Topic: SAP's Solution Approach for GST

Development Strategy including Pre-requisites

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Agenda

- **Goods and Service Tax India**
  - Areas of Impact
  - Solution Proposals

- **Pre-requisites**

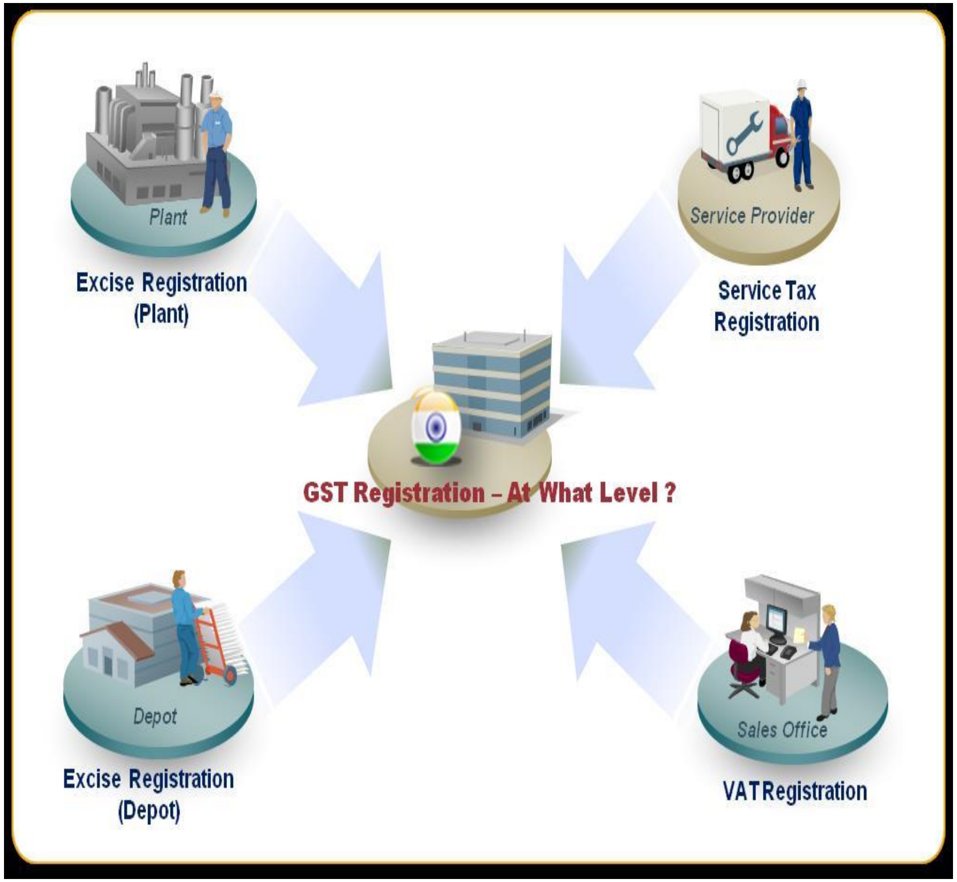
GST: Areas of Impact

Tax Registration	Define GST Registration levels
Master Data Maintenance	Business Partner Tax Data, GST Accounts
Tax Configuration & Computation	Configure Tax and Pricing procedures; Tax computation
Document Numbering	Outgoing Invoice Numbering
Business Process Localization	Extend Support to currently localized Business Processes
GST Tax Postings	GST Input and Output Tax postings
Utilization	Input tax credit utilization against payable for GST Taxes
Reporting	Tax Register

Tax Registration

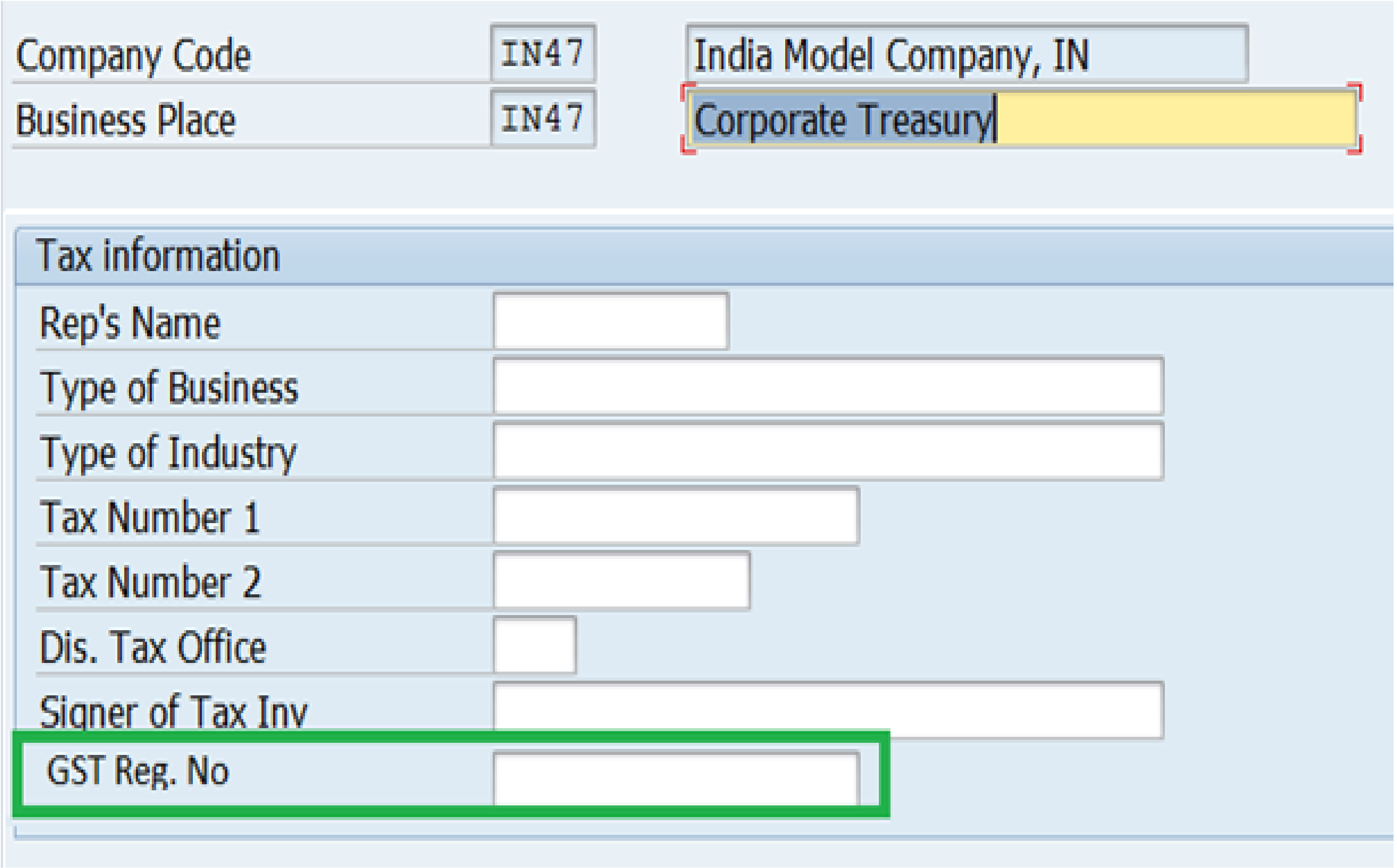
GSTIN – GST Identification number

- Single registration for CGST, SGST and IGST
- Individual registration to be obtained in each state of business establishment
- PAN based registration number – Up to 15 characters in length



