropriate revenues from taxpayers and citizens, you must also distribute funds efficiently, minimize costs, maximize taxpayer compliance, and ease the compliance process for the public.

Unifying Tax and Revenue Management

The SAP® Tax and Revenue Management for Public Sector package can help agency revenue administrators meet these challenges efficiently and cost-effectively. The fully integrated software provides a single view of the taxpayer and supports multiple revenue types. These features help you increase collections and maximize compliance while enhancing taxpayer service and satisfaction. Based on the SAP NetWeaver® technology platform, the software delivers a flexible solution that automates the entire tax and revenue management process, at lower risk and cost than custom-developed solutions. What's more, the package is service-enabled, configurable, upgradable, and standardized. Figure 1 illustrates the functionality provided by this package.

To help you efficiently process the tremendous volumes of documents that result from managing the transactions of a large constituency, SAP Tax and Revenue Management for Public Sector supports data management outside the general ledger. The package provides a complete subledger accounting system that is part of the public sector collection and disbursement functionality of the SAP ERP application.

Based on the SAP NetWeaver® technology platform, the SAP Tax and Revenue Management for Public Sector package software delivers a flexible solution that automates the entire tax and revenue management process, at lower risk and cost than custom-developed solutions.

The software also provides a single logical financial framework for the management of public revenues and payment processing. At specified intervals, the software transfers summarized individual postings to the general ledger of the SAP ERP Financials solution. It can also transfer this information to the general ledger of a non-SAP accounting system.

To simplify taxpayer access to documents and data upload, the SAP software offers taxpayer online services via a taxpayer portal. Through these services, taxpayers can file tax returns, review tax information, and pay tax obligations around the clock. The software provides multiple access points for taxpayers, which can reduce barriers to taxpayer interaction by integrating multiple communication channels and providing "one-stop" account maintenance.

This document presents the functional approaches of the SAP Tax and Revenue Management for Public Sector package. It describes how you can use this software to efficiently exchange data with taxpayers, streamline returns processing and accounting tasks, handle payments and manage collections, and generate reports

ONLINE TAXPAYER ACCESS TO DOCUMENTS AND DATA UPLOADS
QUICK, EFFICIENT INFORMATION EXCHANGE WITH TAX AUTHORITIES

To streamline and simplify taxpayers' efforts to access documents and upload data, the SAP software provides an online taxpayer service. With this service, taxpayers can manage tasks, file and validate tax returns, simulate tax assessment notices, and make payments when they file a return.

Taxpayers can authorize their tax advisor to use the SAP software on their behalf. Tax advisors with multiple clients can use the package to select the appropriate taxpayer, maintain a data model, and perform routine tasks for each taxpayer. Taxpayers and their advisors can use the online service to perform the following basic tasks:
- View an overview of tasks
- Maintain and display taxpayer data and relationships
- Display assigned tax types and tax objects
- File and amend tax returns
- Display and print tax returns and tax assessment notices
- Display history of filings and payments
- Make online payments for each account
- Pay debits
- Request credits from tax authority
- Print confirmation documents after submitting tax returns and payments
- Display account balances

To support the taxpayer management functionality, the SAP software lets you include business rules in your processes. These rules are embedded in a configurable business-rules framework tool that is part of the SAP software. This tool offers a runtime and maintenance environment, which you can use to build, configure, implement, process, and maintain technical and business rules.

TAXPAYER MANAGEMENT
COMPREHENSIVE DATA MANAGEMENT AND SIMPLIFIED ACCESS

The taxpayer management functionality in the SAP software is enabled by a central repository, which manages all of the taxpayer-related data elements that you need to process taxes and licenses. This repository includes a three-level hierarchical data-model structure that includes taxpayer information, tax account data, and tax object or location information.

Taxpayer Information

The taxpayer information data set includes basic data points such as name, address, federal tax ID numbers, and bank account information. You can also use the software to track more

The SAP software shares taxpayer and account data between the tax-processing function and other related business applications, such as SAP or non-SAP accounting or billing systems. Each application displays the taxpayer and account data in a way that is appropriate for its users. For example, tax and revenue data is available to the SAP Customer Relationship Management (SAP CRM) application that you use to handle collections, case management, and interaction center functions. SAP CRM displays the data so that interaction center agents can view the most current information on any taxpayer account at any time (see Figure 2).

organizations and related parties, such as power of attorney or corporate officer.

For personal taxes, you can use the software to specify married individuals. The software then maintains tax-filing information on each individual taxpayer and uses business rules to identify any associated return as a joint filing. This way, the software helps you maintain a complete history for each individual as well as the associated filing, without requiring you to maintain complex joint accounts.

Tax Account Data

The second level of the repository is the tax account, which contains accounting information about the taxpayer obligations and payments. The tax account displays as a subledger account for each revenue or tax type. This account is necessary to support open-item balance accounting for taxpayers. You must assign each tax account to at least one taxpayer.

