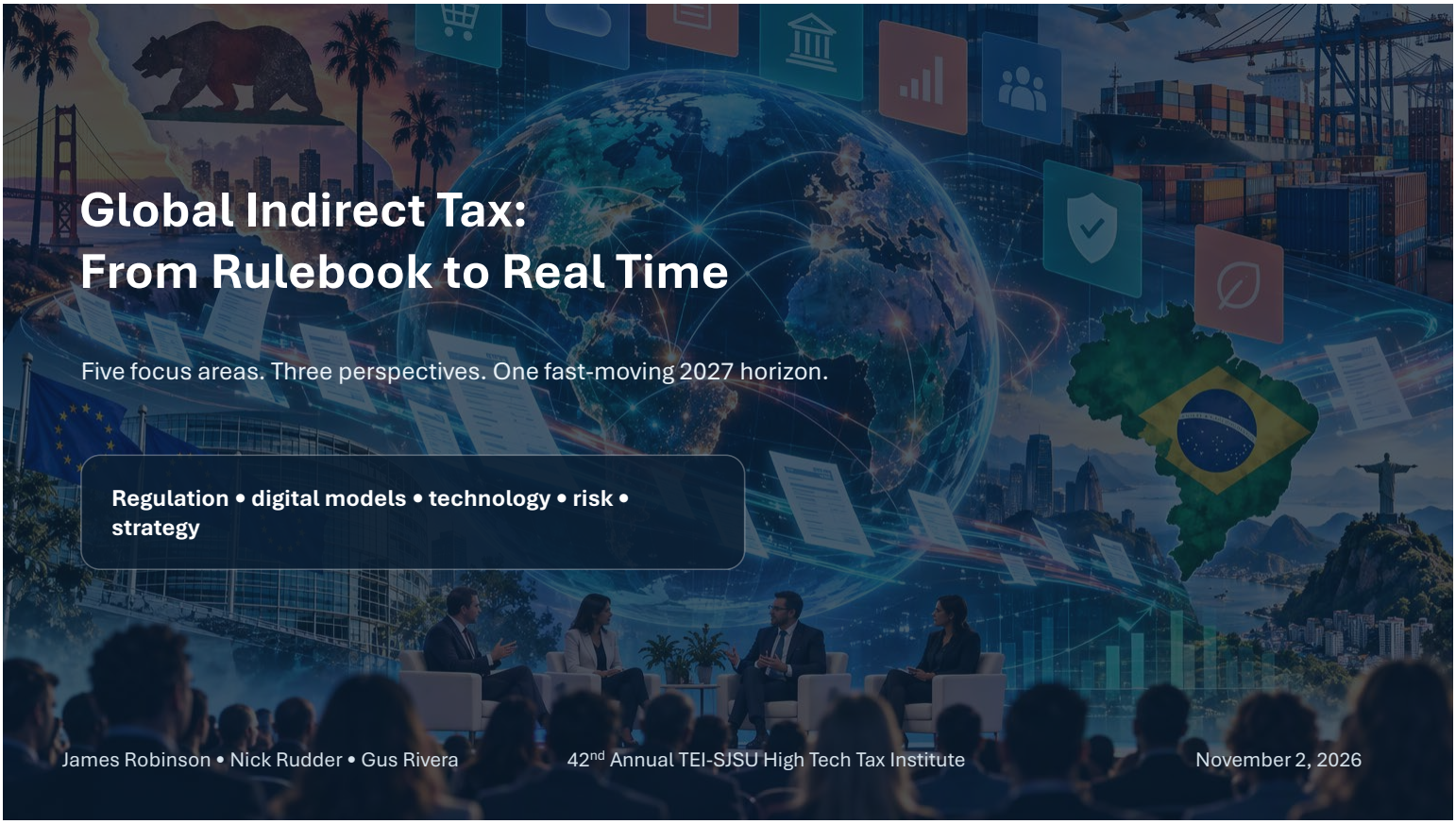


Global Indirect Tax: From Rulebook to Real Time

Five focus areas. Three perspectives. One fast-moving 2027 horizon.