Tax Registration - Proposed Solution

Capture GST registration at Business Place level



Master Data Maintenance

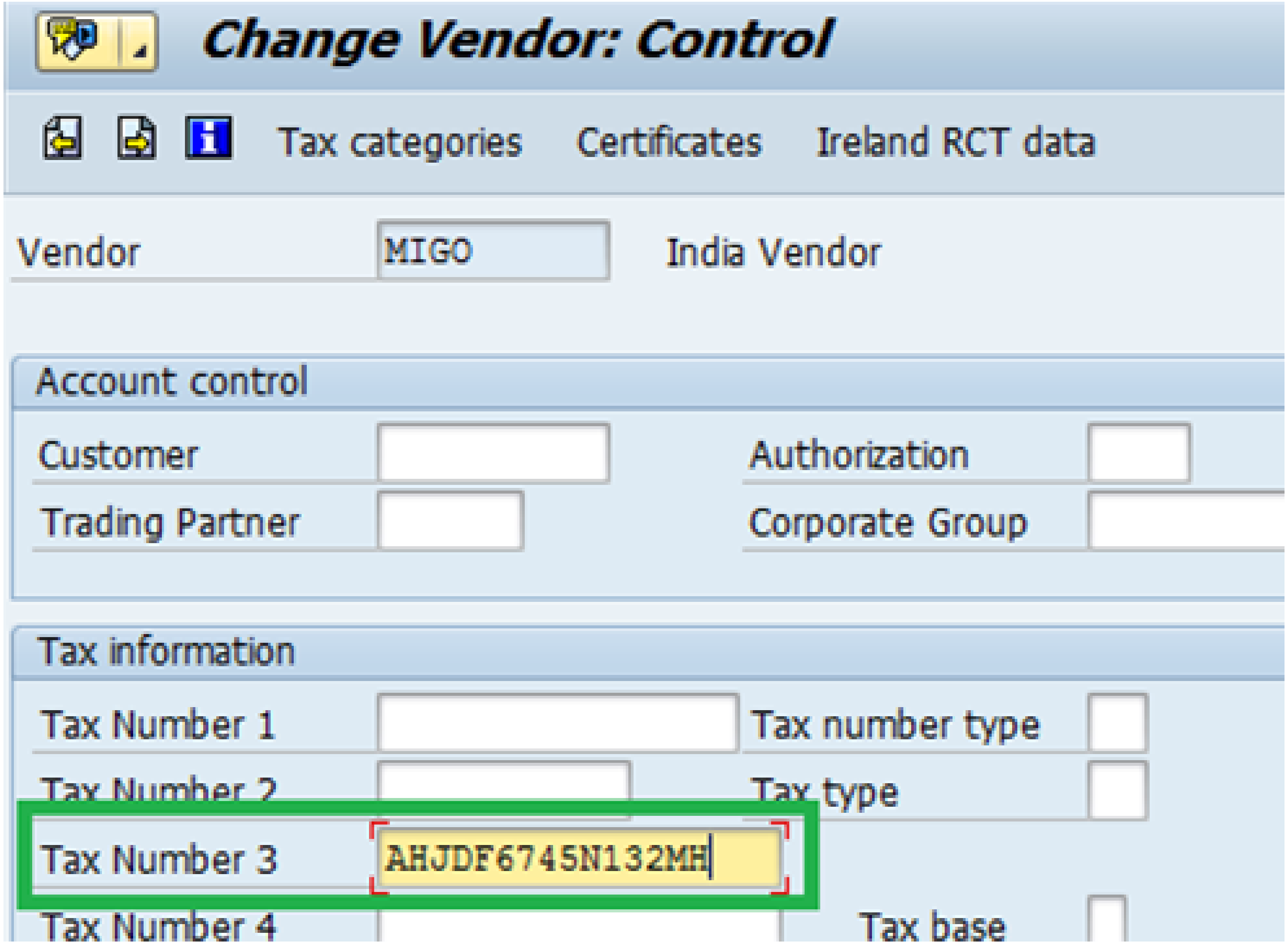
Business Partner Tax Data

- GST reg. no. to be captured for each Registered Customer and Vendor

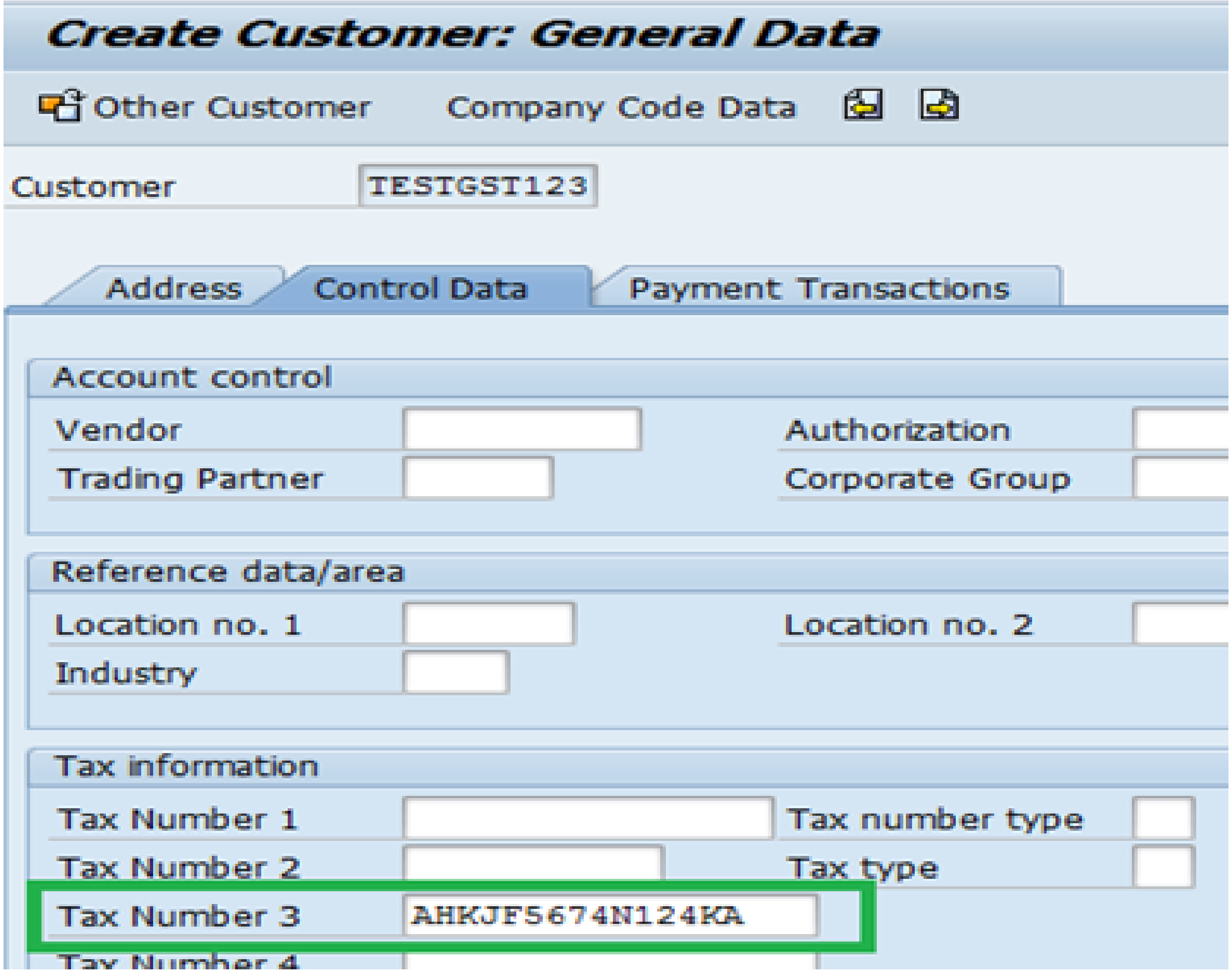
GST Tax Accounts

- Separate tax A/P and A/R accumulation might be required at GST registration level
- To be defined for CGST, SGST and IGST separately