The SAP software provides multiple control parameters and defaults, which you can define at the account level. These defaults determine how the software processes various tax types. You can use the software to define such settings as payment clearing rules, invoicing settings, interest rates, and collection rules. When added to a taxpayer record, these settings become the default for that account. However, you can override certain rules in each posting.
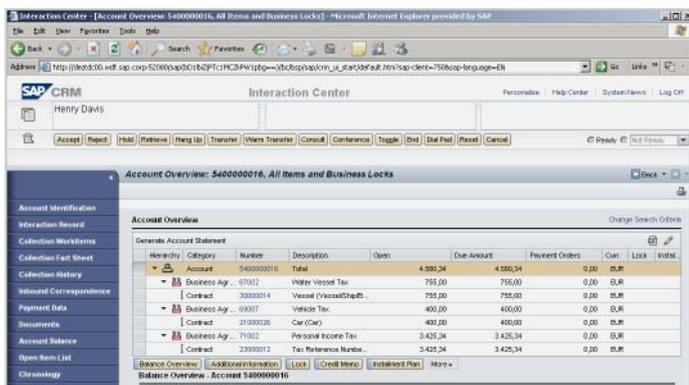
**Figure 2:
View of Taxpayer
Information in
SAP® CRM**

detailed information that may be required during processing of certain accounts, such as vacation addresses, taxpayer status, additional identification numbers, legal and classification information, and credit cards used for payments. You can specify that certain address data is time dependent, a feature that is useful when seasonal date information about a taxpayer is relevant.

You can also use the taxpayer information portion of the repository to manage relationships such as parent-subsidiary, predecessor-successor, taxpayer–tax preparer, and between taxpayers and relevant business partners. The software allows you to create a tax preparer within the system and link that person or business to multiple taxpayers. You can also record the legal reporting relationship between

Even when you use multiple controls that create separate postings on different general ledger accounts, the software displays information about a taxpayer and all associated accounts – in a single view. Depending on your agency's requirements, you can set the account to display one, several, or all accounts in varying aggregation levels. By quickly and efficiently displaying comprehensive information about a taxpayer or account, this feature helps you provide optimum taxpayer service. To help ensure data security, the software includes scalable authorization functionality that regulates access to each account.

Tax Object or Location Information

The third level in the repository is the tax object or location information. The SAP software considers any tax assessed on a taxpayer asset to be an object-based tax. Accordingly, the software tracks information on the object being taxed, such as the property location. The software helps define specific filing frequencies for each tax object as well as the associated tax-return filing due dates. The filing frequency also triggers applicable correspondence to

the taxpayer if filings are not made in a timely manner. For example, in the case of a business with multiple locations, the software identifies each location separately. This feature allows you to send correspondence to both a headquarters office and a specific satellite location.

You also can use the software to assign a tax object to one or more taxpayers. In addition, you can assign multiple tax accounts (or revenue types) to an object simultaneously (for example, if taxpayers are joint owners) or in succession (such as after a change in the ownership of a tax object). The software not only separates data in the account display but also allows you to set certain controls on a level lower than the tax account (for example, for the assigned address or bank accounts).

The software also enables you to store information or facts about the maintenance of these assets on the tax object record. The software uses these facts for tax calculation or administration. You can set up facts attributes in a hierarchical fashion to accommodate complex data sets.

You can also use these facts to store information or data needed for calculations. When you use facts to store data for calculations, the business rules framework tool can refer to the attributes to determine the levy amount. In the case of information such as wages, information received from taxpayers can be stored and used for verification and calculation.

You can also use the SAP software to upload tax return data from non-SAP systems. The software uses the process infrastructure within the SAP NetWeaver technology platform to integrate the tax and revenue management software with external systems by leveraging open industry standards.

Additional Taxpayer Management Features

The taxpayer management features of the SAP software include support for processes such as registration, checking of duplicate records, and taxpayer searches. To perform these functions, the software uses a business rules engine and a data model that supports relationships between your agency and taxpayers and their representatives. It invokes the rules engine when you create taxpayer, account, or location data.

The software uses flags to inactivate or activate certain data attributes of an account, such as account status. Flags can be set to denote attributes for a given taxpayer account (such as bankruptcy, appeals, or automatic account review). In conjunction with flags, the software also uses status fields to capture important status changes at an entity or account level.

Business Rules Framework Tool

To support the taxpayer management functionality, the SAP software lets you include business rules in your processes. These rules are embedded in a configurable business-rules framework tool that is part of the SAP software. This tool offers a runtime and maintenance environment, which you can use to build, configure, implement, process, and maintain technical and business rules.

You can use the business rules framework to process any tax-based requirements, including form-based calculations, direct calls to accounting software, validation of previous payments, and complex penalties or interest calculations. The runtime processing of rules is event-driven. Each event has an associated set of rules, which the software processes at runtime. Rules maintenance can be handled by business or technical users who understand the rules logic. For example, basic rate increases can be invoked by simply changing a number within the associated rule.