Regulation • digital models • technology • risk • strategy

James Robinson • Nick Rudder • Gus Rivera

42nd Annual TEI-SJSU High Tech Tax Institute

November 2, 2026

MEET THE PANEL

Three perspectives on the next operating model for indirect tax

JR

James Robinson

Moderator

Global indirect tax strategy and cross-border operating models

NR

Nick Rudder

CEO • Sphere

Tax technology, data architecture and scalable compliance

GR

Gus Rivera

RSM

Advisory, implementation and audit-ready execution

TODAY'S ROUTE

Five sections, one connected operating challenge

1. Regulatory landscape
2. Digital business models
3. Technology & compliance
4. Risk, audits & diligence
5. Future outlook & strategy

Indirect tax is moving upstream into product design, data, systems and commercial decisions.

SECTION 1

Regulation is shifting from periodic filing to transaction-level control

Tax authorities are expanding the base while increasing the speed and granularity of reporting.

1. Base expansion

More products, software and services are being pulled into indirect tax.

2. Data intensity

Rules increasingly depend on customer, product and transaction data at source.

3. Execution

The issue is operational readiness, not awareness alone.



AUDIENCE TAKEAWAY

Readiness begins with data ownership and system design, not the filing calendar.

2026 INDIRECT TAX RESET

What changed across Europe and other major markets

Rate changes, new regimes and digital administration compressed implementation timelines.

EU changes

Case law on Transfer Pricing adjustments. Rate changes continued. Preparation should now be on ViDA and e-invoicing

Asia

Bhutan - A new 5% GST replaced the former sales tax regime from 1 January 2026.

US

Significant tariff uncertainty.

Digital compliance

E-invoicing and e-reporting mandates expanded across Europe, Latin America, the Middle East and Asia.

More jurisdictions are changing the tax result and the reporting channel at the same time.

EU VAT IN THE DIGITAL AGE

ViDA turns VAT modernization into a phased operating-model program

Adopted in March 2025 and implemented progressively through 2035.



14 Apr 2025	1 Jan 2027	1 Jul 2028	1 Jul 2030	1 Jan 2035
Domestic e-invoicing can be mandated under the new framework.	OSS extends to B2C e-charging; OSS/IOSS clarifications begin.	Platform rules and major Single VAT Registration reforms begin.	Cross-border B2B digital reporting begins using mandatory e-invoicing.	Domestic real-time systems align with the EU model.

Build structured invoice data, customer and product evidence, exception workflows and reporting into one roadmap.

BRAZIL • 1 JAN 2027

The federal consumption-tax transition becomes operationally real

The cutover changes tax types, credits, documents, pricing and system logic together.

CBS full regime

Federal VAT-style contribution becomes fully charged.

PIS / COFINS

Legacy federal contributions are eliminated.

IPI

Rates reduced to zero for most goods, with Manaus exceptions.

Selective Tax

Begins for legislated harmful products and services.

IBS transition

Continues at 0.1% during 2027–2028.

Integrated readiness connects tax policy, master data, invoice design, credits, pricing and controls.

ERP & invoice schema • credit & cash flow • pricing & contracts • dual-run controls

SECTION 2

Digital models turn tax rules into product-design choices

The tax result is increasingly determined upstream, inside offer design, contracting, identity and billing.



1 **Offer** What exactly is the customer buying?

2 **Customer** Business or consumer, and where located?

3 **Access** Download, remote access, platform or service?

4 **Price** Tax-inclusive, tax-exclusive or absorbed?

5 **Evidence** Which data proves the chosen treatment?

SECTION 2

Where digital revenue leaks into tax risk

Every stage creates data and evidence that either supports or undermines the final tax result.

Design → Contract → Onboard → Bill → Report → Defend

Upstream design

Taxability is often determined before tax is involved.

Transaction execution

Identity, location and product attributes drive the result.