Vendor GST Registration- Proposed Solution

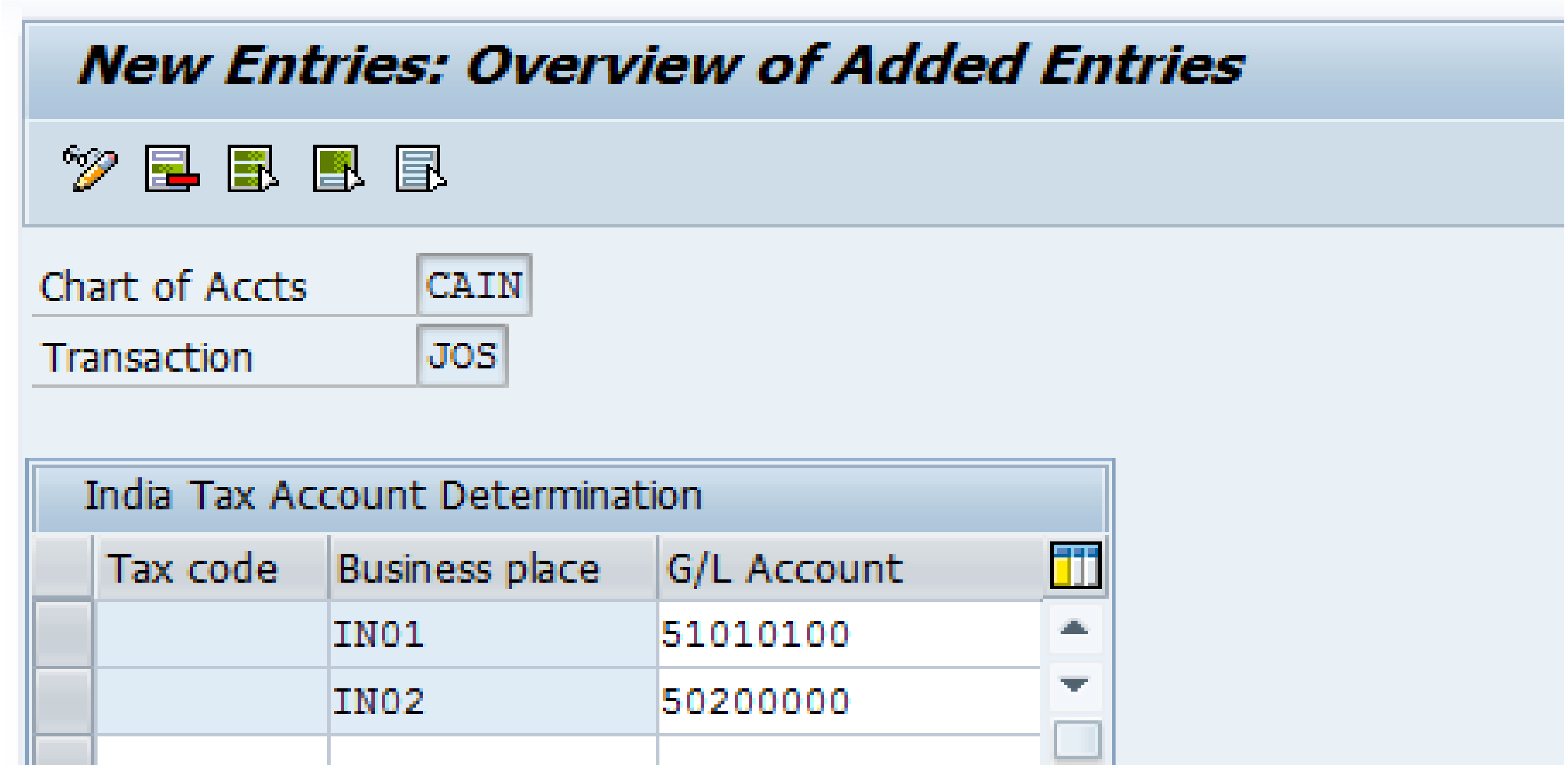


Customer GST Registration- Proposed Solution



Tax Account - Proposed Solution

Business Place based G/L account determination – Both for MM and SD



Tax Configuration and Computation

- Intra-state transactions
  - CGST and SGST applicable
- Inter-state/Import transactions
  - IGST applicable
- Export Transactions
  - Zero rated
- Region level rate variations may exist
- New condition types/access sequences and account determination

Tax Configuration and Computation- Proposed Solution

Tax Procedure – New Condition Types

Procedure TAXINN IN; India taxes new

Control

Reference Step Overview

Step	Co...	CTyp	Description	Fro	To	Ma...	R...	St...	P	SuTot	Reqt	CalTy...	BasT...	Acc...
930	0	MWAS	Output Tax	100	100	☐	☐	☐						MWS
931	0	MWVS	Input tax	100	100	☐	☐	☐						VST
990	0	JICG	IN: Central GST	100	100	☐	☐	☐						JIC
991	0	JISG	IN: State GST	100	100	☐	☐	☐						JIS
992	0	JIIG	IN:I GST	100	100	☐	☐	☐						JII

Tax Configuration and Computation- Proposed Solution

SD Pricing Procedure – New Condition Types

Procedure JINFAC IN:Factory sale

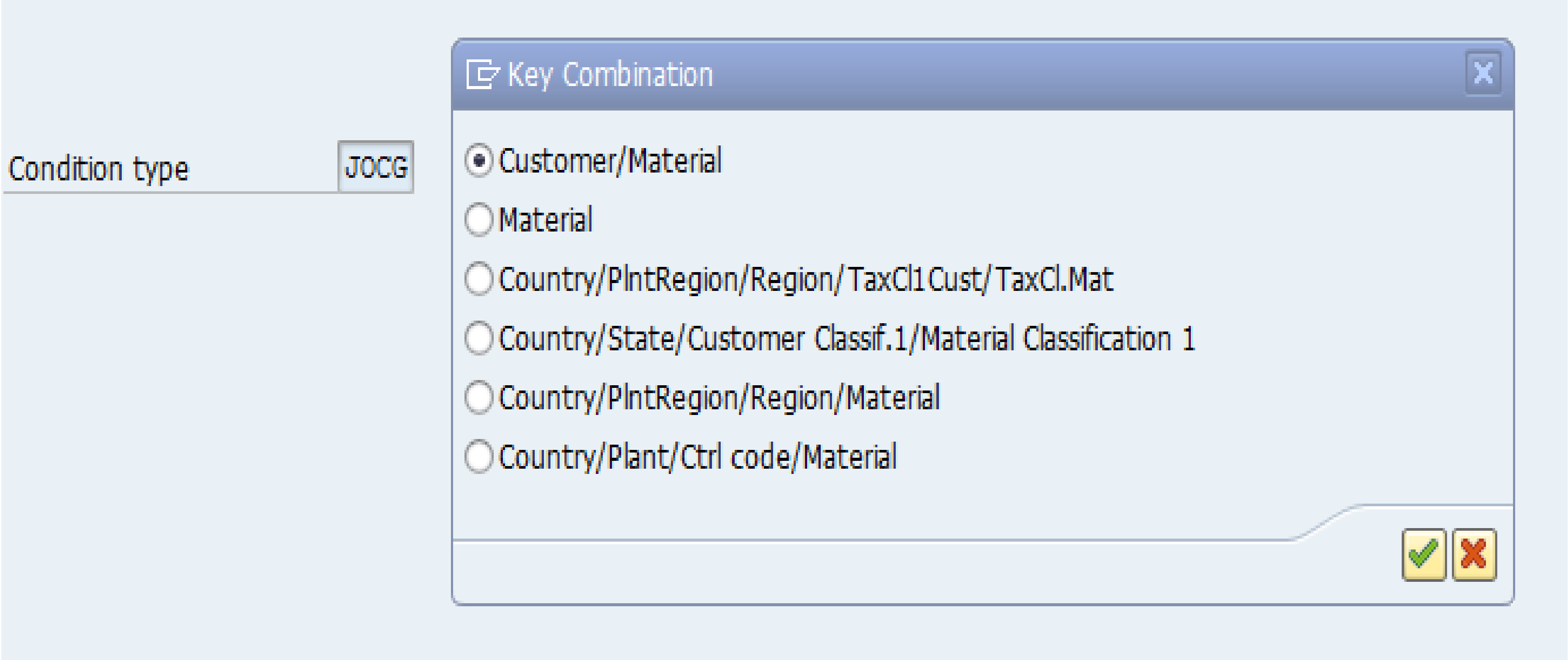
Control

Reference Step Overview

Step	Co...	CTyp	Description	Fro	To	Ma...	R...	St...	P	SuTot	Reqt	CalTy...	BasT...	Acc...	A
900	0	JOCG	IN: Central GST	10	10	☐	☐	☐						JOC	
910	0	JOSG	IN: State GST	10	10	☐	☐	☐						JOS	
920	0	JOIG	IN:IGST	10	10	☐	☐	☐						JOI	

Tax Configuration and Computation- Proposed Solution

SD Access Sequence



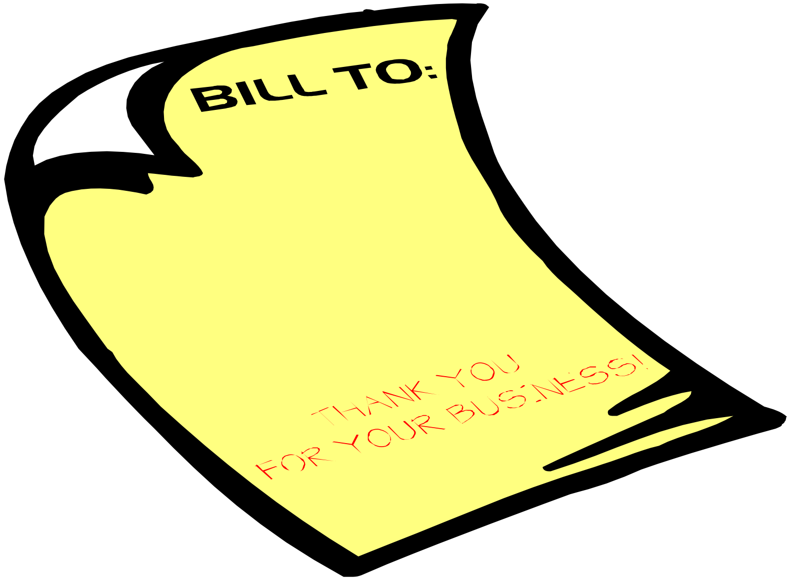
Tax Configuration and Computation- Proposed Solution

