

An aerial photograph of the Shanghai skyline at dusk. The sky is a mix of blue, orange, and purple. Numerous skyscrapers are illuminated with lights. A large, semi-transparent blue arrow points from the upper left towards the center, specifically targeting a building. The text "Surviving CTCs" is overlaid in the center of the image.

Surviving CTCs



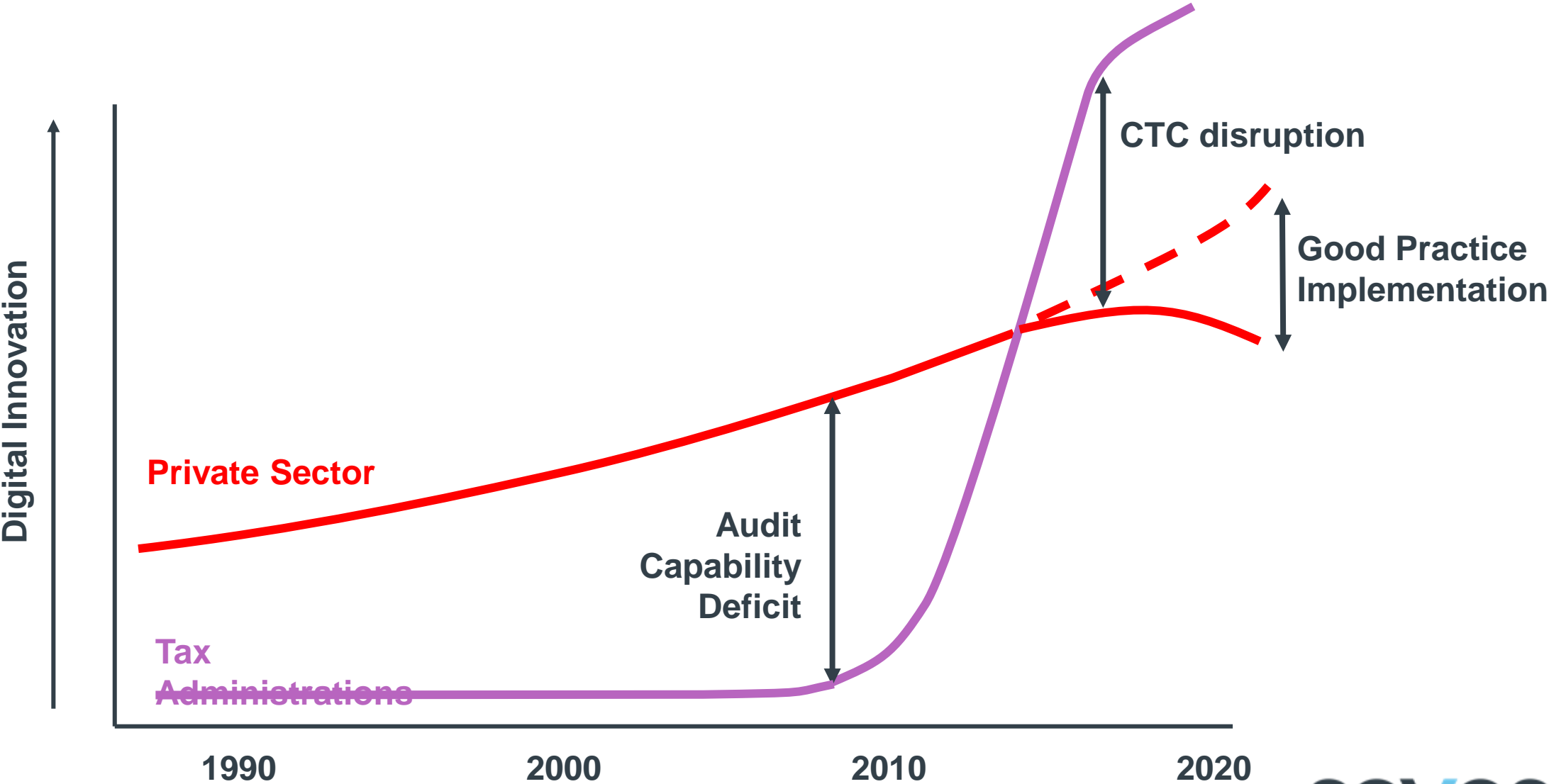
1

What's going on?