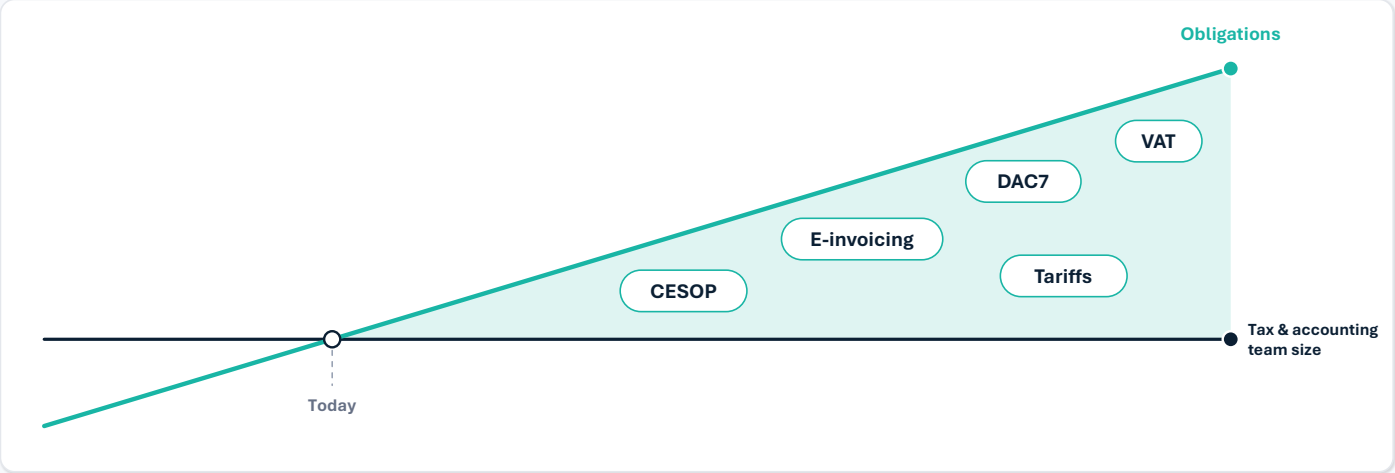
Defensibility

Evidence and change history determine whether the result can be sustained.

SECTION 3

Compliance obligations and changes are increasing globally

Yet finance and tax teams remains the same size

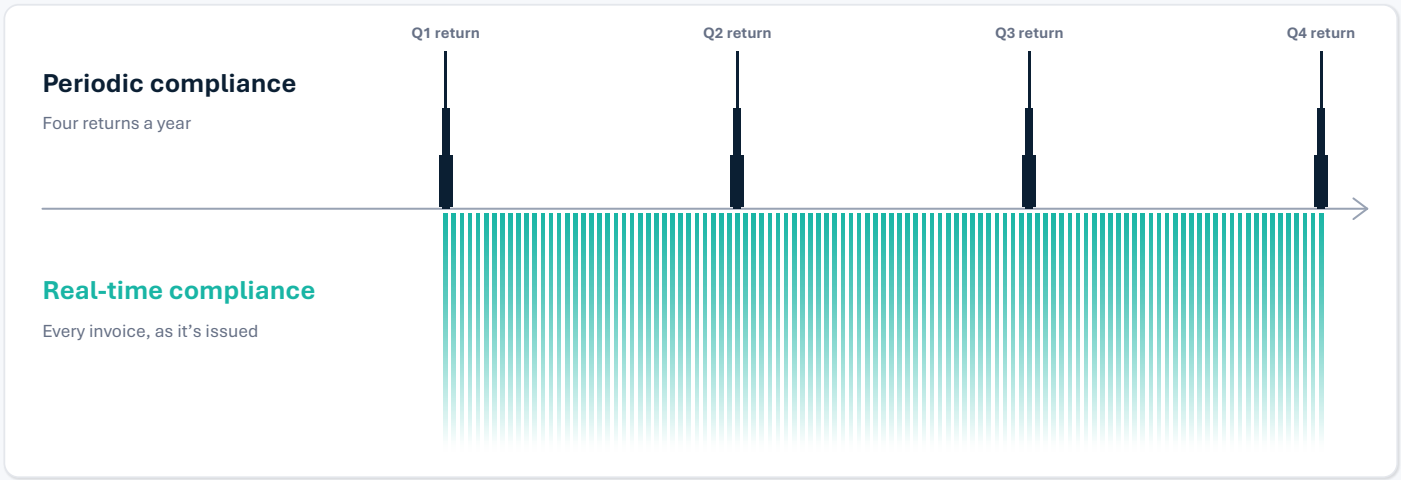


Headcount cannot close the gap — scalable data, systems and automation must.

