

Product

- ▶ Epicor® Tax Connect

Functionality Area

- ▶ Global Capabilities

Seamless Integration

- ▶ Epicor® ERP
- ▶ Epicor BisTrack™
- ▶ Epicor Eclipse™
- ▶ Epicor Enterprise®
- ▶ Epicor Prophet 21®
- ▶ Epicor Prelude™
- ▶ Epicor iScala®

Benefits

- ▶ Helps your business expand globally
- ▶ Low total cost of ownership—this solution works with your existing ERP and accounting software
- ▶ Leverages a database that includes rules and exceptions for rapid and accurate calculation
- ▶ Minimal disruption as updates are managed seamlessly in the cloud

Features

- ▶ USA-EU Sales
 - Mail order sales
 - Phone/Telesales
 - eCommerce
 - Distance selling
 - Sales of Digital Services
- ▶ B2C Goods
- ▶ B2C Drop Shipping
- ▶ B2B Exports
- ▶ B2B Domestic Suppliers
- ▶ B2B Reverse Charges on Services
- ▶ C2C Taxable to Non-Taxable

Epicor Tax Connect Helps Your Business Worldwide

Empower your business to confidently tackle taxes virtually anywhere around the globe. Traditional methods simply cannot keep pace—manually calculating and filing value-added tax (VAT) and sales tax is too difficult, risky, and error-prone in today's ever-changing compliance environment. Epicor Tax Connect allows customers to calculate taxes for more than 200 countries beyond the United States and Canada.

VAT, is the primary consumption tax charged in non-U.S. countries. Added at every stage of a transaction and requiring multiple levels of refunds, VAT can be difficult to understand for anyone who is used to paying sales tax only at the end-user level, and it can make companies hesitant to sell internationally.

- ▶ VAT typically has a single user rate in each country that charges it
- ▶ Sellers must determine the number of VAT payments required in the transaction, the country receiving VAT, and whether the buyer or seller pays VAT

Epicor Tax Connect works with your existing ERP and accounting software to make VAT treatment determinations quickly and accurately. This solution, based on world-leading Avalara® technology, knows the rate and how to correctly charge VAT for all theoretical transactions in more than 200 covered countries.

Applies to:

- ▶ U.S. companies selling goods to EU companies or consumers
- ▶ Intra-EU transactions
- ▶ EU companies selling to U.S. companies or consumers
- ▶ EU companies with wholly owned subsidiaries in the U.S.

Drop shipments

- ▶ Drop shipments from U.S. to EU can only occur in countries in which VAT is registered.
- ▶ Goods must physically clear customs in this country.
- ▶ We cannot ship directly from the U.S. to an EU country we are not VAT registered in, unless the customer clears the goods through customs. This would be a U.S.—export not a sale by one of our international companies .
- ▶ Avalara currently supports drop shipments within the U.S. and when the transaction is treated as an export normal transaction.

B2C and B2B transactions

- ▶ Domestic Sales —sales within the EU country in which VAT is registered
- ▶ “Bill To” and “Sold To” are considered
- ▶ VAT can be processed on tax-ID for customer and country on less than two address types per transaction
- ▶ Intracommunity Sales —sales within the EU outside of the country in which VAT is registered
- ▶ Export —sale outside of the EU
- ▶ Other Taxable Sales —sales within the EU and customer not registered in EU

B2C vs. B2B transactions

- ▶ Determined by the population of the buyers' VAT number (Document and Line)

Business Impact

Epicor Tax Connect supports VAT intra-USA and Canada calculations and expands the scope to EU countries and non-EU countries with additional licenses. Considerations in calculating VAT include:

- ▶ Addresses provided on the sale to determine location
- ▶ Tax in those locations is based on specified tax locations and where Nexus may apply
- ▶ Tax codes assigned/sent to your items will determine taxability
- ▶ Customer-specific settings based on the exemptions applied to the transaction or set up for the customer record
- ▶ Buyer's VAT number and place of supply, importer of record, and permanent establishment

When to Register for VAT

The requirements to register for a VAT number should be the same in each country. Typical instances where a foreign trader is required to register for a local VAT number include:

- ▶ If a foreign company is buying and selling goods in another country

- ▶ If a company is importing goods into an EU country which can include moving goods across national borders within the EU
- ▶ Holding goods in warehouses or on consignment stock in other EU countries for customers
- ▶ Holding a live conference, exhibition, or training if there is paid entrance
- ▶ Selling goods to consumers over the Internet or through catalogues (distance selling)
- ▶ Supply and install of equipment in a limited number of situations
- ▶ A very limited number of situations where services are being provided—following the 2010 VAT Package reforms

The requirements above apply equally to resident companies from within EU and non-EU resident companies. Generally, non-resident companies must register for VAT immediately.

Potential Areas of Growth

The solution does not currently support the following articles of the EU VAT directive:

- ▶ Domestic reverse charges for a non-established taxable person/business selling domestically (Article 194).
- ▶ EU triangulation simplification (Article 197).
- ▶ Local reverse charges on high-value/

fraudulent goods (Article 199).

- ▶ For non-EU countries with traditional VAT regimes, the system generally supports the same without the reverse charge exclusions that are EU-specific. Content coverage focuses on general goods, digital services, and general services.

Additional Information

- ▶ Resident companies' VAT registration thresholds
- ▶ Additional Exceptions for eCommerce companies with a Special Distance Selling VAT Threshold

Licensing

- ▶ No additional licenses are needed, if you already have Epicor Tax Connect
- ▶ Epicor Tax Connect international capabilities are automatically activated
- ▶ Tax determination and transaction counts are always based on the origin and the destination of transaction

Note: This solution provides what is purely a tax calculation function for commercial invoices and is not a replacement for Country-Specific Functionality (CSF) packs sold separately. Solution supports rates in all countries with a VAT/GST system currently recognized by the United Nations but not complex VAT or country-specific VAT scenarios.

About Epicor

Epicor Software Corporation drives business growth. We provide flexible, industry-specific software designed to fit the precise needs of our manufacturing, distribution, retail, and service industry customers. More than 45 years of experience with our customers' unique business processes and operational requirements are built into every solution—in the cloud or on premises. With this deep understanding of your industry, Epicor solutions dramatically improve performance and profitability while easing complexity so you can focus on growth. For more information, [connect with Epicor](#) or visit www.epicor.com.



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