An epic battle is brewing in the cloud



The best of both worlds is possible



The battle for freshness

Authentic
Deliciousness



clearance
e-assessment



Demonstrably
the Real Thing



evidence
archive



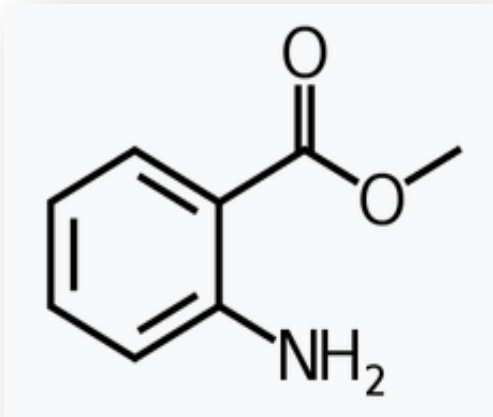
Quite Likely the
Real Thing



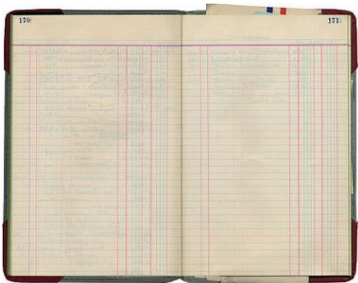
storage
ECM



Trust me, I know
what I'm doing

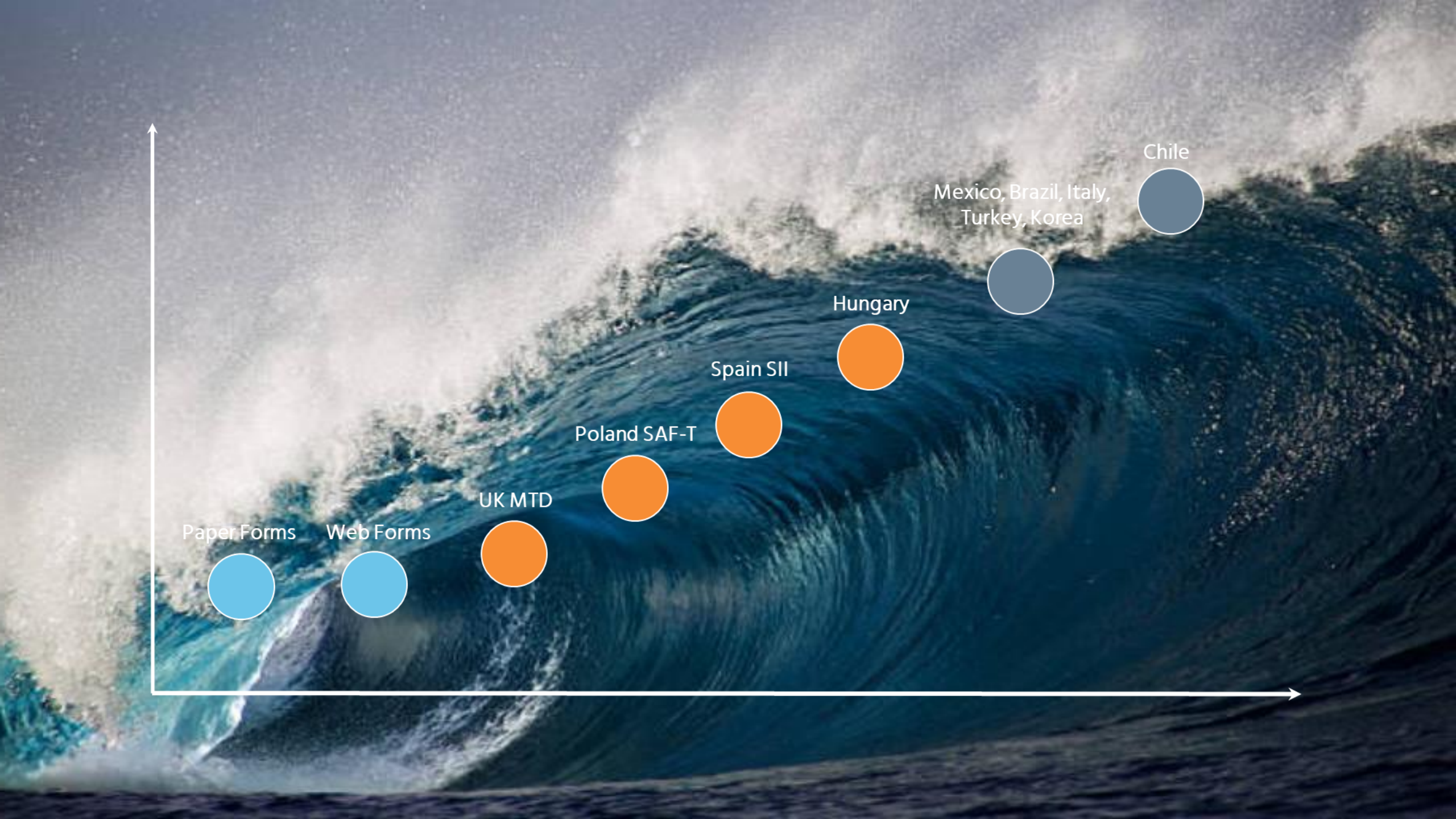


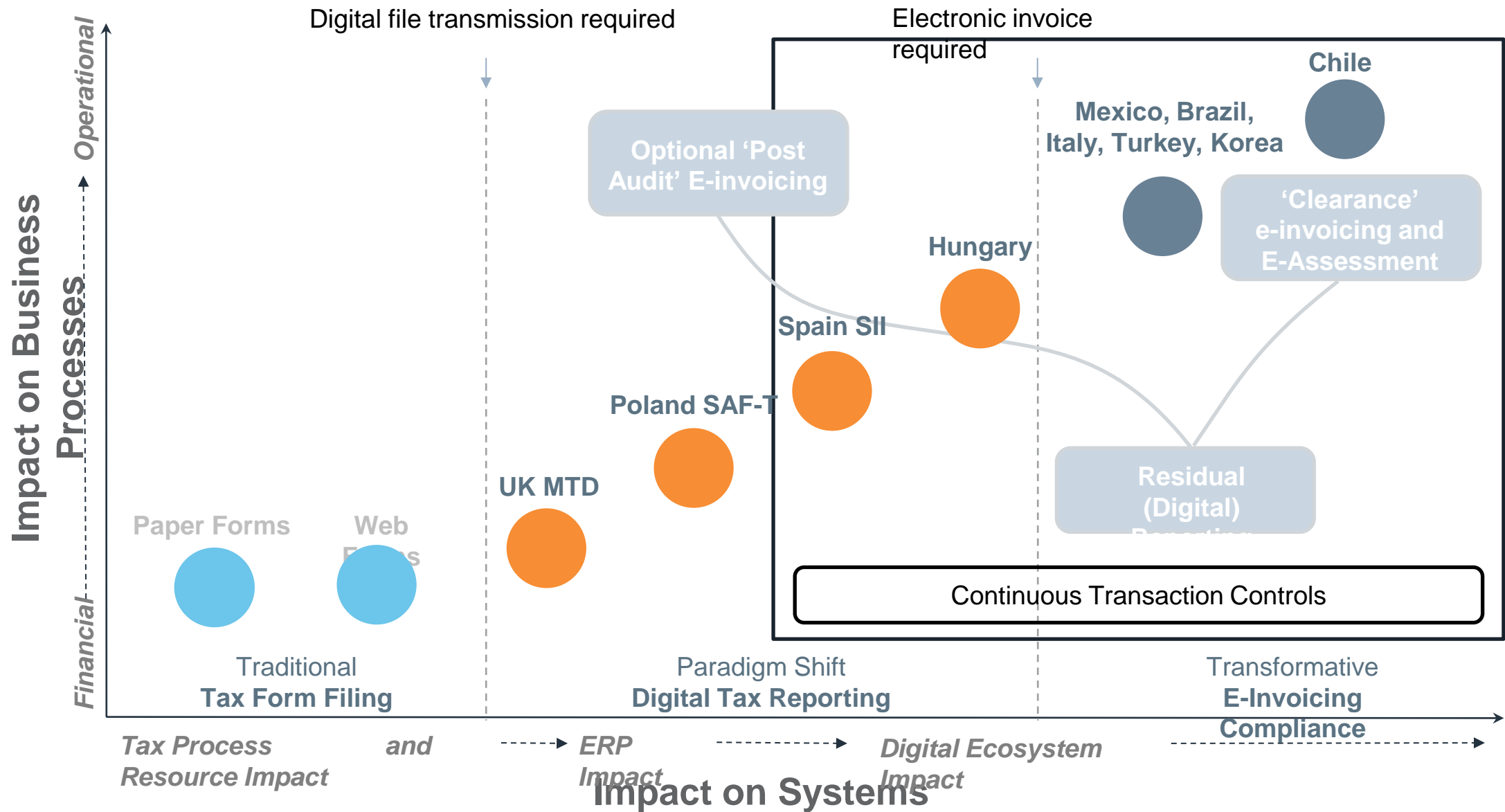
record
ERP



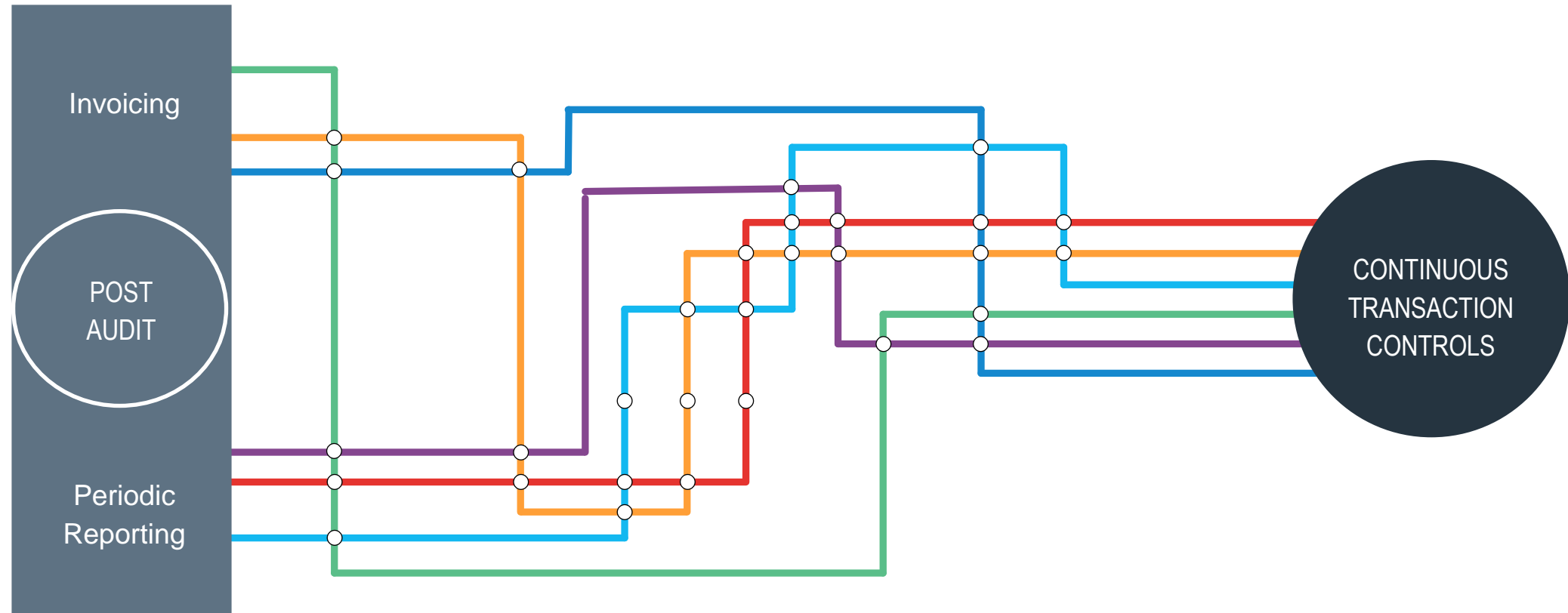
Continuous Transaction Controls – basics