SECTION 3

And now with e-invoicing, obligations will be real-time

Cleared to sell: compliance moves from the quarterly return to every individual invoice.

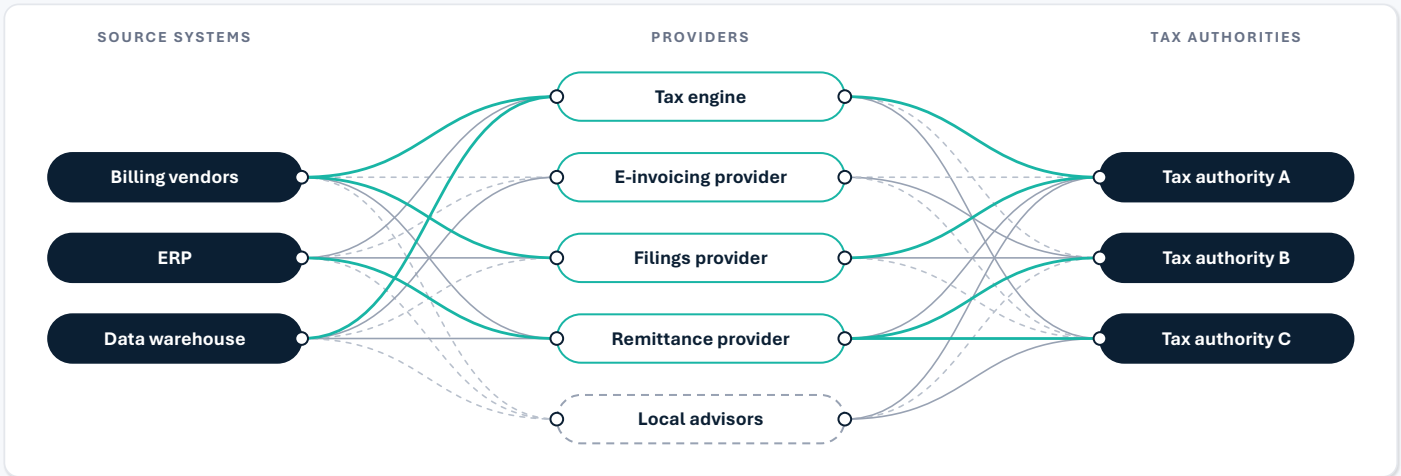


Every invoice becomes a filing — tax data has to be right at the moment of sale.

SECTION 3

A patchwork of solutions that don't talk to each other

Businesses are trying to manage these obligations across disconnected systems, providers and advisors.



Every hand-off is a point where data, evidence and accountability can break.

SECTION 3

What should companies should be doing

There are remedies to help resolve issues with the patchwork

1	**Ensure all sources are captured and feeding into vendors**	Key issues stem from missing datasets not feeding reporting
2	**Consolidate vendors**	Different datasets, multiple handovers = more points of failure
3	**Outsource regulatory monitoring**	Given the rate of change, keeping in house is prone to error
4	**Automate manual work where appropriate**	Return generation, reconciliations, e-invoicing etc

SECTION 3

Automation can reduce risk, or industrialize the error

The real distinction is controlled versus uncontrolled automation.

