

# Highly Commended Winner

## Best in Class Treasury Solution

### in Latin America/Caribbean

Equinor ASA  
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## Major step forward for paying your taxes in Brazil

### The challenge

The Brazilian tax environment is challenging. Brazil has the highest corporate tax burden in the world and one of the most complex tax systems, according to the World Bank report, Doing Business.

Brazil's tax complexity meant Equinor had to pay as many as 20 types of tax, each of which has a different payment method. Brazilian tax payments are mostly manual in nature; while some payments can be made electronically, they must be manually input. Other types of payments have to be made via a specific state-owned bank and required Equinor to have an account (and relationship) with that bank. Some tax payments even had to be instructed by letter or fax or made in person at a branch.

In most jurisdictions around the world, Equinor makes tax (and other) payments directly from its global SSC in Norway and Belgium using SAP and the ISO XML format. However, these arrangements were impossible in Brazil because of its multiplicity of taxes and strict rules regarding how they must be paid. As a result, Equinor had to make and reconcile its tax payments in-country. The volume of payments was relatively modest in 2018, but it was growing exponentially. Moreover, the administrative and cost burden for Equinor of managing tax payments was significant and the manual nature of payments was inefficient.

SAP has developed its products to meet local demands in Brazil, particularly in respect of the country's complex legal and tax system. However, given its local file formats, Brazil's clearing system does not process global payment file formats.

### The solution

Citi's Tax Master solution bridged that gap with an overlay solution that enables Equinor (via host-to-host connectivity) to initiate around 90% of Brazilian tax payments from a single account using the ISO XML global standard format. Citi also established a partnership with local banks to facilitate the payment of taxes where a specific bank is required for that tax.

### Best practice and innovation

By almost eliminating manual payments and deploying ISO XML, Equinor has streamlined and automated its processes, improved its controls and risk management and freed up in-country staff for more value-added tasks.

The Tax Master solution is innovative, as it enables Equinor to initiate tax payments from SAP using the ISO XML format and host-to-host connectivity despite the challenges of Brazil's tax system. This is one of the first implementations of a solution of this type and paves the way for other multinational companies to reduce the administrative burden associated with tax payments in Brazil.

### Key benefits

- Greater efficiency.
- Improved security.
- Enhanced visibility and control.
- Reduced fraud risk.
- Stronger security and controls.
- Real-time information.
- Improved reporting.
- Automated reconciliation.
- Scalable processes.
- Lower bank account fees and reduced bank relationship management.
- Enhanced liquidity management.

Equinor has moved from cumbersome, manual payment processes to an automated system, enabling it to centralise payments, redeploy in-country staff to focus on more value-added tasks and enhance liquidity management. In the past, it was impossible to overcome these barriers and integrate Brazil into global tax payment arrangements via SAP. Equinor decided that the status quo was no longer tenable and has led the way in implementing a unique solution that leverages SAP, host-to-host connectivity and the ISO XML global standard format to overcome the barriers of local payment methods and types and deliver efficiency, visibility and control.



What makes Brazil's tax environment challenging is that taxes are applied at state, federal and municipality levels. Equinor has around 20 types of tax to pay with different payment methods so we implemented our Tax Master solution. I believe there are three key aspects which make this project stand out. First, our respective teams established strong communication and partnership with well-defined KPIs and a digital roadmap. Second, our local presence and expertise in Brazil and finally our client's centralised set-up and always looking for global and local solutions.

**Jesse Silva, Director, Sales, Treasury and Trade Solutions, Citi**

in partnership with



Equinor ASA is a multinational energy company headquartered in Stavanger, Norway. This Norwegian energy company has operations in 37 countries.