DATA CAPTURE AND TAX RETURN PROCESSING
UNIFORM, EFFECTIVE TAX PROCESS ADMINISTRATION

SAP Tax and Revenue Management for Public Sector can help you capture tax-related data from taxpayers. The software also offers features that help you facilitate integrated processing of tax returns. The following sections describe these functionalities.

Support for Data Capture

You can use the software to facilitate data capture. Taxpayers can file their returns using portals, mail, counter service, fax, and Internet. All of these methods access the business-rules framework tool; this tool supports tax return validation, exception handling, and calculation of tax liabilities.

To facilitate the upload of tax returns, the software uses a migration workbench tool that is part of the SAP software. This tool places tax-return input data into a queue on a schedule defined by your agency. The migration workbench tool, which operates independently of the source system and its data model, transfers data from the tax forms and performs the extract, transfer, and load steps.

You can also use the SAP software to upload tax return data from non-SAP systems. The software uses the process infrastructure within the SAP NetWeaver technology platform to integrate the tax and revenue management software with external systems by leveraging open industry standards. This process infrastructure converts data from non-SAP software into SAP software–compliant formatting for processing. It also provides the functionality needed to centrally manage the message exchange between external applications and your taxpayers. The software can also help you execute business processes across SAP and non-SAP software platforms.

Rich Functionality for Processing Tax Returns

The software supports tax return processing for both form-based and object-based taxes. Form-based taxes, such as income tax, require taxpayers to file a form or return with your organization. With object-based taxes, the taxing authority determines the taxpayer's bill on items such as property, or sets fees for licenses and certifications.

The software uses these two taxing processes to assign revenue from taxes on income, sales, or property and fees to the appropriate revenue accounts in your financial system. Each tax type is also associated with specific forms, which taxpayers or licensees must use to provide information about their financial obligations and monies due.

Each tax type also includes parameters that specify when returns must be filed. Filing frequency is determined by information submitted by taxpayers when they register with your agency. For example, large companies may be required to file payroll tax returns on a monthly basis, while small companies may file only quarterly.

Once a tax type is assigned to a taxpayer, the software uses predefined business rules to perform automatic validation of the return. The software also calculates any tax liabilities, refunds, penalties, or interest. If there are no errors or exceptions on the tax return, the software creates a tax liability document for that taxpayer in your financial system. When you run periodic invoicing processes, you can use the software to generate tax liability documents that can be forwarded to the taxpayer.

Managing Property Taxes

Property tax administrators need to manage large volumes of property-related data as they address complex changes in tax legislation – while efficiently meeting their obligations to the municipality, public citizens, and external partners. The SAP® Tax and Revenue Management for Public Sector package provides integrated property and taxpayer information that helps you automate and streamline the property tax lifecycle.

Tax administrators can manage all business associated with a physical parcel through one property-centric view. This approach enables you to take control of the entire property tax lifecycle – from evaluation and assessment to revenue accounting – and it helps you reduce costs. The configurable application also integrates with other SAP applications, including the SAP ERP application, to help you connect with such business functions as tax calculation, billing collections, and accounting.

The property management functionality helps you support the following processes:

Property evaluation and assessment – Integrates with external systems to continuously provide and update property assessment data
Property records management – Incorporates configurable time-dependent master data for multiple location and address information
Tax billing – Adapts to changes in fixed rates, variable rates, rule-based assessments, and new tax types
Tax payment – Configures readily to accommodate installments, prepayments, billing adjustments, and payables and receivables
Tax collection – Helps ensure flexible presentation of nontax levy assessments, grant and deferment calculations, and supplementary tax assessments, as well as standard tax-bill presentment and statement of account generation
Tax enforcement – Adapts to flexible requirements for penalty, interest, and collection procedures
Revenue accounting – Manages complex revenue distribution and reconciliation to requisitioning authorities
Reporting and analysis – Uses the SAP NetWeaver® Business Warehouse component to provide analytics and reporting
Mapping – Integrates with geographic information systems to enable search and retrieval of parcel or taxpayer information

Billing and Invoicing
The SAP software includes a billing engine that serves as the foundation for all billing and invoicing processes. The software can process your tax authority's form-based taxes, such as sales and use taxes, as well as object-based taxes, such as vehicle and property taxes. You can use the software to generate invoices that include multiple bills to a single taxpayer.

The billing engine receives data from various input systems, including SAP and non-SAP financial software. To process this input, the software includes an input interface that supports asynchronous data delivery. This interface also monitors the incoming billing items to support consistency and prevent duplicate records. In addition, the software includes a rules engine that identifies exceptions, routing any tax returns that need further attention to the appropriate tax agent.