Verify product tax codes

Both categorization and audit trail for determinations

Ensure distinct SKUs are in place

Mixed bundles inherit one treatment

Customer location data conflicts

Sourcing is inconsistent by channel

Review overrides

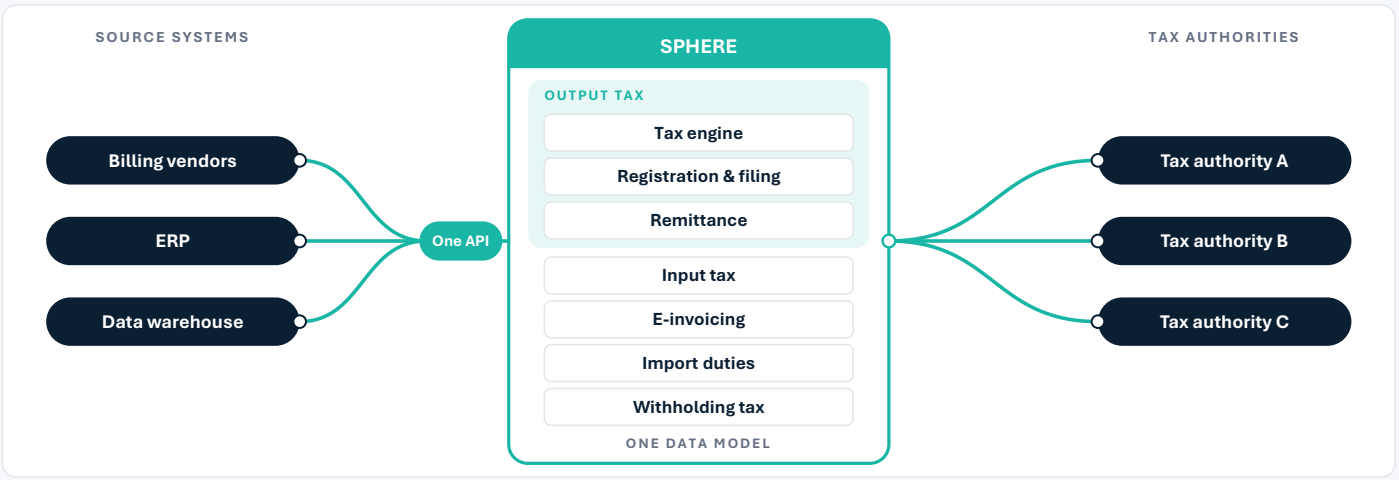
Exceptions cannot be defended later

Automation reduces risk only when decision logic, exceptions and changes remain visible.

SECTION 3

What we're doing at Sphere

Sphere is a one-stop shop for cross-border compliance: one vendor, one API, one data model.

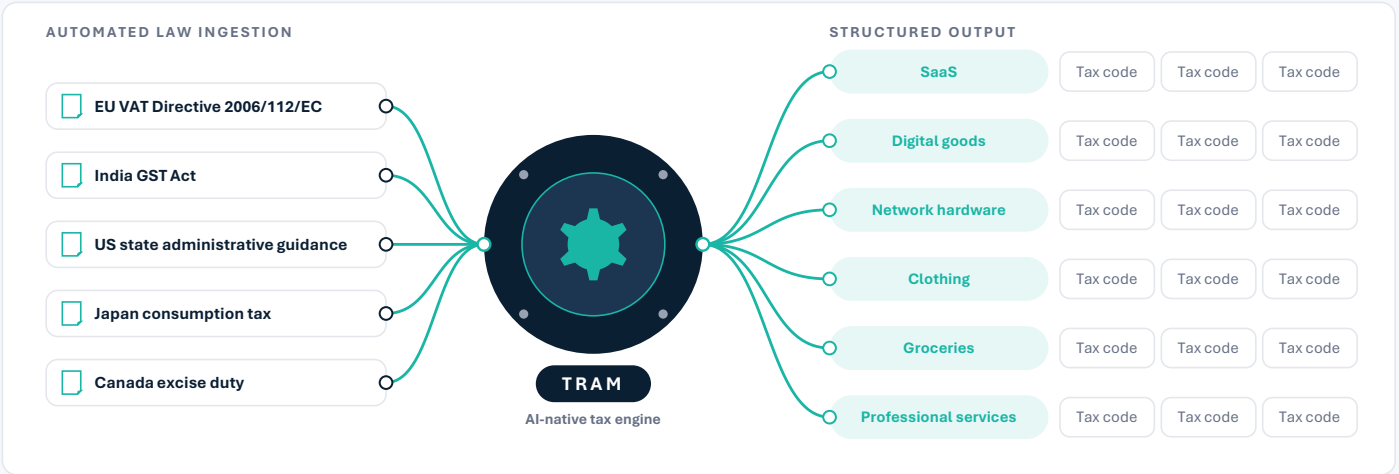


Fewer hand-offs: data, evidence and accountability stay connected end to end.