MM Access Sequence

Document Numbering

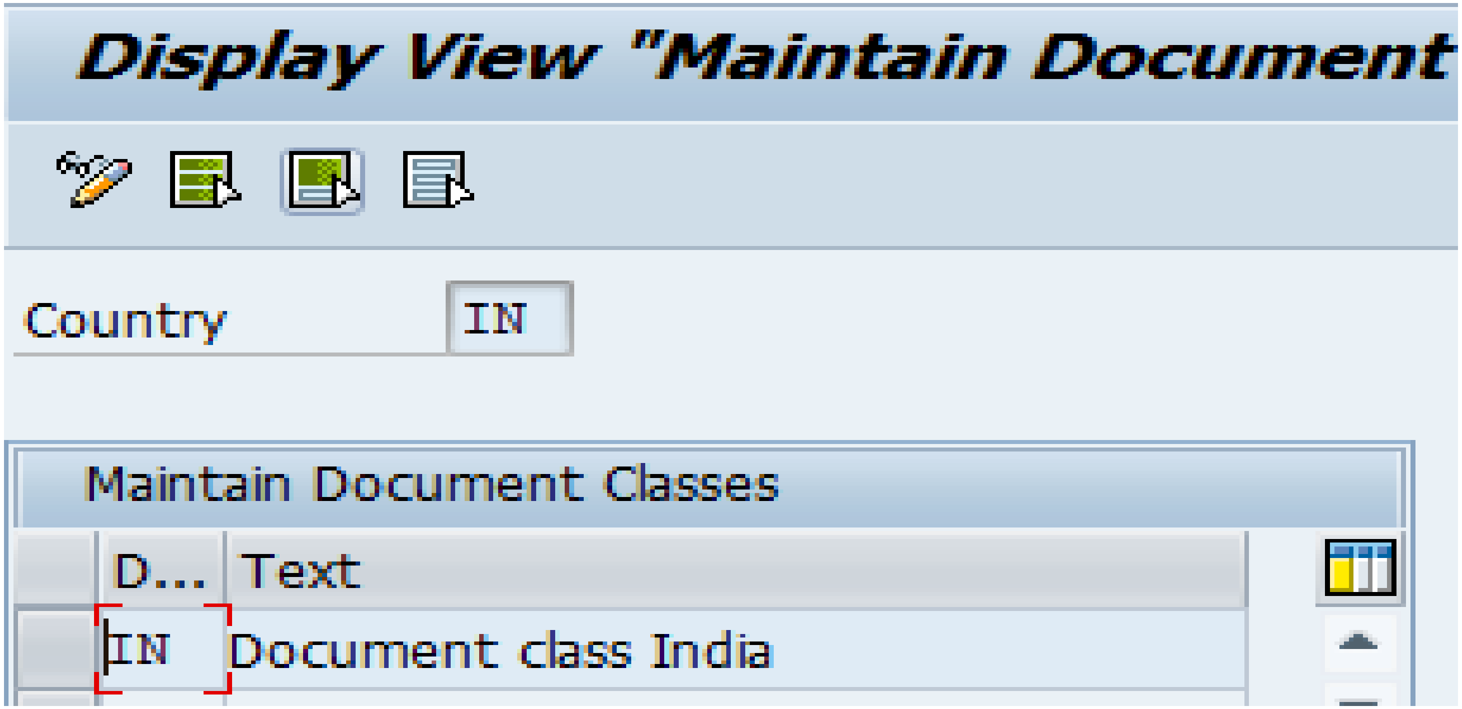
Unique sequential numbering for outgoing GST invoices

- Criteria for legal numbering may be specified by govt.
- It could be for example:
  – Registration level
  – Document type (Invoice / Credit Memo)
  – A combination of above
  – …



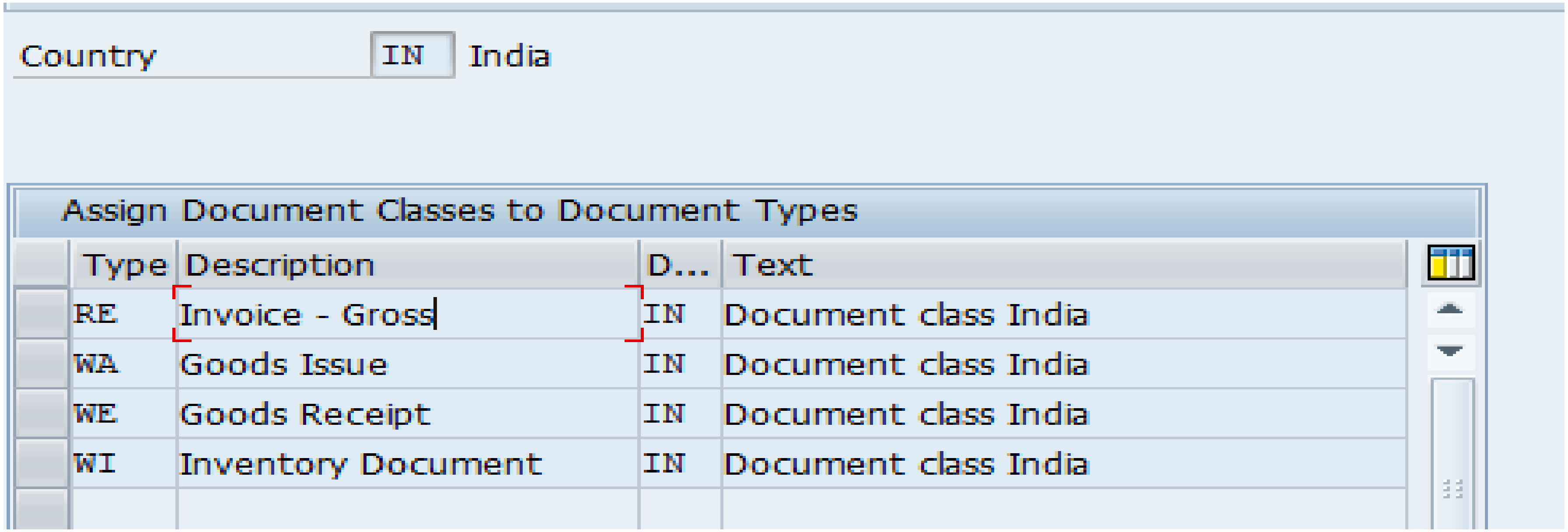
Document Numbering- Proposed Solution

Maintain Document Class



Document Numbering- Proposed Solution

Assign Document class to Document Types



Country IN India

Assign Document Classes to Document Types

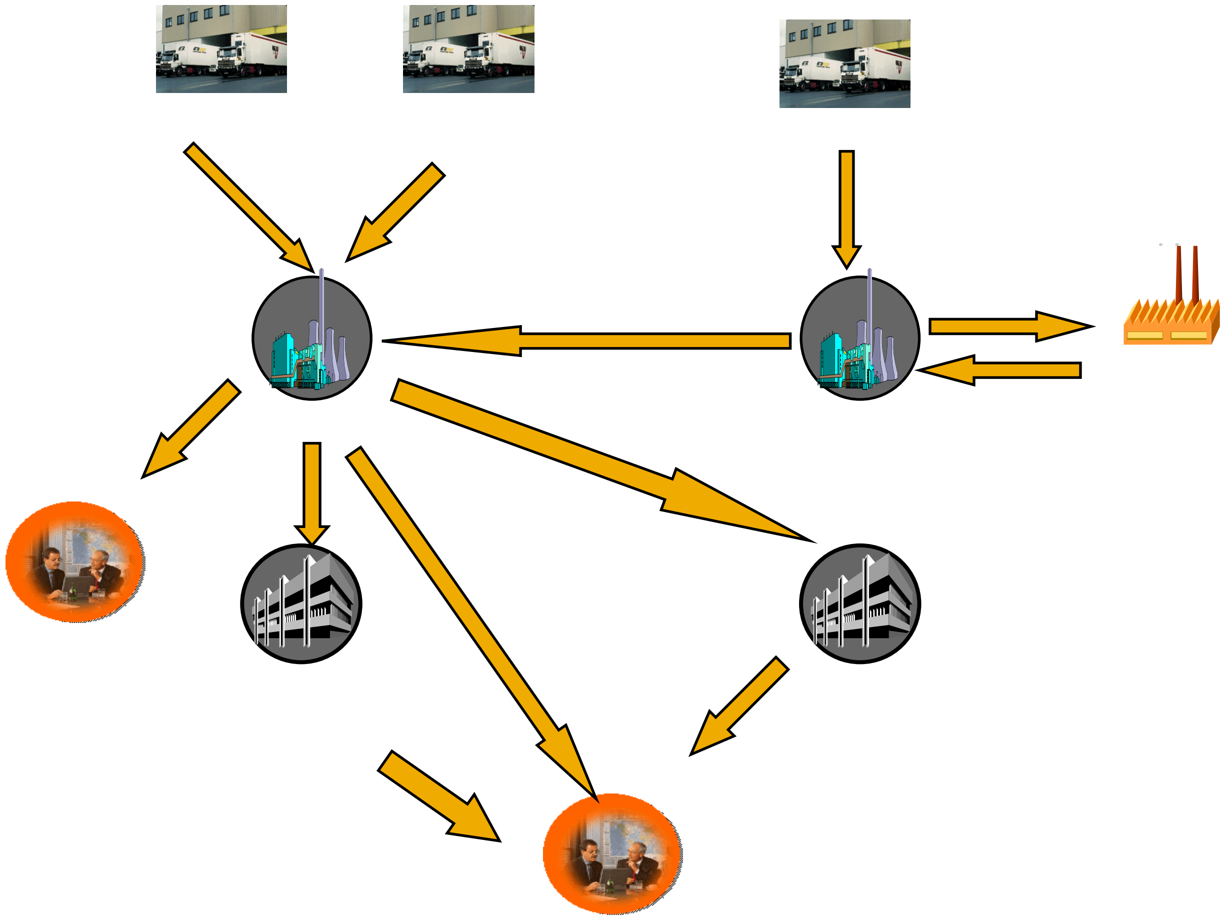
Type	Description	D...	Text
RE	Invoice - Gross	IN	Document class India
WA	Goods Issue	IN	Document class India
WE	Goods Receipt	IN	Document class India
WI	Inventory Document	IN	Document class India