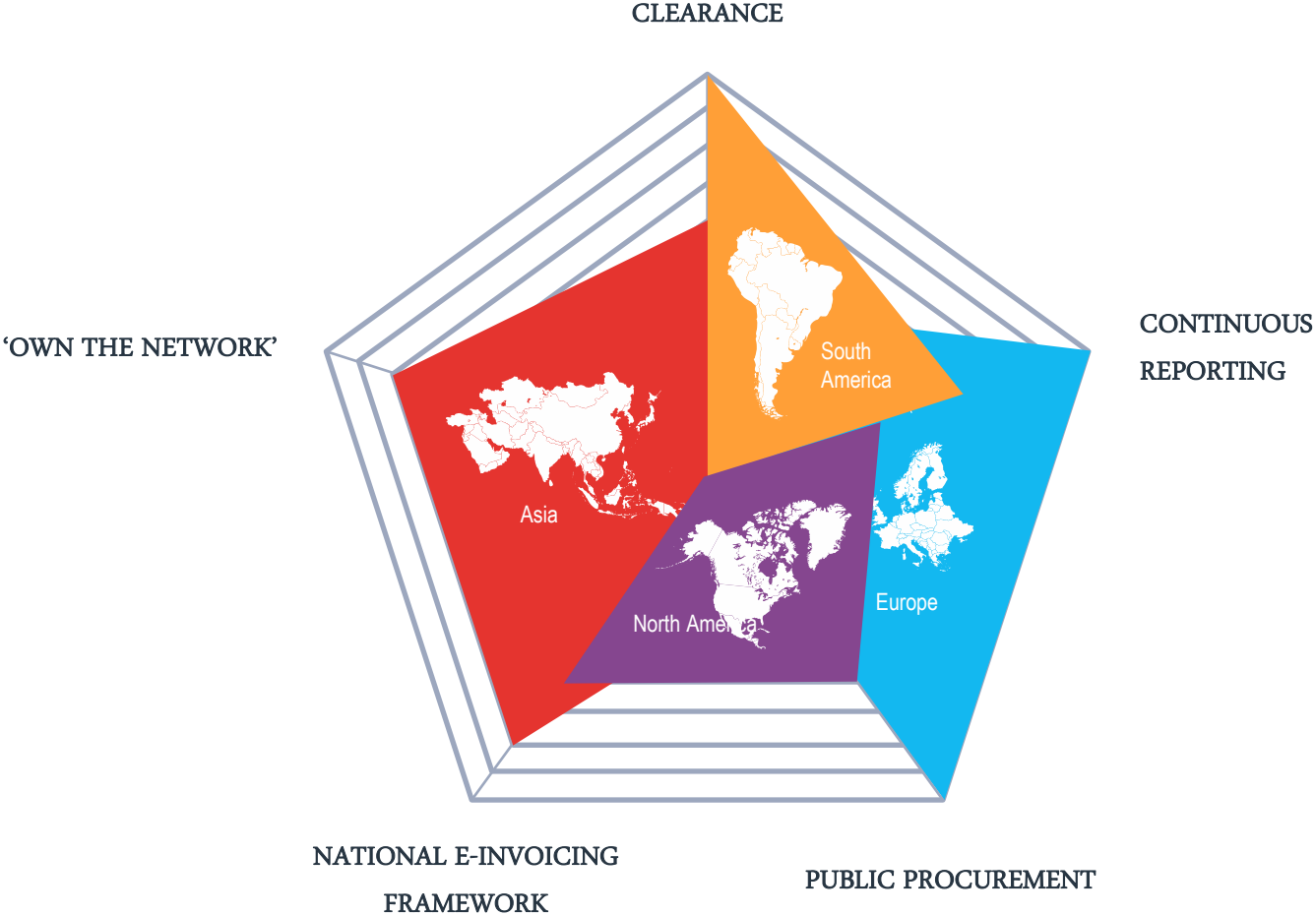




Every country follows its own unique, chaotic path to CTCs

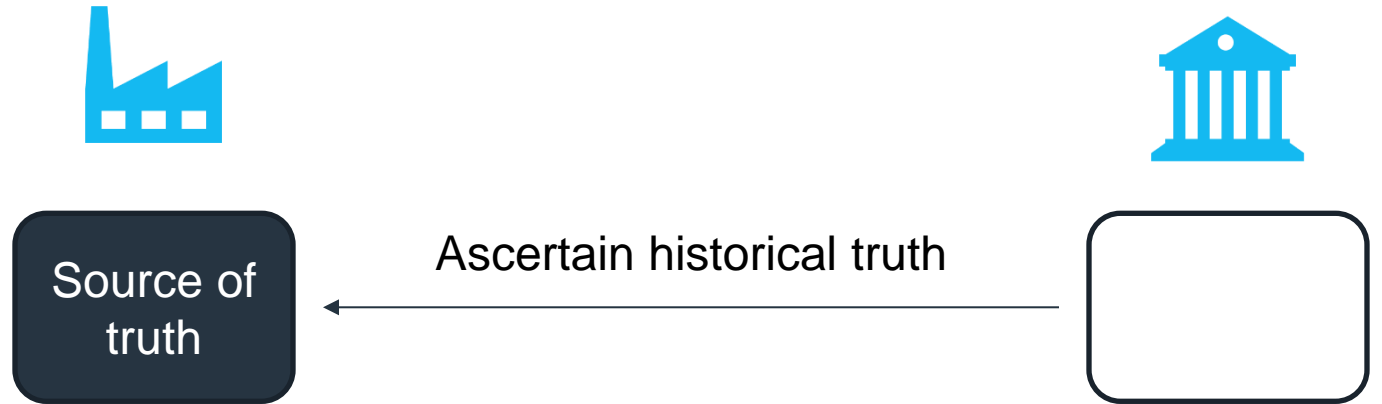


Emerging CTC flavours

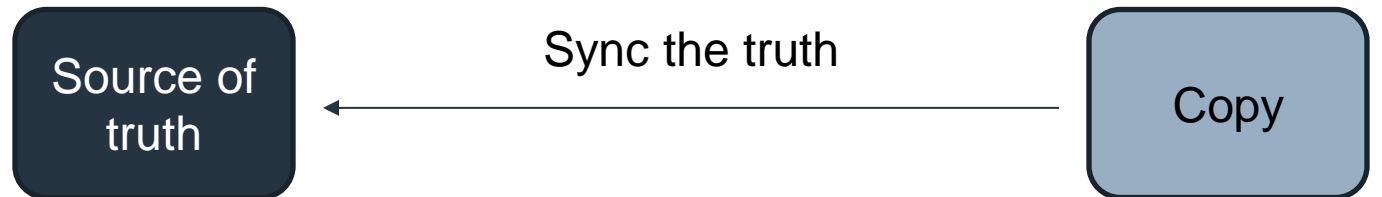


Who audits whom?

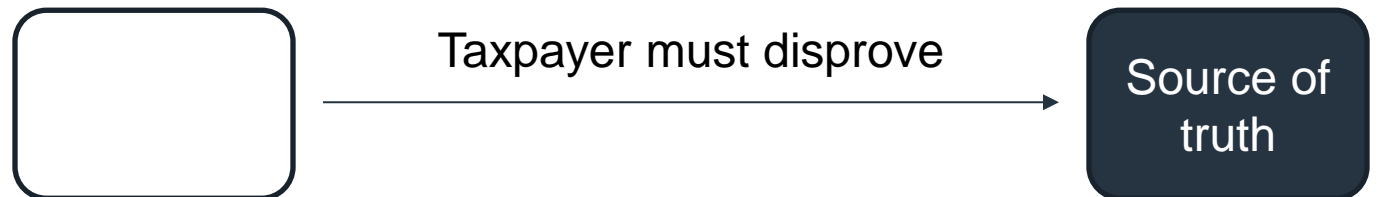
Post Audit: dependency on taxpayer's version of the truth



eAudit/eLedger: a more convenient path to the taxpayer's version of the truth



CTC end game: your ledger in the TA system based on authenticated & labelled transaction data



Compliance becomes a binary proposition