For form-based taxes, integration between SAP Tax and Revenue Management for Public Sector and SAP Interactive Forms software by Adobe lets you process information on taxpayer-submitted forms. The tax and revenue management software performs calculations on the data entered in the Adobe forms using your predefined business rules.

For object-based taxes, the software uses data about the tax object to determine tax liability. For example, a car's age can be used to determine vehicle tax. The software applies rules established in the business rule framework to the object and then produces an invoice for the relevant tax.

Returns Processing

While processing returns, you can use the SAP software to identify and define field-level data. The software provides drop-down lists, from which you can choose data, or you can enter quantitative data that is limited by prespecified tolerance levels. You can also engage business rules to validate data against defined business processes (see Figure 3).

While processing a return, your users create data entries, and the software performs line-item checks to verify that the entries are valid. If an entry passes the edit checks, the software saves the transaction. If there is an error, the user may receive one or more responses from the software, depending on your configuration choices. You can configure the software to generate information, warnings, or error messages when an exception occurs.

In the case of an error message, the user must correct the data before the tax processing will proceed. For most transactions, the software also provides an option to "park" or hold the previously entered data. This feature prevents the user from losing existing data if he or she is unable to complete the transaction.

Depending on your software configuration, SAP Tax and Revenue Management for Public Sector can also process incomplete or erroneous returns. Using business logic defined in the business rules framework tool, the software attempts to correct or complete the return. You can configure the software to proceed, amend, and save the return when it is submitted with minor errors. You can also configure the software to generate a notification or correspondence to the taxpayer or constituent when a return is submitted with an exception.

If manual activity is required to complete or correct an erroneous tax return, the software automatically forwards the return to the central work list of the associated tax officer. The software may use the SAP Business Workflow tool to determine the appropriate agency or tax agent needed to resolve the tax return.

Exception Processing from a Work List

When a tax return is processed incompletely or incorrectly, the SAP software uses workflow functionality to route it to a work list. The work list provides a unified, centralized location for tax agents to gain streamlined, centralized access to exception returns and related data (see Figure 4).

Tax agents and their supervisors can use this list to efficiently select, track, and manage assignments. The work list displays an aggregated list of tasks from the different parts of your business system landscape that must be completed to finalize a tax return.

Once a return is assigned to an agent, the software automatically delivers all necessary documents – including attachments and attributes – to the agent's work area, eliminating the need for time-consuming document searches. Agents can use the work list functionality to drill into a document, displaying the original submitted return as well as the reason for exception processing.

To help you proactively manage and collect overdue receivables, SAP Tax and Revenue Management for Public Sector is integrated with SAP Collections Management. The collections management software provides an intuitive, cockpit-style user interface that helps tax collectors efficiently process, maintain, and follow up on customer accounts.
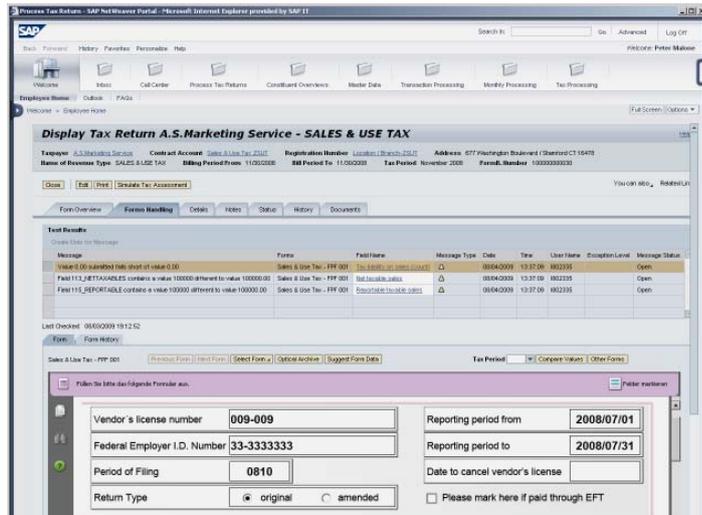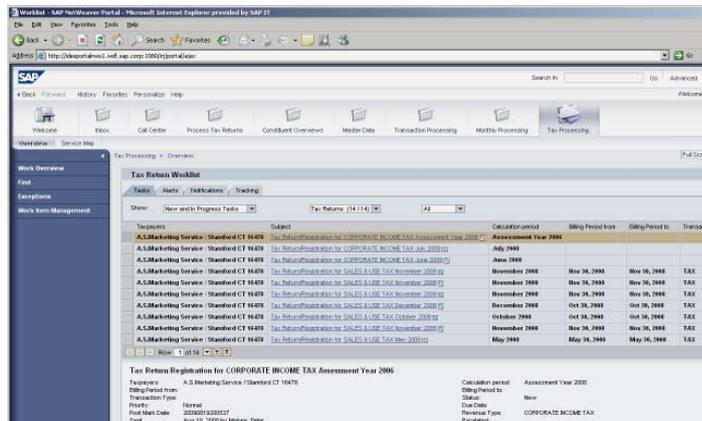

Figure 3:
Tax Return
Processing

Figure 4:
Tax Returns
Work List

DOCUMENT POSTING AND PROCESS-ING FOR TAXPAYER ACCOUNTING
ACCURATE, RELIABLE TRANSACTION RECORDING

Taxpayer accounting processes in the tax and revenue management software use industry best practices to help ensure that all transactions are carefully documented and recorded. The SAP software creates an internal document for every financial transaction or activity, such as dunning or the negotiation of an installment payment plan. This document creates a record with all of the information you may need to prove or recreate that transaction.