SECTION 3

A first of its kind AI-native tax research model, TRAM

Ingesting, codifying and monitoring tax law on a global scale



From statute to structured tax code, continuously monitored as the law changes.

SECTION 4

Tax authorities audit the data trail, not just the return

The strongest defense links the legal conclusion to source data, system logic and retained evidence.



Classification drift

Product changed; tax treatment did not

Sourcing mismatch

Billing, usage and payment data disagree

Uncontrolled overrides

Manual edits lack rationale or approval

Credit leakage

Tax paid or claimed without valid support

SECTION 4

Turn audit defense into a repeatable evidence pack

A concise evidence spine helps tax, finance, IT and legal tell the same story.

1

Position

Law, guidance, assumptions and conclusion

2

Configuration

Tax codes, rules, dates and approvals

3

Transaction

Invoice, customer evidence and entry

4

Reconciliation

Return-to-ledger and exceptions

5

Governance

Owner, review and change control

A defensible result connects legal position, configuration, transaction evidence, reconciliation and governance.

SECTION 5

Future-proofing means designing for change, not predicting every rule

Focus on the operating capabilities that remain useful across jurisdictions and legislative cycles.

Operational

Create a governed tax-change intake and deployment process.

Technology

Invest in traceable decisioning, data quality and test automation.

Risk

Do not underestimate commercial and cash-flow effects.



One change • One investment • One underpriced risk

SECTION 5

Standardized principles, fragmented global execution

The direction is converging, while formats, channels, timing and tax mechanics remain local.

GLOBAL CORE

Operating model	Common tax policy and decision hierarchy
Data & technology	Governed product and customer data
Compliance scope	Reusable integration and control design
Evidence	Central monitoring and evidence

LOCAL EXECUTION

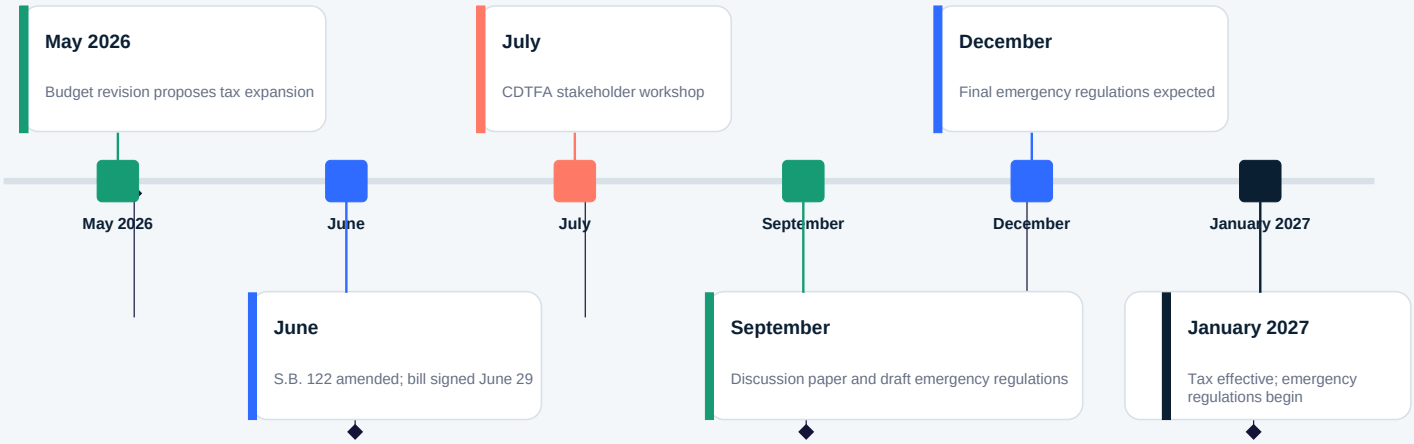
Operating model	Jurisdiction-specific mandates
Data & technology	Local schemas, clearance and timing
Compliance scope	Country registrations and tax mechanics
Evidence	Local exceptions and authority responses

Winning model: standardize the control spine, localize the statutory execution.