MINUTA CON PROYECTO DE DECRETO, POR EL QUE SE REFORMAN, ADICIONAN Y DEROGAN
DIVERSAS DISPOSICIONES DE LAS LEYES FEDERAL CONTRA LA DELINCUENCIA
ORGANIZADA, Y DE SEGURIDAD NACIONAL, ASÍ COMO DE LOS CÓDIGOS NACIONAL DE
PROCEDIMIENTOS PENALES, FISCAL DE LA FEDERACIÓN, Y PENAL FEDERAL

Ciudad de México, a 10 de septiembre de 2019

Secretarios de la Cámara de Diputados

Presente

Para los efectos constitucionales
que se reforman, adicionan y derogan
las disposiciones de la Ley Federal
Fiscal de la Federación, en esta fecha.

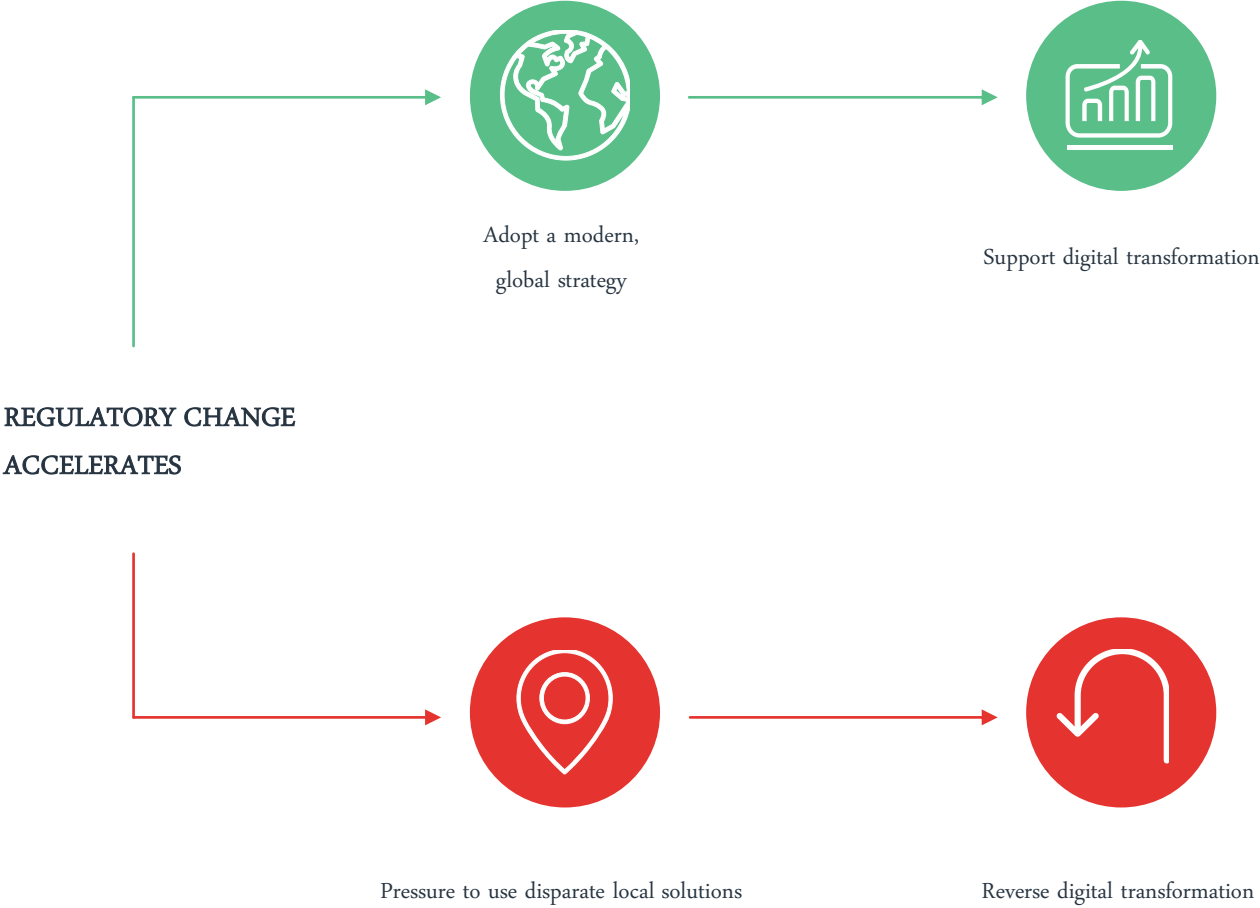
Atentamente
Senador Salomón Jaimes
Vicepresidente