Because taxpayer accounts are subledger accounts, every financial posting against a taxpayer account must be transferred to the general ledger. The software uses a reconciliation key to connect the summary records of each taxpayer's accounts receivable and accounts payable transactions with the transfer documents that are posted to the general ledger.

The summary records are then transferred to the general ledger using a batch process. This internal reference enables you to reconcile the taxpayer transaction-level or summary records with their corresponding general ledger documents.

With the SAP Tax and Revenue Management for Public Sector package, you can perform multiple levels of revenue distribution and allocation based on revenue types. The revenue distribution functionality lets you map each payment received in a given fiscal period and to the tax or filing obligation it satisfies. You can also use the software to allocate revenue distribution by dates, which can help you facilitate reporting and reconciliation.

REVENUE ACCOUNTING AND DISTRIBUTION
INTEGRATED, EFFICIENT FUNDS PROCESSING

The SAP software provides both revenue accounting and revenue distribution functionality that can help your agency efficiently, accurately, and cost-effectively manage these processes.

Revenue Accounting

To handle revenue accounting, SAP Tax and Revenue Management for Public Sector utilizes the SAP General Ledger application, the public sector collection and disbursement functionality, and the funds management functionality of SAP ERP. The tax and revenue management solution uses accrual-based accounting methods for updates to revenue accounting in the general ledger and taxpayer accounting data in the subsidiary ledger. Postings to the general ledger edger are made using dual-entry bookkeeping, which requires balanced postings (where debits equal credits) by organization, agencies, and funds.

The SAP software is based on a fiscal year, where organizations typically report financial results for a period of 12 months. An organization's fiscal year may correspond exactly with the calendar year, but this is not mandatory. You can use the software to define the number of periods within the fiscal year and definition of the time periods. Under certain circumstances where a shortened fiscal year is required, you may define a fiscal year of less than 12 months.

Revenue Distribution

The revenue distribution functionality provides state and local government agencies with the ability to distribute revenues based on actual payments collected and projected as well as accrued revenues. You can use the software to distribute tax revenues to both internal and external organizations, or you can distribute the monies as specified when you originally created the tax liability account. (This funds assignment is considered an allocation rather than a true distribution.) When necessary, you can distribute funds to external organizations or state funds.

With the SAP Tax and Revenue Management for Public Sector package, you can perform multiple levels of revenue distribution and allocation based on revenue types. The software's revenue distribution functionality lets you map each payment received in a given fiscal period and to the tax or filing obligation it satisfies.

You can also use the software to allocate revenue distribution by dates, which can help you facilitate reporting and reconciliation. The software can extract reporting and reconciliation data and share it with SAP BusinessObjects™ business intelligence (BI) solutions. This feature can help you meet rolling reporting and reconciliation deadlines and distribute or allocate funds by tax type.

CORRESPONDENCE
POWERFUL COMMUNICATIONS AND CONTACT MANAGEMENT

The SAP software can help you produce and manage correspondence between your agency and taxpayers, including correspondence related to:
- Returns
- Account information and statements
- Installment plans
- Direct debit notifications
- Interest statements
- Payment media (for example, checks)
- Payment notices and certificates
- Payment forms for installment plans
- Incoming correspondence requests
- Correspondence dunning

You can edit these correspondence types or add new ones using an intuitive printing workbench tool that comes with the software. You also use the tools to define shipping controls, such as the frequency or type of shipment (such as e-mail, fax, or letter).

Creating Manual Correspondence

You can manually create letters and other written communications using the correspondence tool that comes with the SAP software. From the work list, a tax agent can use a guided wizard to enter the information required to create the correspondence. The user can select specific templates and standard language for the correspondence. The tool also provides a step in the wizard to allow the user to insert ad hoc information.

This manual correspondence functionality provides a framework that you can use to:
- Manually create correspondence and send it to relevant recipients
- Request inbound correspondence (such as replies from taxpayers)
- Create ad hoc correspondence using predefined content

SAP Tax and Revenue Management for Public Sector provides the ability to view financial data from the taxpayer's vantage point, with a richly detailed, hierarchical display of all account information. Unlike stand-alone financial management software, the SAP software provides an integrated view of the taxpayer as well as each financial transaction and organizational step involved in collecting and disbursing money. The software enables the agency to specify rules and authorizations according to the type of payment, tax, or business.

