

# Highly Commended Winner

## Best AP Solution

### PTT Global Chemical Public Company

Pattaralada Sa-ngasang, Executive Vice President – Finance and Accounting



PTT Public Company is the major supplier of national gas in Thailand. Its subsidiary, PTT Global Chemical Public Company (PTTGC) is Thailand's largest integrated petrochemical and refining company, providing petrochemical and chemical products. Listed on SET, PTTGC's market capitalisation was US\$8.7bn as of October 2021.

## PTTGC among first in Thailand to use blockchain and API to address supply chain inefficiencies

### The challenge

The company's existing process for issuing invoices and paying against them was complex, with many touchpoints between PTTGC's suppliers/distributors, PTTGC and its bank. The existing withholding tax process also required PTTGC to issue paper withholding tax certificates to suppliers and send withholding tax information to the Thai Revenue Department.

PTTGC envisioned streamlining the entire process to eliminate inefficiencies through digitalisation. Key to this was an application programming interface (API) based banking channel rather than traditional host-to-host connectivity or an internet banking platform and the adoption of electronic issuance of withholding tax certificates.

### The solution

The solution implemented comprises two key components:

**Migrated to electronic issuance of withholding tax certificates** – PTTGC uses the bank's direct connection with the Thai Revenue Department. Once PTTGC makes payments to its suppliers, the bank sends the withholding tax information directly to the tax authority and submits the withholding tax automatically, eliminating the need for PTTGC to make a separate payment to the Revenue Department.

**Launched a procure-to-pay blockchain platform** – the solution revamps the existing process and establishes a procure-to-pay blockchain platform to enable PTTGC to streamline the pre-payments, invoice acceptance, invoice financing and payments flows. This is a multi-phase undertaking with payments API slated to go live first, followed by invoice flows to be redesigned and related APIs implemented later on.

### Best practice and innovation

The project aims not only to upgrade the payments interface between PTTGC and the bank with an API-based solution but also to address the broader objective of digitalising and streamlining the end-to-end process, from pre-payments to invoice acceptance, as well as invoice financing and payments flows. This is a complex undertaking that involves not just technical changes



but also a redesign of legacy flows within PTTGC into a leaner and more efficient model. Hence, this is a multi-phase undertaking which required coordination with multiple stakeholders within PTTGC.

The electronic withholding tax solution eliminates paper issuance of a withholding tax certificate and withholding tax payment settlement with the Revenue Department. This enables withholding tax to be submitted automatically, eliminating the need for PTTGC to engage with the Thai Revenue Department.

### Key benefits

- Eliminated paper processes around withholding tax submissions.
- Enabled straight through processing.
- Reduced the withholding tax rate from 3% to 2% for PTTGC's suppliers.
- Improved the procure-to-pay cycle by accelerating payments.
- Enabled real-time reconciliation.
- Eliminated manual processes.

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“We have had a long and fruitful relationship with Standard Chartered and together we have rolled out a number of innovative products and services over the years. One of the most recent successes with the bank was the e-withholding tax solution which eliminated some activities at our end, resulting in a leaner process for us and a lower withholding tax

rate for our suppliers. We are also collaborating with the bank to redesign a more efficient and streamlined payments process flow by leveraging their API capabilities and we are confident of the bank’s ability to deliver and look forward to our continued partnership,” says Pattaralada Sa-ngasang, Executive Vice President – Finance and Accounting.



Standard Chartered worked with PTT Global Chemical to address their challenge in dealing with paper withholding tax certificates and the complexities around their procure-to-pay (P2P) cycle. After a successful implementation, PTT Global Chemical now issues electronic withholding tax certificates through an API-based banking channel. Enabled through a procure-to-pay blockchain platform, this solution streamlined invoice acceptance, prepayments, invoice financing and payment flows. Standard Chartered’s direct banking API connectivity with the revenue department also facilitated an automatic e-transmission of withholding tax, eliminating additional steps required before. Payment and reconciliation speeds increased with API connectivity, and a reduction in withholding tax rate has benefited both PTT Global Chemical and its suppliers.

**Ricky Kaura, Head of Transaction Banking, Asia Pacific, Africa and the Middle East, Standard Chartered**