La expedición, venta, enajenación, compra o adquisición de comprobantes fiscales que amparen operaciones inexistentes, falsas o actos jurídicos simulados, de conformidad con lo dispuesto en el artículo 113 Bis del Código Fiscal de la Federación, exclusivamente cuando las cifras, cantidad o valor de los comprobantes fiscales, superen 3 veces lo establecido en la fracción III del artículo 108 del Código Fiscal de la Federación.



2

Good Practice for Businesses

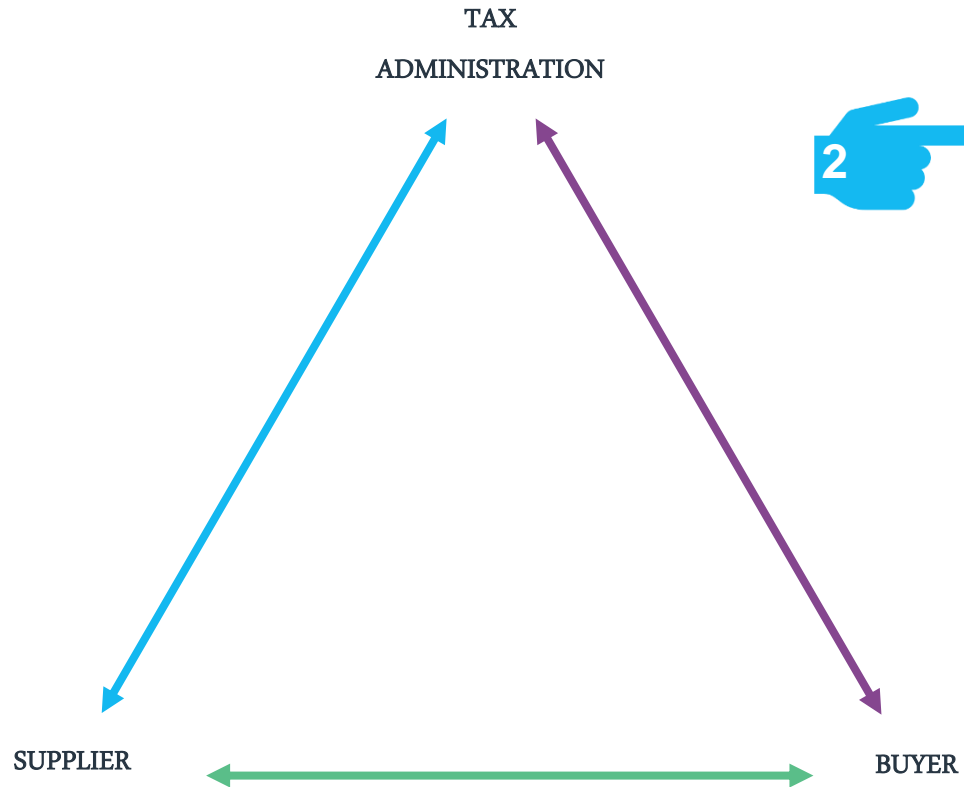




A '3rd trading partner'
determines your standards and
processes



Imperfections immediately
impact
your business performance



Suppliers' AR transactional systems

Own AR transactional systems

ERP & other back-end systems

Own AR transactional systems

Buyers' AP transactional systems



Direct Suppliers



Indirect Suppliers



Large Customers



Small Customers



TAX ADMINISTRATIONS



Suppliers' AR transactional systems

Own AR transactional systems

ERP & other back-end systems

Own AR transactional systems

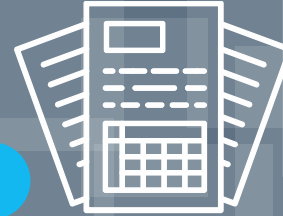
Buyers' AP transactional systems



Direct Suppliers



Indirect Suppliers



1



Large Customers



Small Customers



TAX ADMINISTRATIONS





Brownfield

Move across all the configurations and customizations aimed at decentralized 'compliance' in the pre-CTC world:

- Substandard quality & controls
- No ability to evolve to transactional compliance



