SAP Concur

Harnessing AI and Machine Learning

Harnessing AI and Machine Learning to Maximise GST Compliance and Recovery with Minimal Effort

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Overview The partnership between SAP® Concur®, the world's leading brand for travel, expense, and invoice management solutions, and Blue dot, a technological leader in GST/VAT compliance and recovery automation, offers a new approach that enables businesses to maintain compliance and realise their maximum GST recovery potential.

Increasing complexity, digitalisation, and constant change in tax regulations have made it difficult for businesses to maintain compliance and realise their maximum GST recovery potential.

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The Complexities of of GST / VAT Compliance

GST is an increasingly important source of revenue for governments. Over 160 countries have a form of GST in place and as GST grows as a source of revenue for governments, so does the complexity of the legislation and related GST law surrounding it. In Australia, this is coupled with ATO assurance review activity on the rise under its **Justified Trust framework**[2].

And as the legislation becomes more complex, so does the burden for business in ensuring compliance.

It also means it's increasingly easy to make mistakes, however unintentionally. This is a very real risk. Common reasons for GST reporting errors include system weaknesses that have gone undetected for long periods of time, issues in tax coding particularly with new ERP system implementations or amalgamations, human error in GST reporting together with the incorrect treatment of significant or unusual transactions and non-retention of tax invoices.

This is particularly concerning for businesses because the penalties for non-compliance including the imposition of general interest charges are increasingly steep, not to mention the concern of a time-consuming audit.

For many businesses, the answer is to assign more resource to the issues. By hiring personnel or outsourcing to specialist agencies, the risk of non-compliance can be reduced.

But this is not an economic solution because as compliance complexities increase, so businesses will need to assign ever greater levels of resources and spend more money on a non-revenue- generating task.

1. Tax Policy Assessment Framework: VAT, International Monetary Fund
2. Source: **ATO Justified Trust**
3. How to Reduce Disqualified Invoices, Blue dot Ltd

The Riddles of GST / VAT Recovery

Navigating compliance is one thing. Navigating the processes involved in recovering GST (i.e. input tax credits) on costs that's legitimately owed to business is another.

The problem is particularly acute for businesses that operate globally. They have to follow specific tax regulations for each country for the GST refund to be approved. This leads to labyrinthine form- filling that takes time and money businesses don't have.