CALIFORNIA • S.B. 122

From proposal to a January 2027 operating deadline

A compressed legislative and regulatory timeline leaves limited implementation runway.



IMPLEMENTATION WINDOW

Translate the final rules into product, customer, contract, billing and evidence requirements before the effective date.

CALIFORNIA • S.B. 122

New California SaaS sales tax: quick look

The bill changes the tax base while preserving targeted exclusions.

1 Broader tax base

Beginning January 1, 2027, many electronically delivered and remotely accessed software products move into the sales-tax base.

2 Delivery format matters less

The historic distinction among SaaS, downloaded software and software delivered on tangible media becomes less central to taxability.

3 Targeted exclusions remain

Digital assets, music, movies, streaming, video games and digital infrastructure are excluded.

Custom software remains exempt.

OPERATING IMPACT **Classification must be mapped to SKUs and contract terms before tax-engine configuration begins.**

DRAFT REGULATIONS

Multiple Points of Use (MPU)

Draft Regulation 1600.2 addresses digital products licensed or used inside and outside California.

1. **Determine usage footprint**
2. **Choose a reasonable, consistent method**
3. **Document the allocation**
4. **Issue MPU certificate**

Allocation methods

Examples include users or computers located inside and outside California. The method must be supported by books and records.

Certificate content

Identify the taxable California portion, the non-taxable out-of-state portion and the methodology used.

Seller treatment

The seller is relieved on the non-California portion and collects tax on the California portion.

CONTROL POINT **Retain methodology, source data, approvals and certificate history as part of the audit evidence pack.**

DRAFT REGULATIONS

The $5 million customer threshold changes who pays

Draft Regulation 1600.1 measures the threshold between a retailer and a single purchaser.

$5M

CURRENT OR PRECEDING CALENDAR YEAR

Measured using gross receipts from sales or sales price from purchases.

1. **Threshold met**

Purchaser obtains a Use Tax Direct Payment Permit and self-assesses the tax.

2. **Waiver requested**

Purchaser may request a waiver from CDTFA instead of self-assessing.

3. **If waiver is granted**

The purchaser provides anticipated places of first use. Those locations become the retailer's sourcing locations.

Seller control: monitor customer spend and obtain the correct permit, waiver or sourcing data.

DRAFT REGULATIONS

Contract timing follows the right to access

Draft Regulation 1600(f) focuses on when the customer obtains the legal right to use the digital product.

Payment test

Invoice date or cash receipt does not control the taxable moment.

Access-rights test

Tax arises when the customer first obtains the legal right to access or use the product.

Continuing transaction

Subscription periods after January 1, 2027 may be taxable even when the contract was signed earlier.



Review renewals, amendments, prepaid terms and access dates, not only execution and invoice dates.

CALIFORNIA • 2027 READINESS

Next steps and action items

Run seller and purchaser workstreams in parallel, with one shared product and customer-data view.

SELLERS		PURCHASERS	
1	**Classify** Map taxable and non-taxable SKUs; configure the tax engine.	1	**Classify** Map taxable and non-taxable software purchases.
2	**Register** Assess CDTFA seller's permit or use-tax registration needs.	2	**Align** Confirm vendor treatment beginning in 2027.
3	**Communicate** Notify California customers when tax will begin.	3	**Allocate** Determine California and out-of-state usage for MPU.
4	**Monitor** Track customers approaching the $5M threshold.	4	**Monitor** Track purchases approaching $5M and direct-pay requirements.

Shared dependencies: final regulations • SKU taxonomy • contracts • customer locations • system testing • evidence retention

THE TAKEAWAY

Indirect tax is becoming a strategic operating capability.

1. Read the rule
2. Translate it into data
3. Build it into systems
4. Retain the evidence

Audience Q&A

Questions and discussion

Thank you