Greenfield



Suppliers' AR transactional systems



Direct
Suppliers



Indirect
Suppliers

Own AR transactional systems

ERP & other back-end systems

Own AR transactional systems



Large
Customers



2

Local and
Functional
vendors



Small
Customers



TAX ADMINISTRATIONS



Suppliers' AR transactional systems



Direct
Suppliers



Indirect
Suppliers

Own AR transactional systems



3

Local and
Functional
vendors



ERP & other back-end systems

Own AR transactional systems

Buyers' AP transactional systems



Large
Customers



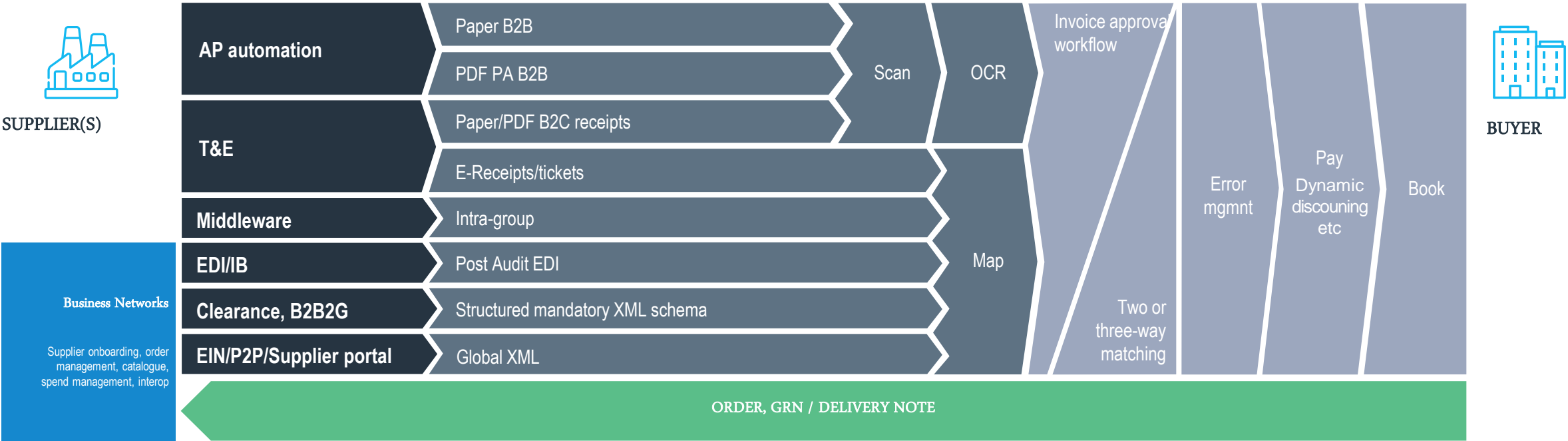
Small
Customers



TAX ADMINISTRATIONS



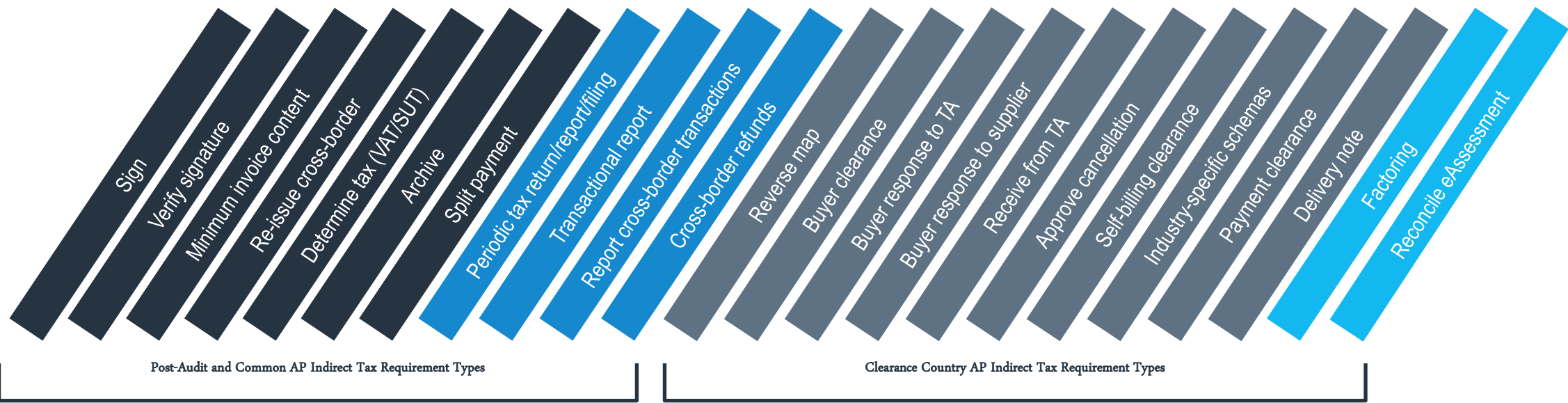
Diverse AP Systems & processes

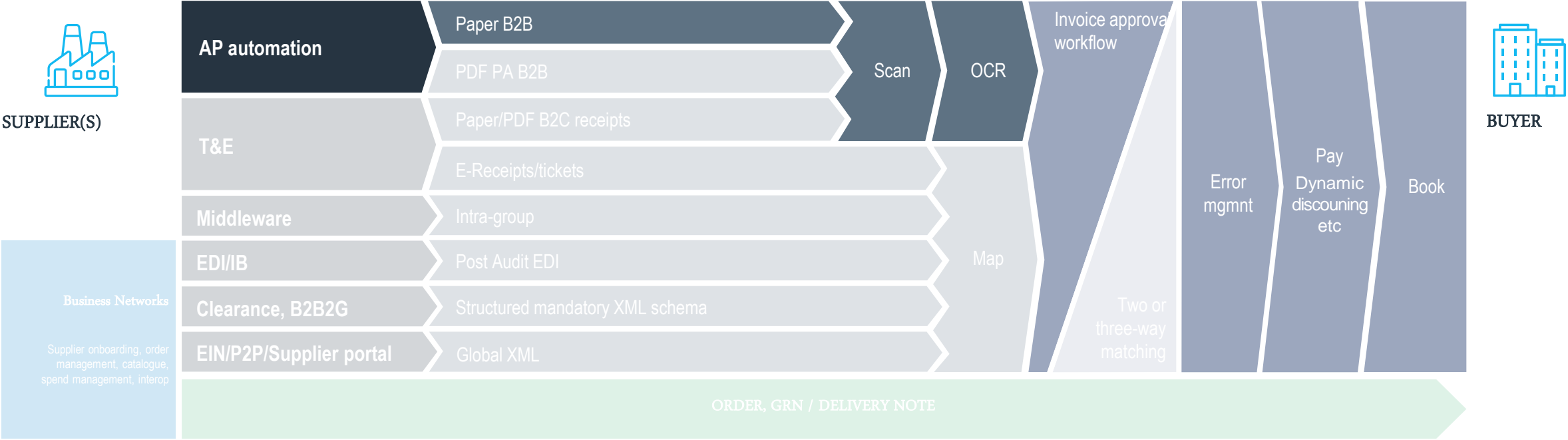
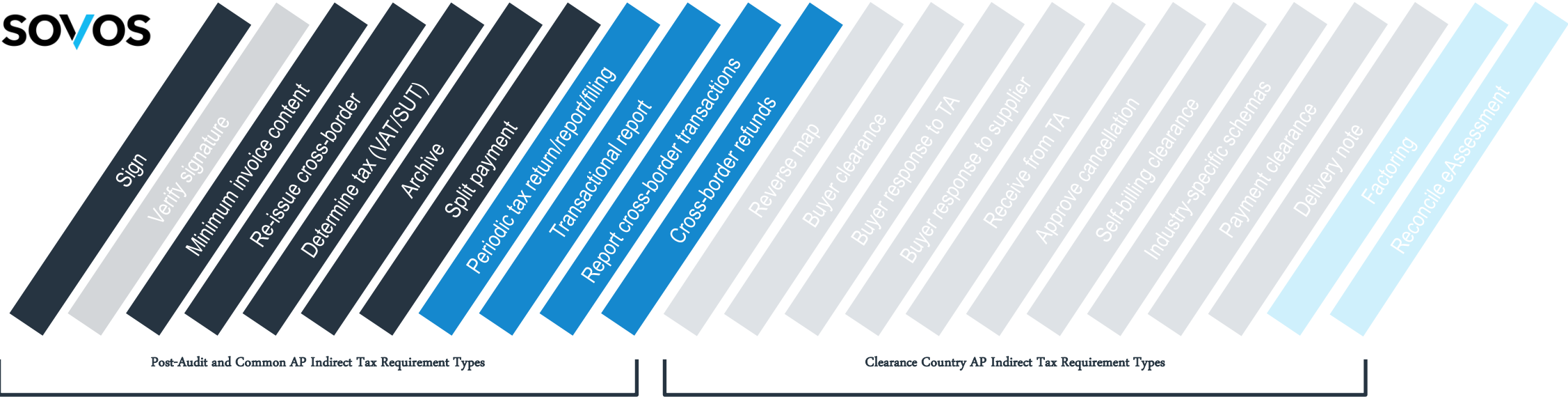