Document Numbering- Proposed Solution

Assign Number Range to Business Place

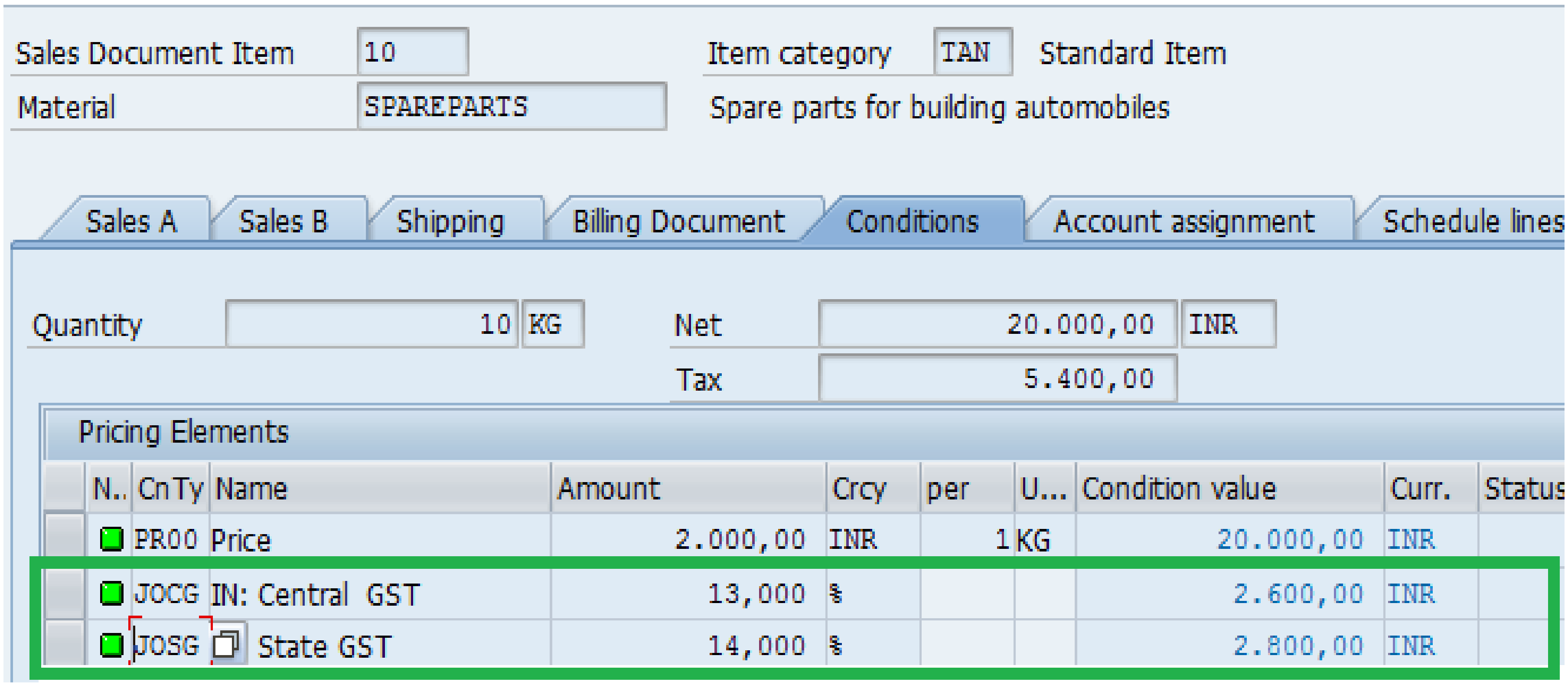
Business Process Localization

- Sales Processes
- Procurement Processes
- Stock Transfers
- Subcontracting
- Others



