



# **GLOSSARY OF SAP VERTEX**

## **A Quick Reference Guide to SAP Terminologies**

Concept/Term	Definition
SAP Vertex	A tax calculation and compliance solution integrated with SAP to automate tax determination, reporting, and compliance for various jurisdictions.
Sales Tax Calculation	The process of calculating the correct sales tax for transactions based on the location, product type, and applicable tax rules, powered by SAP Vertex.
Vertex Indirect Tax	A solution for managing indirect taxes like sales, VAT, and GST, enabling businesses to automate tax calculation and reporting.
Tax Jurisdiction	A region or area that has its own specific tax rules and rates, used by Vertex to calculate taxes according to location-based tax laws.
Vertex Cloud	A cloud-based version of the Vertex tax solution, offering flexibility, scalability, and access to tax services without needing on-premise infrastructure.

Concept/Term	Definition
Tax Calculation Engine	The core component of Vertex that computes tax rates and applies tax rules to transactions, ensuring accurate tax determination in real-time.
VAT (Value-Added Tax)	A consumption tax levied on the value added at each stage of production or distribution, commonly supported by Vertex for accurate calculation.
Taxability Determination	The process of determining whether a product or service is taxable and at what rate, which Vertex automates to ensure accuracy and compliance.
Tax Codes	Codes used in SAP to define tax rates and types applicable to specific transactions or products, integrated with Vertex for accurate tax calculation.
Tax Reporting	The process of generating reports on tax calculations and liabilities, which Vertex supports by providing accurate and up-to-date tax data.

Concept/Term	Definition
Exemption Certificate	A document used to certify that a transaction is exempt from certain taxes, often handled by Vertex in tax reporting and compliance.
Tax Inclusive	A method where the sales price includes the applicable tax, and Vertex calculates the tax portion based on the total price.
Tax Exclusive	A method where tax is added separately to the sales price, and Vertex calculates the tax based on the net price of the goods or services.
Tax Returns	Official documents filed with tax authorities to report and pay taxes, which Vertex helps automate and generate with accurate data.
Sales Tax Exemption	The status where certain transactions or organizations are exempt from paying sales tax, managed and processed by Vertex.

Concept/Term	Definition
Taxable Base	The amount or value on which tax is calculated, such as the sales price or cost of goods, determined by Vertex for accurate tax computation.
Multi-Jurisdictional Taxation	The process of handling multiple tax jurisdictions with varying tax rules, managed by Vertex to ensure compliance across different locations.
Sourcing Rules	Rules that define the location where a product or service is sourced from for tax purposes, helping Vertex apply the correct tax rate.
Transaction Tax	The tax applied to a specific transaction, such as a sale or purchase, calculated by Vertex based on location, product type, and jurisdiction.
Real-Time Tax Calculation	The ability of Vertex to calculate tax during a transaction, providing immediate and accurate tax determination as part of the sales or purchase process.

Concept/Term	Definition
Tax Rate	The percentage or amount of tax applied to a transaction, determined by Vertex based on various factors like location, product, and jurisdiction.
Exemption Management	The management of tax exemptions for specific products or customers, facilitated by Vertex to ensure accurate tax application.
Tax Compliance	The adherence to tax laws and regulations in various jurisdictions, supported by Vertex to ensure businesses comply with local, state, and federal tax requirements.
Sales Tax Engine	The engine within Vertex responsible for calculating the appropriate sales tax for transactions, ensuring accuracy and real-time tax determination.
Tax Matrix	A tool or table used to determine the applicable tax rate based on the jurisdiction and type of product or service, integrated into Vertex.

Concept/Term	Definition
Tax Determination	The process of applying tax rules to a transaction to calculate the correct tax rate, fully automated in Vertex for accuracy and efficiency.
Vertex for SAP ERP	The integration of the Vertex tax solution with SAP ERP systems, enabling seamless tax calculation, compliance, and reporting within SAP.
VAT Returns	The process of submitting VAT tax reports to the tax authorities, which Vertex automates to ensure timely and accurate submissions.
Vertex SAP Integration	The connection between SAP systems and Vertex for automated tax calculations, data exchange, and reporting across business processes.
Custom Tax Rules	Custom rules defined within Vertex to handle specific tax requirements unique to a business, such as special product taxability or location-based rules.



Concept/Term	Definition
Tax Filing	The process of submitting tax data to authorities, automated through Vertex to ensure timely and accurate filing of tax returns.
Exemption Management	Handling and tracking tax exemptions for customers or transactions in Vertex, ensuring the correct exemptions are applied during tax calculation.
Taxability Matrix	A tool used to identify whether a product or service is taxable in a specific jurisdiction, integrated within Vertex for accurate tax calculation.
Transaction-based Taxation	Tax calculation that is applied to individual transactions rather than aggregated at the end of a period, supported by Vertex for real-time accuracy.
Indirect Tax	Taxes that are applied to goods and services rather than income, such as VAT, sales tax, and GST, all managed by Vertex for accuracy.



Concept/Term	Definition
Tax Code Maintenance	The process of maintaining tax codes within SAP, supported by Vertex to ensure up-to-date and accurate tax rates are applied to transactions.
Tax-Exempt Sales	Sales transactions that are exempt from tax, often defined and processed through Vertex for proper exemption handling.
Tax Compliance Audits	The process of reviewing tax data for compliance with tax laws, with Vertex assisting in generating audit reports and ensuring accuracy.
Sales Tax Filing	The process of submitting sales tax reports to tax authorities, automated by Vertex to ensure accurate and compliant filings.
Tax Calculation Workflow	The series of steps that define how tax is calculated, applied, and reported in SAP, managed by Vertex for seamless automation.

Concept/Term	Definition
Vertex Compliance Suite	A comprehensive suite of tools within Vertex designed to automate tax calculations, compliance checks, and tax reporting.
Cross-border Taxation	Managing taxes for transactions that involve multiple countries or regions, handled by Vertex to ensure correct tax application across borders.
Automated Tax Returns	The process of automatically generating and submitting tax returns through Vertex, reducing manual effort and ensuring accuracy.
Sales Tax Reporting	The process of tracking and reporting sales tax liabilities, supported by Vertex to generate accurate reports for tax authorities.
Taxability Rules	The rules within Vertex that determine whether a product or service is subject to tax based on factors like location and product category.

Concept/Term	Definition
SAP Tax Engine	A tax engine within SAP systems that works with Vertex to provide real-time, accurate tax calculation based on transaction details.
Tax Rule Configuration	The setup of tax rules in SAP Vertex to ensure the correct tax rates are applied according to the business needs and jurisdictional requirements.
Tax Jurisdiction Mapping	The mapping of tax rates and rules to specific geographic regions, used by Vertex to ensure tax is calculated based on location.
Sales Tax Automation	The automation of tax calculation, reporting, and filing within SAP systems using Vertex to ensure compliance and reduce manual errors.
Real-Time Tax Reporting	The ability to generate tax reports instantly, based on live data from transactions, facilitated by Vertex for accurate and timely tax filings.