PAYMENTS AND ACCOUNT CLEARING
EFFICIENT HANDLING OF INCOMING AND OUTGOING FUNDS

Because agencies like yours must process millions of transactions per year, the SAP software provides functionality that can help you manage the processes of receiving and distributing funds.

Payments Processing

You can execute payment processing for multiple transactions in runs. The software supports all payment methods, including checks, bank transfers, bank collections, credit cards, and cash. You can also use standardized payment media formats such as electronic data interchange (EDI).

You can configure the software to meet the specific requirements of your organization. By defining business rules in the system settings, choosing settings in each taxpayer's data model, and selecting configuration options in the mass run, you can establish the payment conditions and rules for under- and overpayments. You can also choose the target bank account, establish maximum or minimum monetary amounts, and specify tolerances; and you can conduct a test run of the payment program prior to the actual payment run.

To help you process transactions for your customers, the software sets up incoming and outgoing payments as mass activities that can be executed with minimal effort. For example, payments can be run as an EDI transaction, through a File Transfer Protocol Secure (FTPS) connection with a bank, or using interfaces with external collectors.

To streamline your accounting for payments initiated by taxpayers, you can manually create check and payment lots or create them automatically after an electronic transfer. Before posting and printing these lots, the software displays the lots created; this feature allows revenue agents to make individual corrections or to insert or update single payments. When the payments are posted, the software transfers them to the associated tax accounts and the relevant clearing account (such as the bank subaccount).

Finally, you can use the software to manually or automatically clear or settle open tax liabilities on taxpayer accounts. In addition, you can exclude, group, or assign specific items to a certain order, as established by predefined selection conditions and tolerances. You can also execute clearing rules, which can include all tax accounts for a taxpayer.

When handling small payment differences, you can specify that the software automatically post these amounts to special profit and loss accounts or to a clarification account. You can also settle these amounts to another open item. In this case, or where postings cannot be automatically assigned, the software may require further postprocessing activities such as workflow, resubmission, or processing locks. You can also specify that small payment differences trigger the software to provide a refund, post the amount to an interim account, or show the value as an open credit payment on the taxpayer's account.

Clarification Processing

When you post a payment lot, some payments may not post correctly to the taxpayer account because payment details are incomplete or incorrect. In this case, the software requires clarification of the payment information.

You can use the software to distribute the clarification workload among revenue agents. To limit the number of clarification cases for processing, you can assign each agent a portion of the taxpayers according to surname or other selection criteria to distribute the workload. You can also specify that clarification cases be processed by several revenue agents using a common pool, from which agents can manually draw cases.

Once the tax agent accepts a clarification case from the work list, effectively reserving it to his or her workload, the software prevents any other agent from processing that case. The agent may release the hold on the case by canceling this reservation.

COLLECTIONS
EXPEDITED BUSINESS TASKS
FOR NEW EFFICIENCY

To help you proactively manage and collect overdue receivables, the SAP Tax and Revenue Management for Public Sector package is integrated with the SAP Collections Management application, which is part of the SAP CRM application. The collections management software provides an intuitive, cockpit-style user interface that helps tax collectors efficiently process, maintain, and follow up on customer accounts.

The collections management application also provides automated workflow processing to expedite common business tasks. You can define alerts and workflows throughout the collections process to notify examiners and clerks of missed filings and payments. Your users can receive this information in the form of ticklers, or the software can push tasks into their work lists for follow-up processing. You can also configure the software to automatically initiate additional work activities that result from overdue payments, such as correspondence, penalties, or cancellation of installment agreements.

The collection process is based on a strategy that you define during configuration of the tax and revenue management software. For example, you can specify that a taxpayer's accounts be consolidated for collection processing, or they can be considered separately by the relevant business units of your agency. Each strategy lets you define specific collection processes based on data such as credit rating, past collection history, amount of collection, and time in collection.

The collections management software allows tax agents to manually adjust the status of a case and move items into collection. The agent's screen also displays any unpaid liabilities on a taxpayer's account, so the agent may collect current and delinquent obligations during contact with a taxpayer.

Collection-Item Updates

You can use the collections management software to automatically reopen collection items or cases when circumstances warrant. For example, when a check used to make payment is returned for insufficient funds, the software can automatically change the obligation to delinquent status. In addition, agents can manually reopen a case – for instance, when an item has an uncollected status.

Collection Strategies

The collections management software uses multiple criteria to determine appropriate collection strategies for an account, including information in external applications as well as the tax and revenue management software. The structure of a collection strategy is account-specific and depends on the revenue type, object of the tax, and relevant legal conditions.