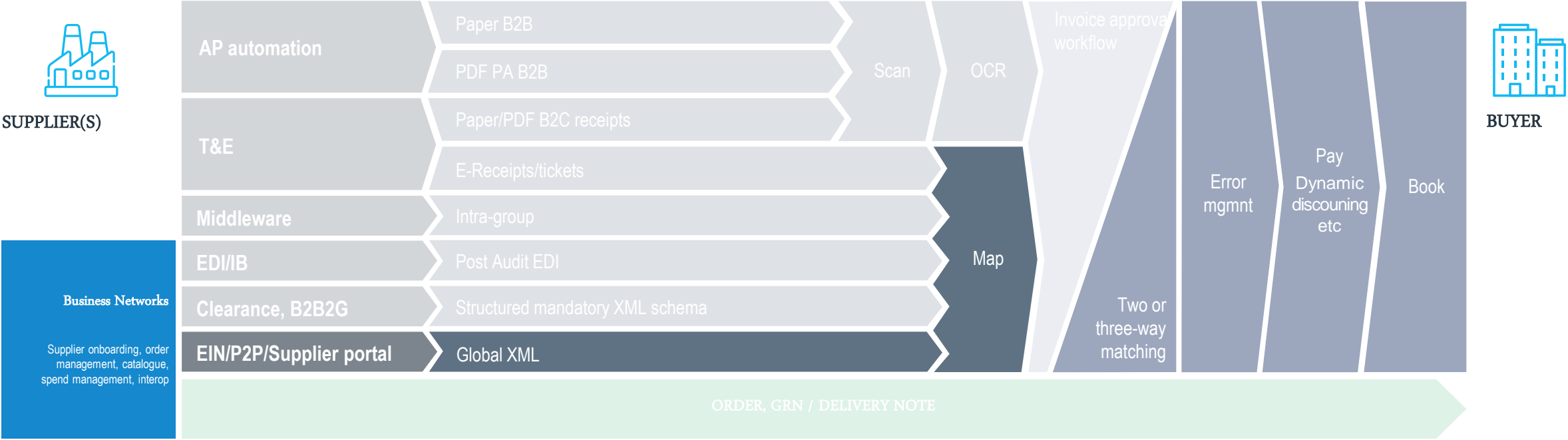
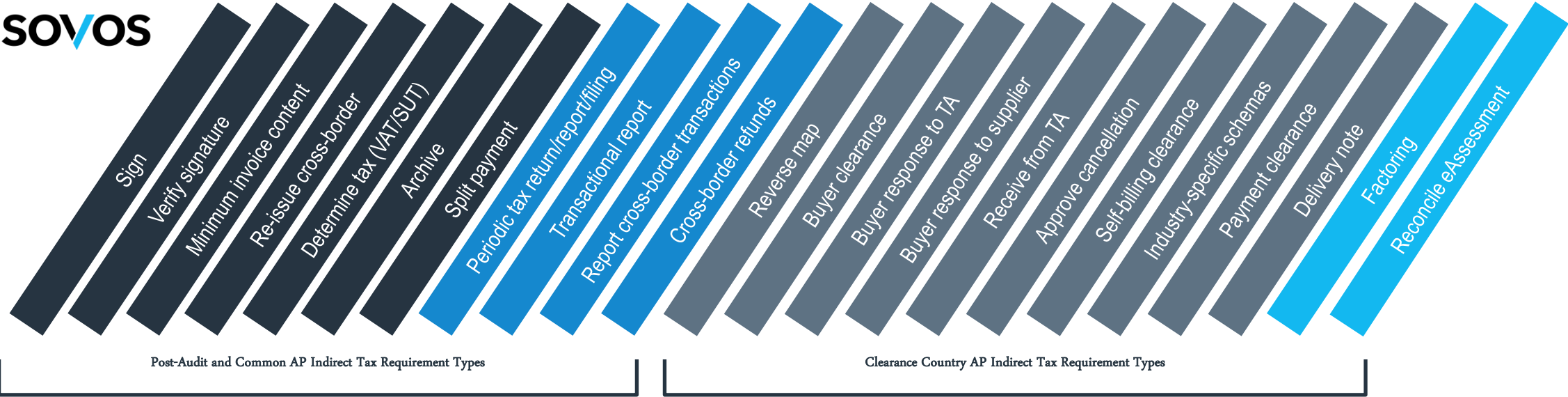


20+ indirect tax requirement categories

each different per country









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Own AR transactional systems

ERP & other back-end systems

Own AR transactional systems

Buyers' AP transactional systems



Direct Suppliers



5



Indirect Suppliers



Large Customers



5



Small Customers



TAX ADMINISTRATIONS



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Direct Suppliers



Indirect Suppliers



6



Large Customers



Small Customers



TAX ADMINISTRATIONS



Suppliers' AR transactional systems



Direct
Suppliers



Indirect
Suppliers

Own AR transactional systems

ERP & other back-end systems



7

Own AR transactional systems

Buyers' AP transactional systems



Large
Customers



Small
Customers

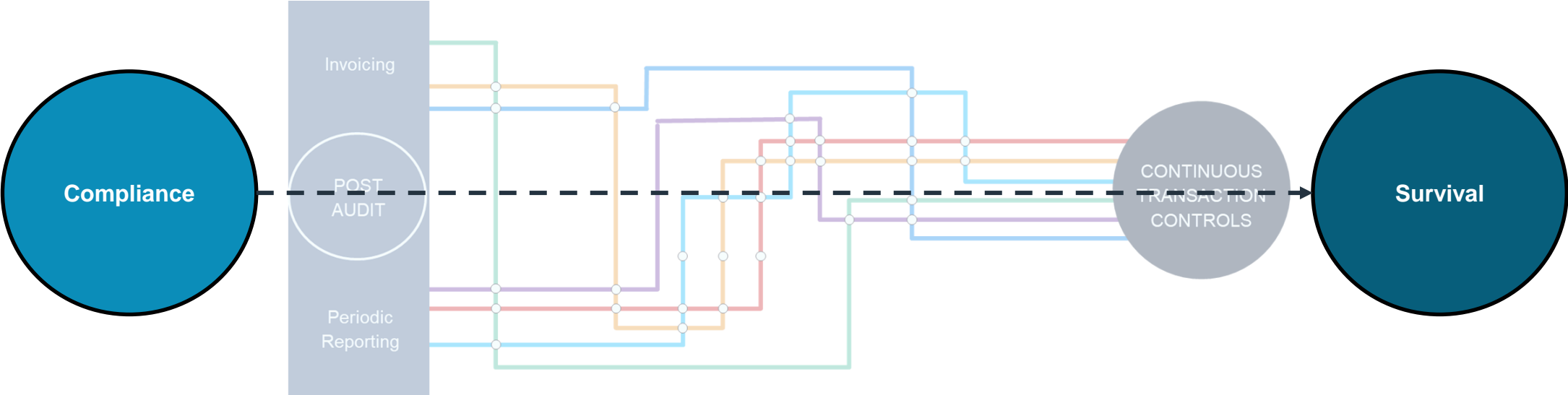


TAX ADMINISTRATIONS



Archiving: from must-do to must-have

Ability to reconcile & defend becomes business-critical



Suppliers' AR transactional systems

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ERP & other back-end systems

