

## Integration Planning

### Considering Tax Integration

Here are TaxAutomation's seven lucky steps to a successful integration?

This very question leads to numerous other questions that must be answered before an informed decision can be made.

- Is your tax integration a result of an ERP upgrade away from a legacy system?
- Will the tax integration be made to legacy system?
- Will internal IT resources be used for the project?
- How much time is needed for IT budgeting?
- Was the tax department included in the initial planning process for a tax upgrade?
- How will the tax integration change our business processes?
- Can the tax system handle our business requirements? And is it flexible enough for future unforeseen requirements?
- How long will the integration take?
- How much will it cost?
- How does it work?
- Will the integration save the company money?
- What are typical responsibilities of integration?
- How should the integration be documented?

The above list address only a few of the questions a tax manager encounters when making the decision of whether to automate their tax systems. Further complications arise when the tax manager encounters technical jargon with which he/she is unaccustomed.

When making a decision on whether to automate tax systems, uninformed tax managers often make the mistake of calling every software vendor for a demo without first addressing the basic need of why a tax system is needed.

When considering a tax integration, assessing why there is a need for a tax integration will start you on the right track. All too often companies purchase third party tax software and discover that flexibility may be limited, thus requiring the need for customizations. Ultimately, this leads to a path of unknown and possibly expensive consulting fees.

When considering a tax integration, seven lucky steps can be used to help shape and define an integration that helps eliminate the unexpected.

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#### Integration Steps:

##### Step 1 – Assess Tax Needs

Assess why there is a need for tax integration. Generally speaking, tax audit liabilities are the primary reason many companies look to automate their tax system. It should be determined what area of exposure poses the greatest weakness for your organization.

Did the liability occur within A/R or A/P? If both, what specific area should the tax system address? Were exemption certificates a problem or inaccurate tax rates? Did our vendors properly charge us tax or did we neglect to collect taxes? How many states do we report and do we have the same issues with each state?

##### Step 2 - Business Requirements

Prepare a detailed "Requirements Document".

The document should be a wish list of requirements you would like to incorporate into your tax integration project. Some requirements may include exempting customers based on purchase order number. Exempting by job number on certain products.

Tax certain products at a special tax rate. Whatever the scenario, it should be contained within the requirements document.

##### Step 3 – Communication w/Tax & Technical Team

Discuss the requirements document with your IT department.

IT may be able to shed some light on what resources can be made available to assist with the integration. If you are in the middle of an ERP implementation and there has been talk of utilizing third party software to handle taxes, but no one has spoken with the tax department, a red flag must go up immediately.

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Step 4 - Choose an integration team.

Your integration team must be able to provide knowledge transfer and overcome communication bumps. A good integration team will cover Steps 1 & 2 again in detail making sure no gaps were left in the original thought processes. Understanding the responsibilities of the integration team will be the key to a painless, successful integration. The integration team must have both IT and Tax experience to implement a hassle free project. Find out the knowledge of the integration team by asking questions such as:

- What major integration partners do you have?
- How long is the typical engagement?
- What types of issues are normal in an integration project?
- Is there a standard interface for the A/R side?
- Is there a standard interface for the A/P side?

Step 5 - Choose a software vendor.

In most cases, your business requirements will help determine what software vendor you choose. It is not unusual to base decisions on service. Your TaxAutomation team will guide your company through the maze of complications an engagement can cause.

Step 6 – Develop Project Plan

Develop and defining a project plan helps both the integration partner and client understand their respective roles during and integration. The project plan will serve as the road map for determining milestone dates and coordination of calendars between the Tax and IT departments.

Step 7

Execute plan devised between your company and the integration team.

See the TaxAutomation [Questionnaire](#) to help assess basic integration requirements.

The primary cause of painful integrations will occur when consumers do not understand if a custom interface is required for some aspect of the engagement. This unanticipated glitch will catch some companies' off-guard. Again, driven by business requirements, the unforeseen can cause who knows how much development cost it will take to get things completed.

For better results, better planning is essential.