Sales - Proposed Solution

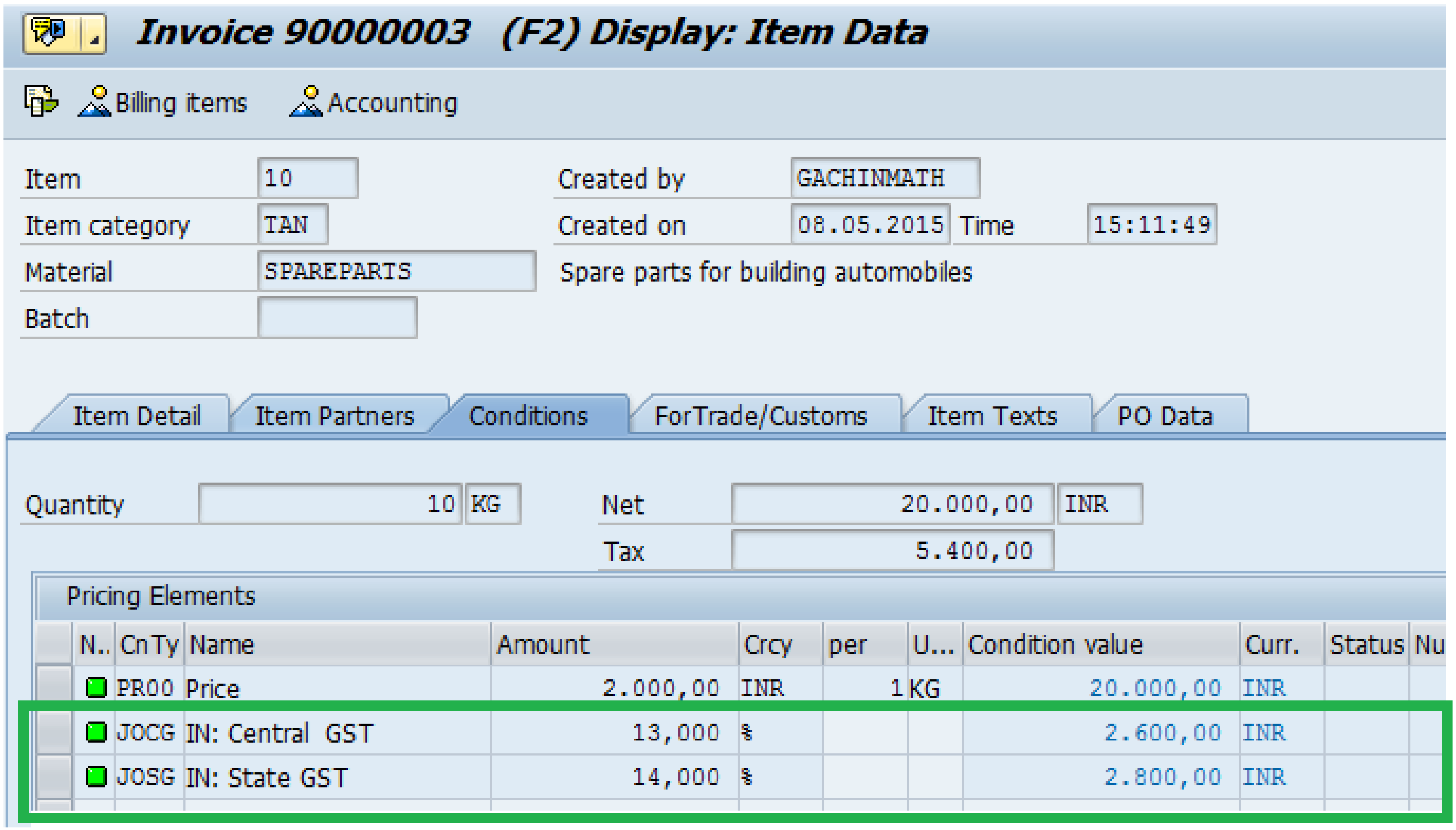
Sales Order



 Public

Sales - Proposed Solution

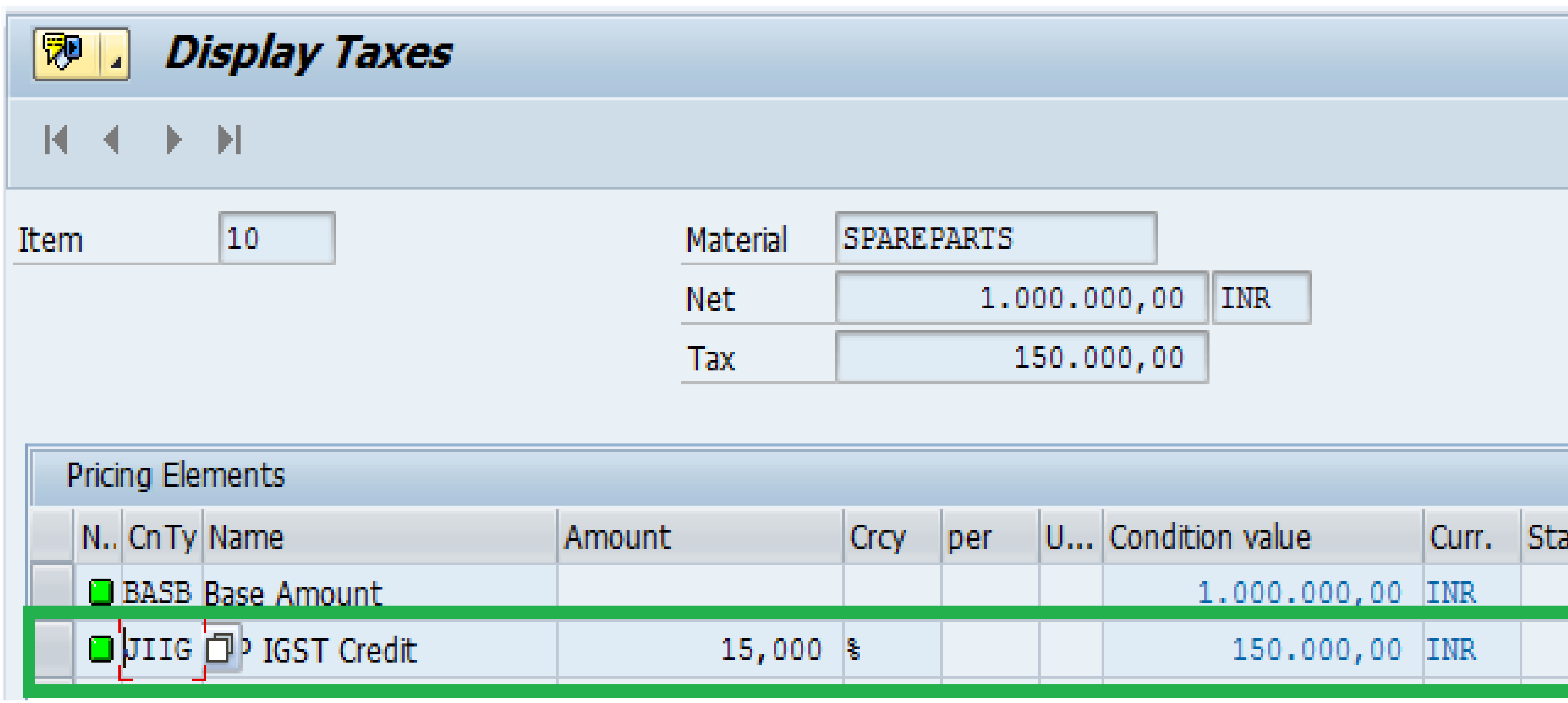
Billing Document (A/R)



N..	CnTy	Name	Amount	Crcy	per	U...	Condition value	Curr.	Status	Nu
	PR00	Price	2.000,00	INR	1	KG	20.000,00	INR		
	JOCG	IN: Central GST	13,000	%			2.600,00	INR		
	JOSG	IN: State GST	14,000	%			2.800,00	INR		

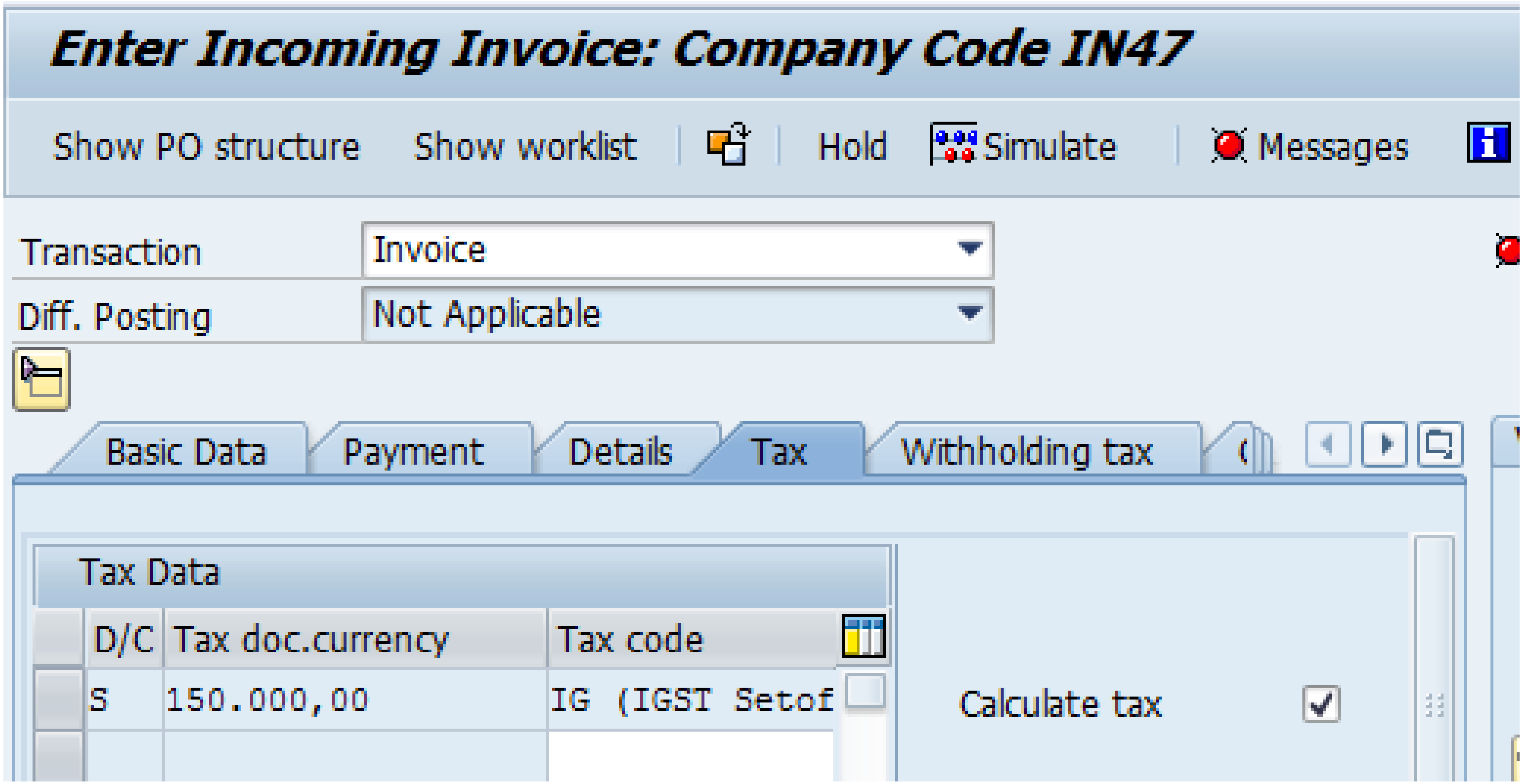
Procurement - Proposed Solution

Purchase Order



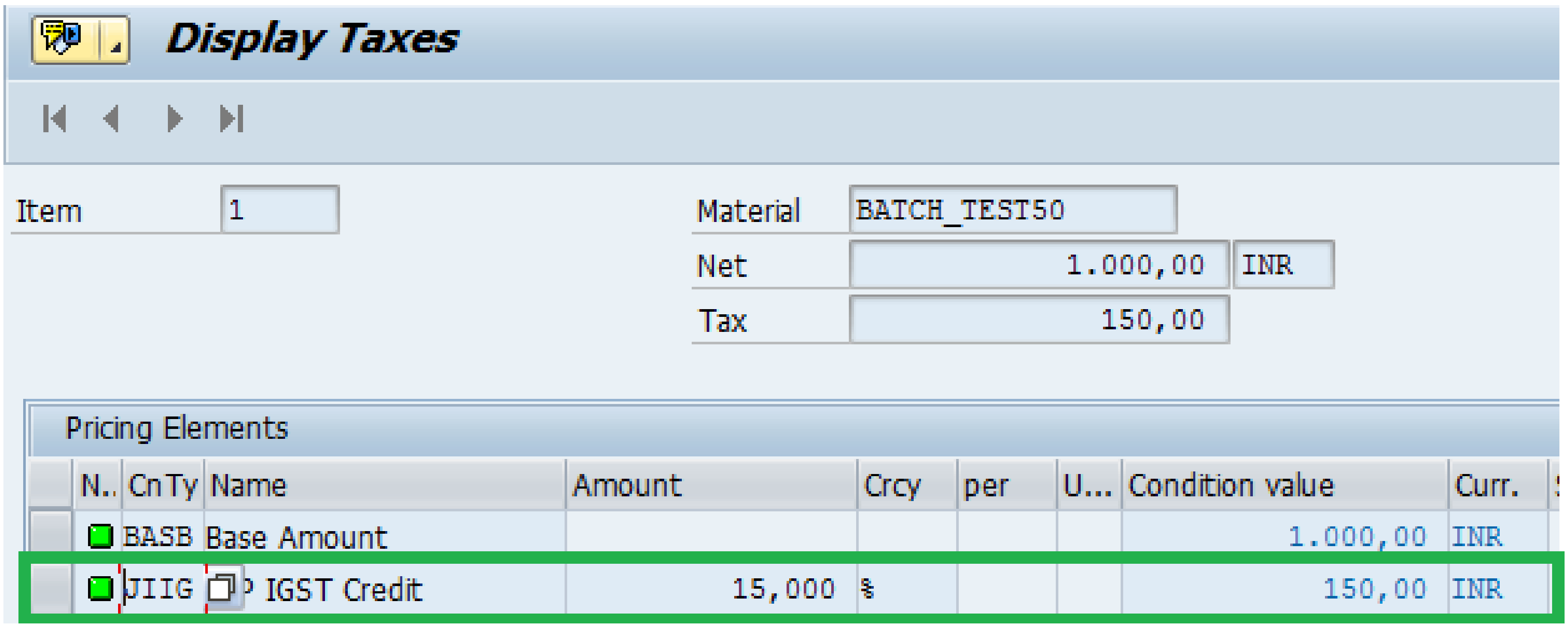
Procurement - Proposed Solution

Vendor Invoice (A/P)