Own AR transactional systems

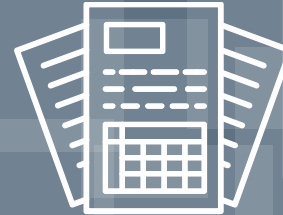
Buyers' AP transactional systems



Direct Suppliers



Indirect Suppliers



Large Customers



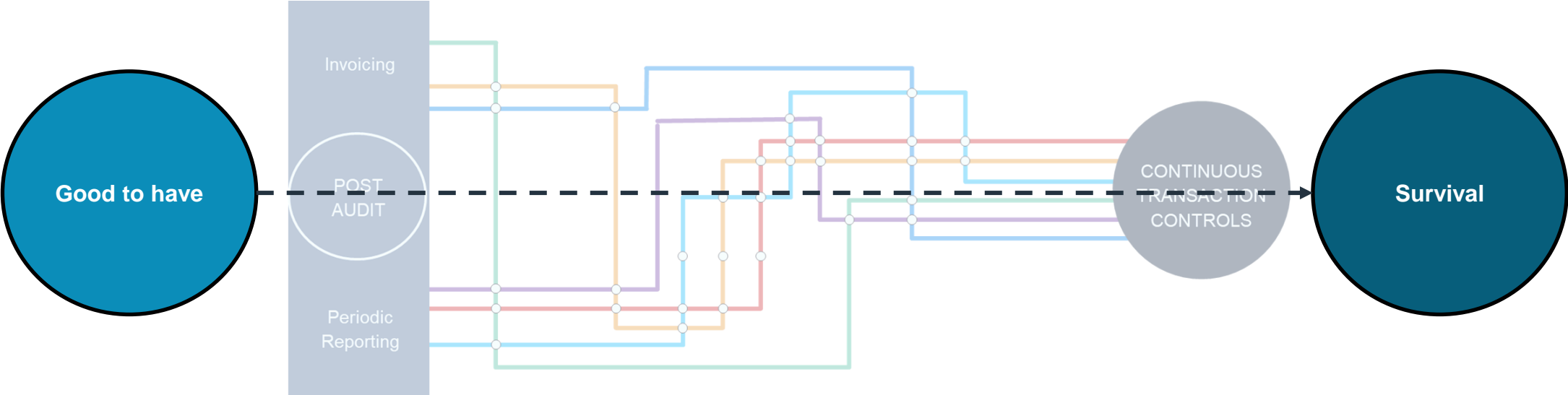
Small Customers



TAX ADMINISTRATIONS



Tax determination:
from hygiene factor to operational necessity



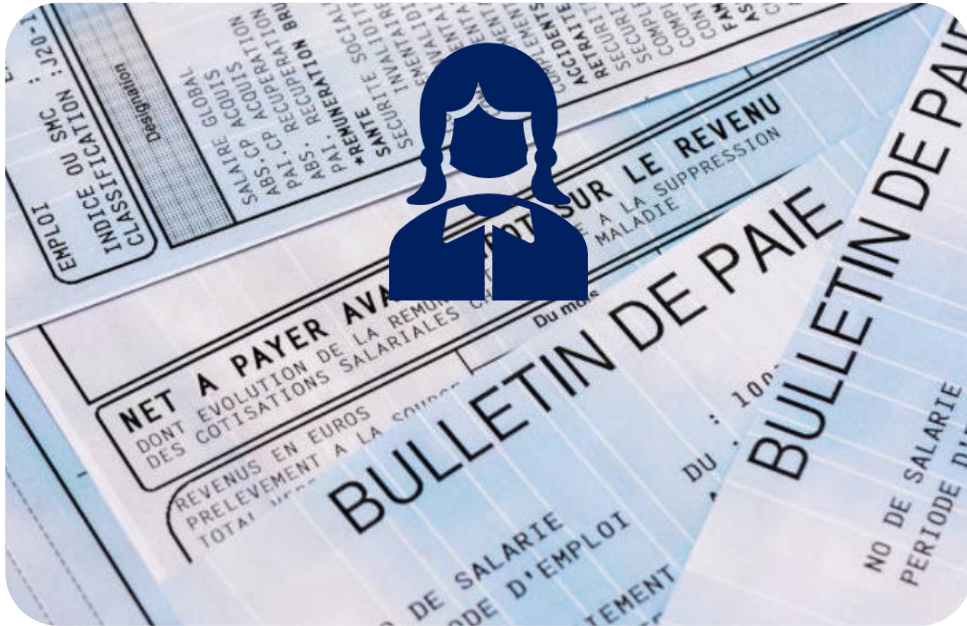




3

Good Practice for
Governments

The friction becomes visible as the trade impact shows



Revenue collection



Jobs & Growth

Real-time operational dependencies require dialogue



- Domestic urgency & complexity
- Competitiveness race
- Political & practical differences

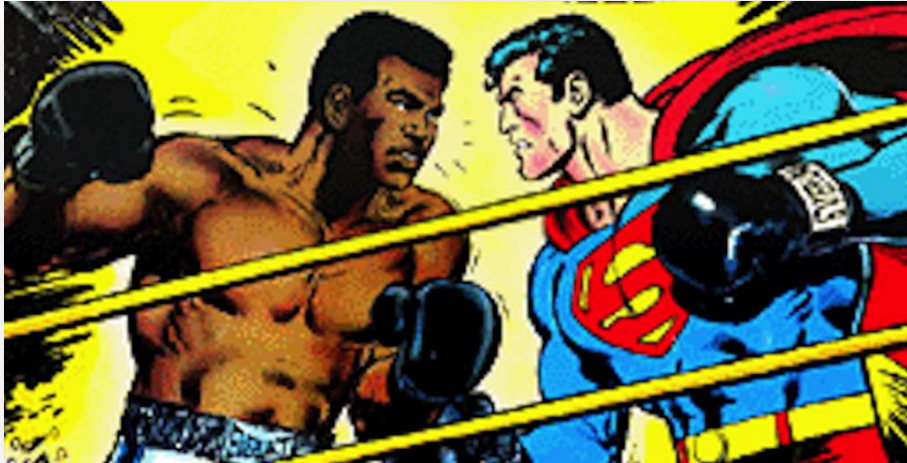
- Mistrust
- Organizational silos



- Sectoral & regional differences
- Competition issues
- Conflicting priorities

Preconditions

Tax Administrations



Check your regulatory powers at the door – accept the kryptonite

Businesses



Old-school lobbying is counterproductive

Consensus principles



WHEN considering CTCs

1. BALANCE
 - Economic benefits
 - Encourage automation
 - Flexibility
 - Proportionality
2. EFFICIENCY
 - 'Provide data only once' principle
 - Consistency
 - Interoperability
 - Harmonization
 - Robustness and continuity
3. COOPERATION
4. INTRODUCING OR CHANGING CTCs
 - Compliance adaption timelines
 - Start with voluntary pilot & joint review
 - Clear and exhaustive guidance
5. DATA PROTECTION / DATA PRIVACY
6. TRADE IMPACT AND NON-DISCRIMINATION

Questions?

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