A collection strategy is made up of separate collection steps, which can automatically run in sequence or which you can choose to run manually. The software prompts you to choose numerous specifications for each level. For example, you can specify the minimum amount of an overdue item

needed for dunning and the number of days that the account must be in arrears before it reaches the next level. After the dunning run, the software creates work items, which are prioritized based on the specifications defined in the business rules tool.

The SAP Collections Management application lets you combine collection strategies, status changes, and work-list processing features to automate the handling of certain business processes. For example, a status change on an account might trigger the software to create a bankruptcy case.

You can also use business rules to determine how the software processes a specific item. For example, you can create a business rule that defines an overdue payment as one that exceeds a preset monetary amount and is overdue by a specific number of days. Based on the business rules and strategies that you choose, the software initiates collection activities by sending tasks to specific users within your agency.

REPORTING
TRANSFORMING INFORMATION INTO INSIGHT

Most revenue agencies collect payments for a wide variety of taxes, fees, duties, tolls, and licenses. Financial management software typically treats these different legal and contractual obligations as discrete, unrelated events. What's more, the software generally processes financial transactions separately, grouping them only by the parts of the revenue agency involved. As a result, taxpayer inquiries about payments, obligations, and entitlements are usually handled by different entities. Rarely does any group within the agency have a centralized view of the taxpayer's overall account, making it difficult to provide comprehensive, satisfying service.

To meet this need, SAP Tax and Revenue Management for Public Sector provides the ability to view financial data from the taxpayer's vantage point, with a richly detailed, hierarchical display of all account information. Unlike standalone financial management software, the SAP software provides an integrated view of the taxpayer as well as each financial transaction and organizational step involved in collecting and disbursing money. The software enables the agency to specify rules and authorizations according to the type of payment, tax, or business.

With the SAP software, you can display taxpayer account data at an aggregate level, by tax type, or by the location of tax objects. Authorized users can view detailed information about transactions such as payments, unpaid items (such as bills or assessments), compromises, and account credits. Drill-down functionality lets users dive deeper to

expose details about the complete financial history of the taxpayer or the account. A summary view lists all open cases, customer service requests, and relationship details that are not displayed when account data appears in the financial or tax period view.

Intuitive Business Intelligence Solutions

The tax and revenue management software is integrated with SAP BusinessObjects BI solutions. These solutions provide an intuitive, Web-based user interface that can help users create detailed reports without the need for extensive IT skills.

Because the business intelligence solutions are intuitively designed, users can create their own queries based on common business knowledge. Wizards guide novice report developers through routine tasks, such as selecting business terms they would like to see in the report. The SAP BusinessObjects software masks database complexity from end users, providing them with the ability to interact with the data using business terms they already know.

To enable operational reporting, the solution uses the Crystal Reports® family of offerings. The Crystal Reports software stores report templates in a centralized repository. Users can apply templates to existing reports or use a template as the starting point for a new report. All formatting and layout is applied to any report created with the template. The software provides pre-built templates, or agencies can customize templates to meet specific

design requirements. When creating or editing reports, users can select templates from a drop-down list.

Robust ad hoc query functionality is provided by SAP BusinessObjects Web Intelligence® software. This software allows end users to intuitively create queries, perform calculations, and interact with the data, even with only minimal knowledge of the underlying data sources and structures. The software provides users with full control over the analysis path they take and how the resulting information is presented. Users can copy columns, rows, tables, charts, or even reports, and they can apply filters, add calculations, and apply custom formulas. Then they can share this information with others across your organization and beyond.

For both operational and ad hoc reporting, the SAP BusinessObjects software enables users to view aggregated information and drill down into the details. Users can drill from reports back to the source transactional documents. The software helps users maintain the context of the analysis by showing data detail that corresponds to the aggregate value of the original data. A guided workflow allows users to explore operational information without getting lost in the data or changing to another tool for further exploration.

Predictive Analytics and Data Visualization

The SAP BusinessObjects solutions also support predictive analytics and what-if scenario modeling. With what-if analysis, business partner segmentation, and forecasting, users can transform information into insight. They can interact with sophisticated visual representations of business processes, which enables quick response to taxpayer questions with informed decisions. A point-and-click data visualization tool lets users create interactive analytics and dashboards with secure, live connections to your enterprise data.