The global market potential for GST/VAT reclamation is $74.9bn, yet 54% of eligible GST/ VAT is left unclaimed by businesses.[1]
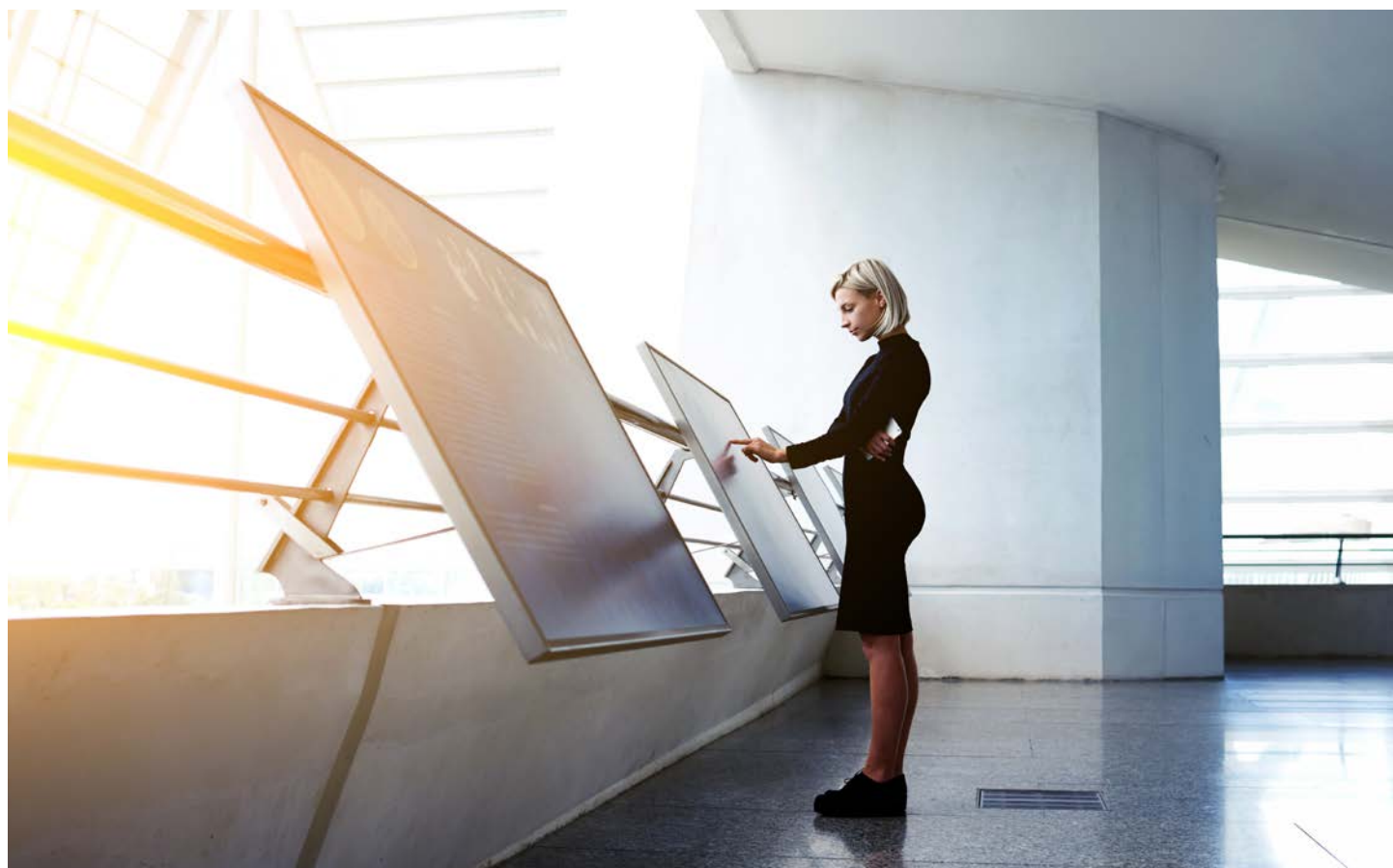
But while the total sum available is vast, it's spread very thinly across multiple sources. For example, employee-driven spend such as T&E can be charged on company credit cards, on personal cards or in cash. Manually checking and validating each invoice is a time-consuming task requiring additional resource that gives little reward, so making a business case for it is hard.

Indeed, more than one-fifth of companies who incur GST/VAT in foreign countries claim they are unable to recover it due to procedures being too complex and burdensome.

1. **Navigating the Complex World of International VAT Reclaim, Bloomberg Tax**

2. How to Reduce Disqualified Invoices, Blue dot Ltd

3. Companies Lose $20 Billion In Unrecovered VAT Globally, Finance Monthly

The Problem is Paper

The complexities of compliance and the complications of GST recovery are both problems for businesses. Yet they both need to be solved.

Compliance is non-negotiable. Leaving recoverable costs on the table is unacceptable at the best of times and is especially unacceptable in the current climate.

The only question therefore is how do businesses ensure compliance and maximise GST recovery?

The solution lies in rethinking the way the processes work. In particular, it means moving from a paper-based system to one driven by technology and AI.

Paper-based systems mean a great deal of human effort — manual data entry at every stage, with the accompanying risk of errors. It means they are hard to scale, as businesses know.

They also make everything more difficult than they need to be. By the time a receipt is checked for compliance it is too late — the spend occurred weeks or even months ago. It is also too late if the spend could have been legitimately reclaimed but the wrong paperwork has been submitted, which means it's inadmissible.

An automated system provides an end-to-end process that mitigates errors, makes it easier to enforce policy to maintain compliance, ensures all the appropriate documentation is available for frictionless submission and reclaim, and provides an audit trail should one be required.

The **process of switching from paper to automation** is one that is already underway. Businesses are increasingly switching to finance automation solutions in order to more effectively manage tax risk and strengthen the tax control framework in a Justified Trust framework set by the ATO.