Using Xcelsius® software, the SAP tax and revenue management solution offers interactive dashboards (see Figure 5). Unlike dashboards that simply display information, these actionable dashboards are highly interactive. Users can not only display historical data, but they can also see the impact of previous decisions and use what-if analysis to predict likely future outcomes. By using Xcelsius to create a comprehensive view of your tax and revenue management operations, your organization can respond quickly and effectively to changing economic conditions and become a more responsive service provider.
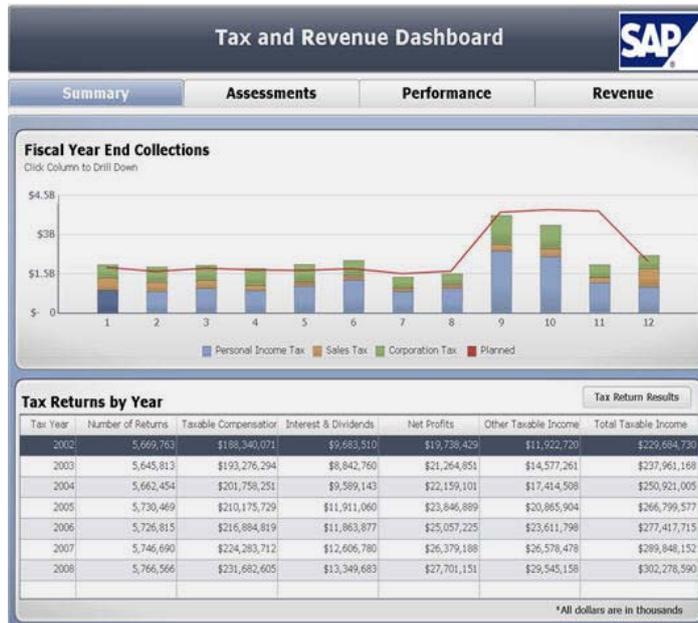
Figure 5:
Interactive Dashboard

Report Scheduling and Distribution

SAP BusinessObjects BI solutions also offer integrated document scheduling and distribution functionality, which is based on events, business calendars, or specified intervals. With these solutions, you can use a variety of scheduling options, including scheduling based on a specific time, a recurring schedule, or an event.

The SAP Developer Network (SDN) community offers a Web services software developer kit that you can use to customize the scheduling interface. In addition, SAP BusinessObjects BI solutions can support the use of third-party schedulers to trigger scheduled events.

You can produce reports in a variety of formats. Reports can be distributed to output devices including e-mail, printers, or file servers.

Security and Report Access

Document ownership is based on the security structure within the folder or the data object. Because they build on a hierarchical object-level security model, SAP BusinessObjects BI solutions allow you to apply rights at both the folder and object level, and they support full inheritance at the user and group level. Similarly, the solutions support aggregation through a flexible, group-user membership model.

BUSINESS BENEFITS OF THE SAP SOFTWARE
INCREASE REVENUE COLLECTION AND ENHANCE TAXPAYER COMPLIANCE

The SAP Tax and Revenue Management for Public Sector package provides a single view of the taxpayer, helping you enhance revenue collection efficiency and constituent services through consolidated and coordinated tax processes. You can benefit from:

- **A complete view** of taxpayer and constituent accounts and details
- **Increased voluntary taxpayer compliance** through a one-stop online collection function that provides a single face of your agency to taxpayers
- **Decreased outstanding receivables,** enhancing overall collection rates and reducing noncompliance
- **A single logical master-data framework,** with selective views according to the individual needs of the respective public service
- **Shorter inquiry response time,** where taxpayers can easily obtain quick, ad hoc information on their account status, including open balances, filing obligations and deadlines, and anticipated refunds
- **Improved call center contact rates,** because inquiries can be routed and answered faster
- **Increased efficiency** through mass processing of tax returns
- **Faster detection** of noncompliant taxpayers and nonfilers
- **More efficient use of resources** in audits and investigations

For More Information

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

Summary

Meet the challenges of effective tax collection and revenue management with the SAP® Tax and Revenue Management for Public Sector package. The software helps you increase collections and maximize compliance while enhancing taxpayer service and satisfaction.

Business Challenges

- Difficult economic conditions
- Significant gap between revenues owned and collected
- Escalating operational costs
- Nonintegrated, aging legacy business systems that compromise information sharing and collaboration

Key Features

- **Online taxpayer access to data** – Streamline and simplify taxpayers' efforts to access documents and upload data
- **Taxpayer management** – Use the three-level central repository to manage taxpayer-related data elements needed to process taxes and licenses
- **Business rule framework tool** – Include business rules in your processes
- **Data capture and tax return processing** – Facilitate integrated processing and tax returns
- **Revenue accounting and distribution** – Handle revenue accounting and distribute revenues based on actual payments collected and projected
- **Correspondence management** – Correspond efficiently with taxpayers
- **Payment processing and accounting clearing** – Execute payments and clarify erroneous or incomplete payment details
- **Collect overdue receivables** – Use an intuitive, cockpit-style user interface to manage customer accounts
- **Create insight** – Generate reports that display an integrated view of the taxpayer

Business Benefits

- **Increased voluntary taxpayer compliance** through a one-stop online collection function
- **Decreased outstanding receivables** with improved collection rates
- **Streamlined processing** using a single logical master-data framework with agency-appropriate data views
- **Shorter inquiry response time** through quick taxpayer access to account status
- **Improved call center contact rates**, thanks to faster routing and response to inquiries
- **Enhanced efficiency** through mass processing of tax returns

For More Information

Call your SAP representative or visit us online at www.sap.com/publicsector.

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