But the state-of-the-art in these solutions goes much further than simply giving businesses a means to comply with tax digitalisation initiatives. They harness automation, AI and machine learning to give businesses an enhanced ability to ensure compliance and maximise reclaim.

A new partnership between **SAP Concur Tax Assurance by Blue dot** demonstrates this ability perfectly.

The Concur Tax Assurance by Blue dot Solution

The cloud-based solutions of SAP Concur automate and provide a unified view of travel, expense and invoicing, helping over 48,000 businesses of all sizes in more than 150 countries worldwide be more productive, reduce costs, and improve performance overall.

The partnership with Blue dot provides an enterprise-grade solution that can be tailored to businesses of all sizes, uses AI and machine learning to automatically identify VAT-eligible expenses, validate receipts, and optimise GST recovery potential.

Concur Tax Assurance by Blue dot is embedded in the SAP Concur solutions workflow. It is a secure, dynamically updated data completion and GST/VAT compliance platform that combines sophisticated AI algorithms and intricate tax knowledge to enable three-way matching between supplier data, evidence, and reports. The scale of the solution demonstrates the power of automation – and why it's the only solution for businesses seeking to maintain compliance and maximise reclaim.

It reduces the risk of non-compliance because domestic and foreign compliance rules and regulations are embedded in the solution and are updated automatically, removing the need for manual intervention and updates. Every transaction is automatically checked against these rules to ensure compliance. Importantly, it is also able to identify ineligible GST/VAT, reducing the risk of overclaiming and the penalties and fines that could follow.

It gives businesses the ability to maximise GST recovery. The technology covers around 96% of the relevant VAT/GST/HST potential in the Americas, EMEA and APAC regions. From small receipts for meals to large invoices for hotel stays, it automatically identifies all eligible transactions for recovery, and, using proprietary data sources, enriches expense data in order to create a trusted transaction for optimal GST/VAT recovery. The solution is even able to recover original tax receipts, where missing, for big ticket expense items such as hotels, events, and car rentals to maximise tax recovery.

It enables businesses to streamline even more of their operations because it consolidates multiple data sources and processes into a unified digital workflow and provides a single access point for real-time global and local management, across all entities and jurisdictions. A customisable dashboard provides analytics, segmentation, instant record retrieval, valuable reports, detailed audit trails, and more. This includes insight to gaps in data completeness that can compromise compliance, and subsequently lost GST so businesses are empowered with the data needed to influence traveller behaviour and maximise future GST recovery. The single, automated process also means that is scalable both locally and globally, removing barriers to expansion when it comes to compliance.

The automated solution is enhanced with human expertise. Businesses have access to tax experts with intricate knowledge of regulations around the globe who work to fulfil enquiries from tax authorities when required.

A Win-Win Situation

Concur Tax Assurance by Blue Dot seamlessly integrates with expense automation software **Concur Expense** and has been designed to be easy to add to a workflow thanks to its powerful, wizard- based setup. It can be configured and easily maintained both globally and locally so it can change and scale with the business.

It has a transactional pricing model – the monthly fee ensures 100% of recovered GST stays with the business. Importantly, it means there is no conflict of interest or any of the risks associated with vendor-driven success fees.

But above all, it enables businesses to streamline their operations to ensure compliance and maximise the opportunities to recover tax owed to them. It's a win-win situation.

FIND OUT MORE

- Visit the website to find out more about **Concur Tax Assurance by Blue dot**

- **Download the brochure** on Concur Tax Assurance by Blue dot

- **Book a call** with an SAP Concur representative Learn more at **www.concur.com.au/tax-solutions**

About SAP Concur

SAP Concur is the world's leading brand for integrated travel, expense, and invoice management. Driven by a relentless pursuit to simplify and automate everyday processes, the solutions guide employees through business trips, move authorised charges directly into expense reports, and automate invoice approvals. By integrating near real-time data and using AI to analyse transactions, businesses can see what they're spending, improve compliance, and avoid possible blind spots in the budget. SAP Concur is imagining a world where travel and expenses practically manage themselves, helping businesses run at their best every day.

Learn more at **concur.com.au** or the **SAP Concur blog**.