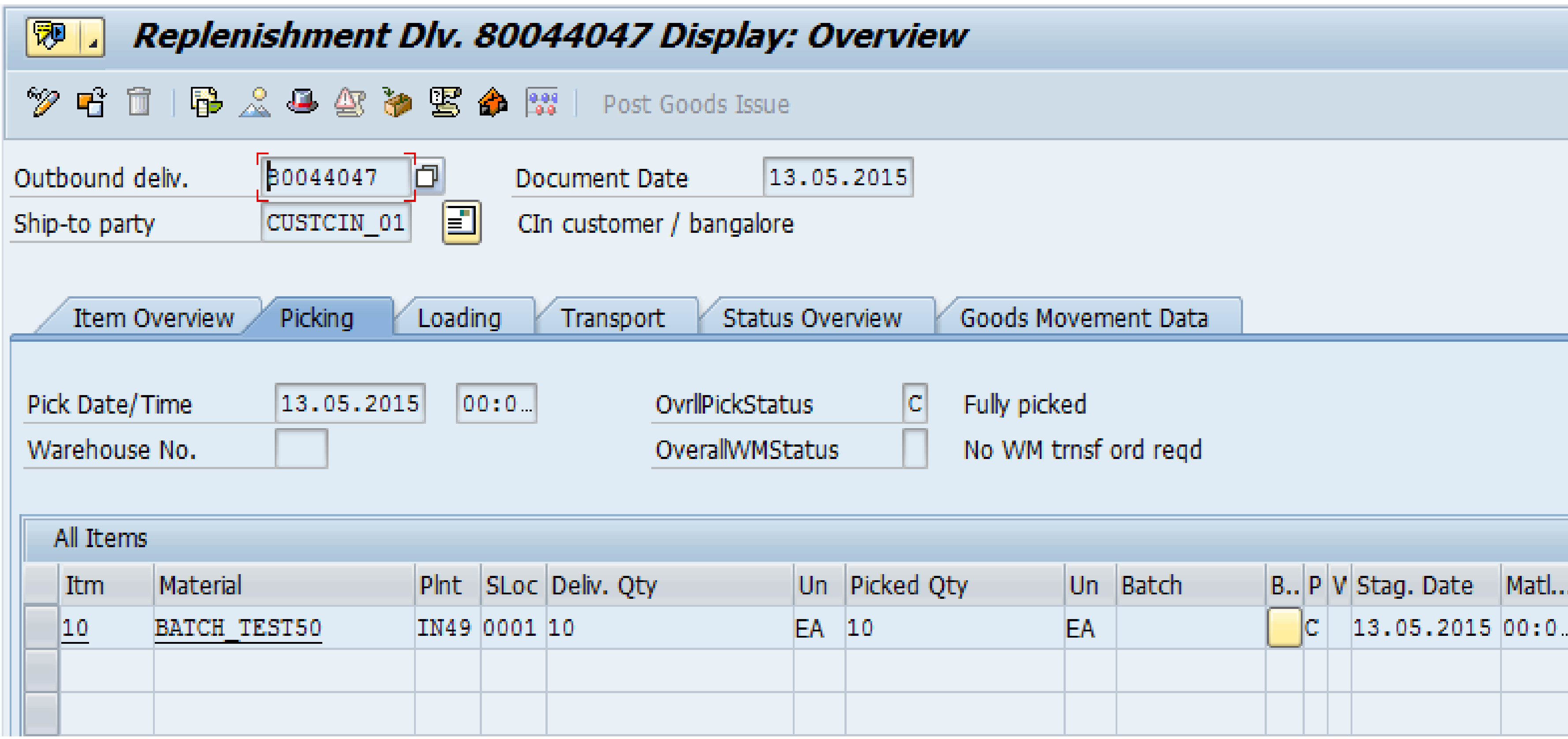
Stock Transfers - Proposed Solution

Purchase Order



Stock Transfers - Proposed Solution

Replenishment Delivery from sending plant



Stock Transfers - Proposed Solution

Outgoing GST Invoice

- ‘Consideration’ Value for tax calculation.

- Will it be a pure tax Document? Example:

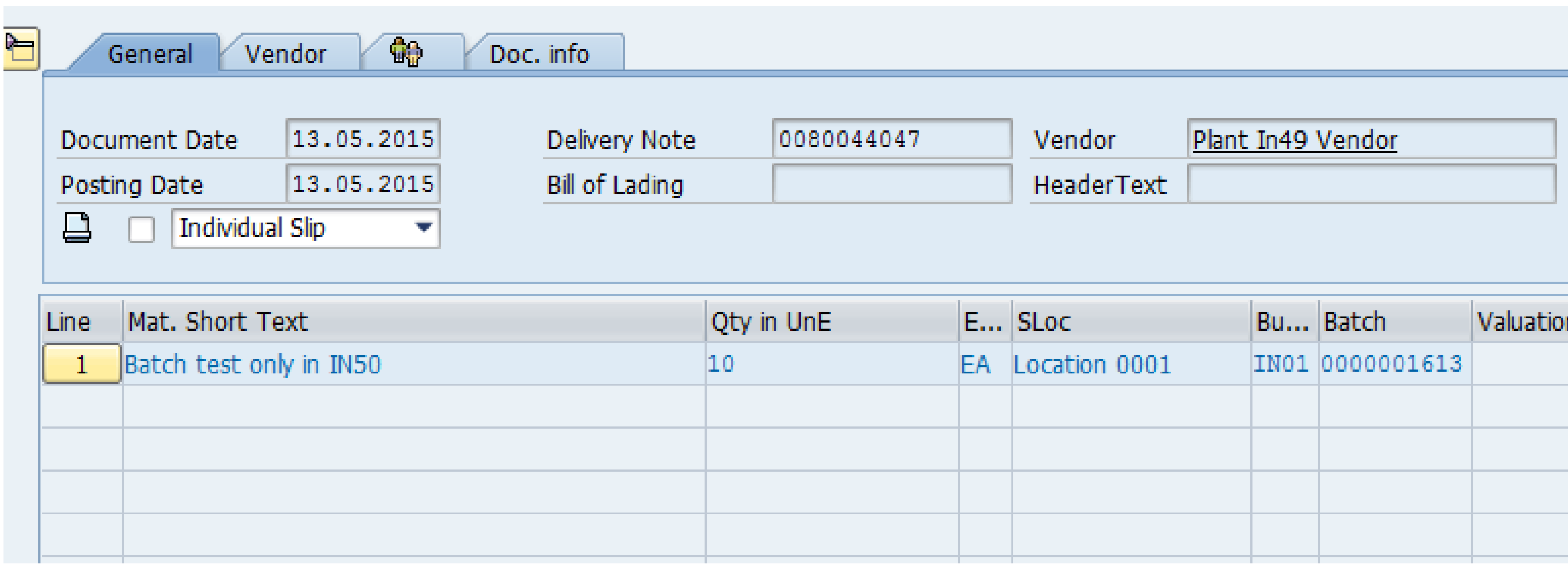
G/L Account Description	Amount	Currency	Debit/Credit
GST Clearing Account	150.00	INR	DR
Output IGST	150.00-	INR	CR

- OR, Will it be a GST Invoice with an account receivable? Example:

G/L Account Description	Amount	Currency	Debit/Credit
Account Receivable	1150.00	INR	DR
Internal Replenishment Revenue	1000.00-	INR	CR
Output IGST	150.00-	INR	CR

Stock Transfers - Proposed Solution

Goods Receipt at receiving plant



Stock Transfers - Proposed Solution

Incoming GST Invoice

- ‘Consideration’ Value for tax calculation.
- Will it be a pure tax Document? Example:

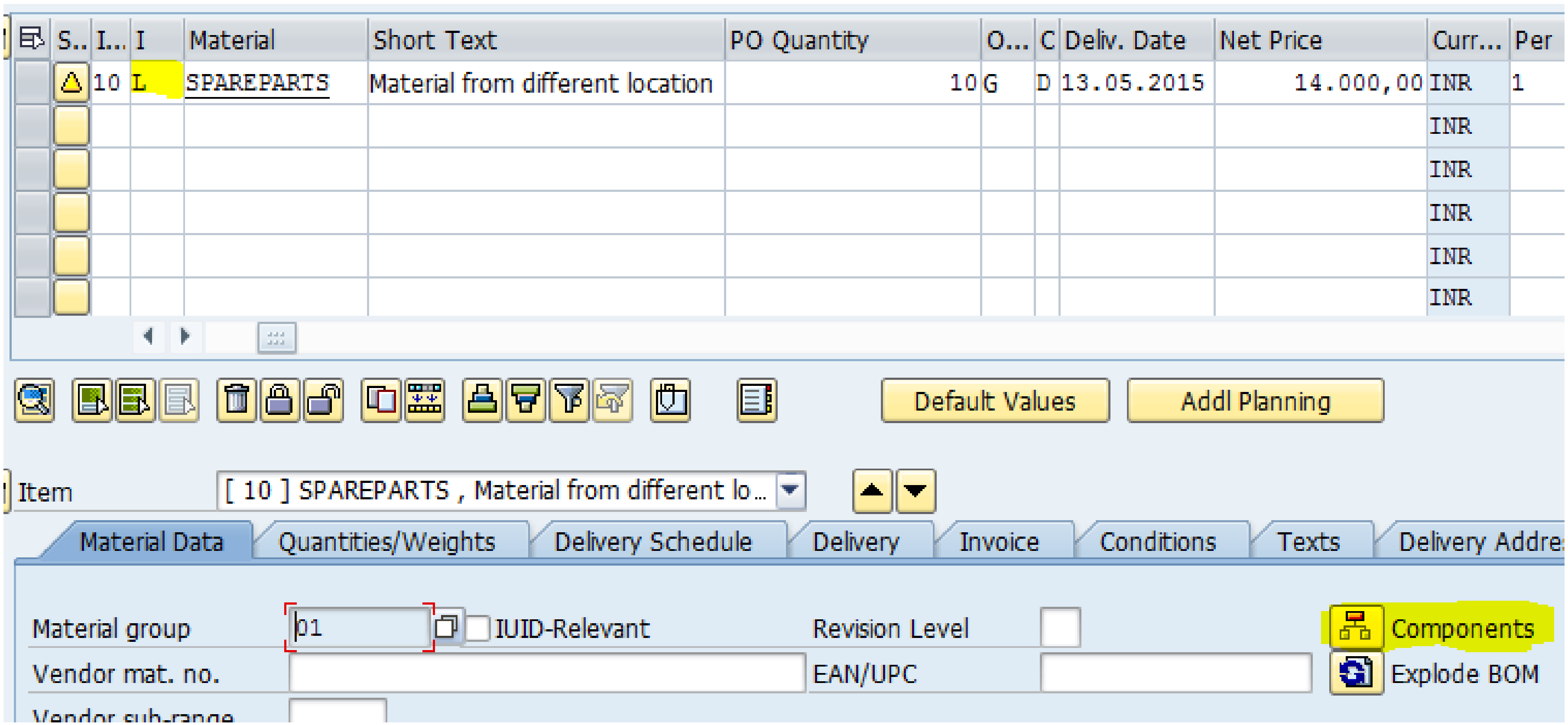
G/L Account Description	Amount	Currency	Debit/Credit
GST Clearing Account	150.00-	INR	CR
Input IGST	150.00	INR	DR

- OR, Will it be a GST Invoice with an account receivable? Example:

G/L Account Description	Amount	Currency	Debit/Credit
Account Payable	1150.00-	INR	CR
GR/IV Clearing	1000.00	INR	DR
Input IGST	150.00	INR	DR

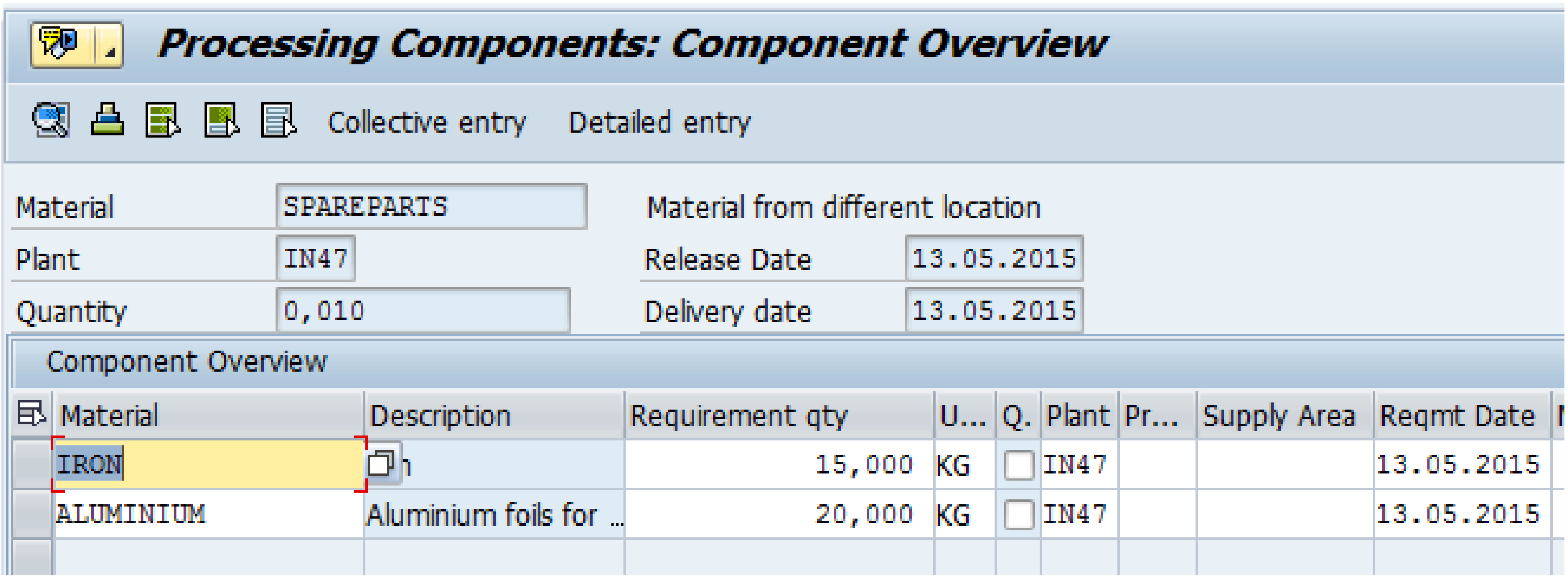
Subcontracting - Proposed Solution

Purchase Order



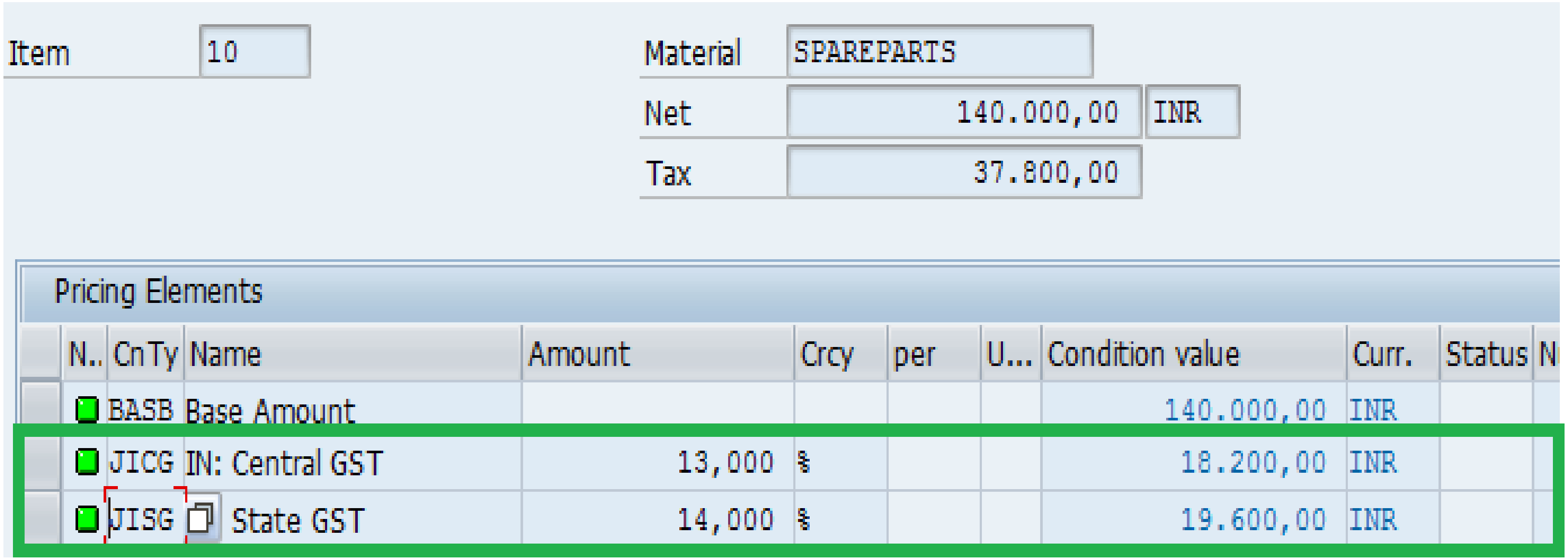
Subcontracting - Proposed Solution

Purchase Order - Components



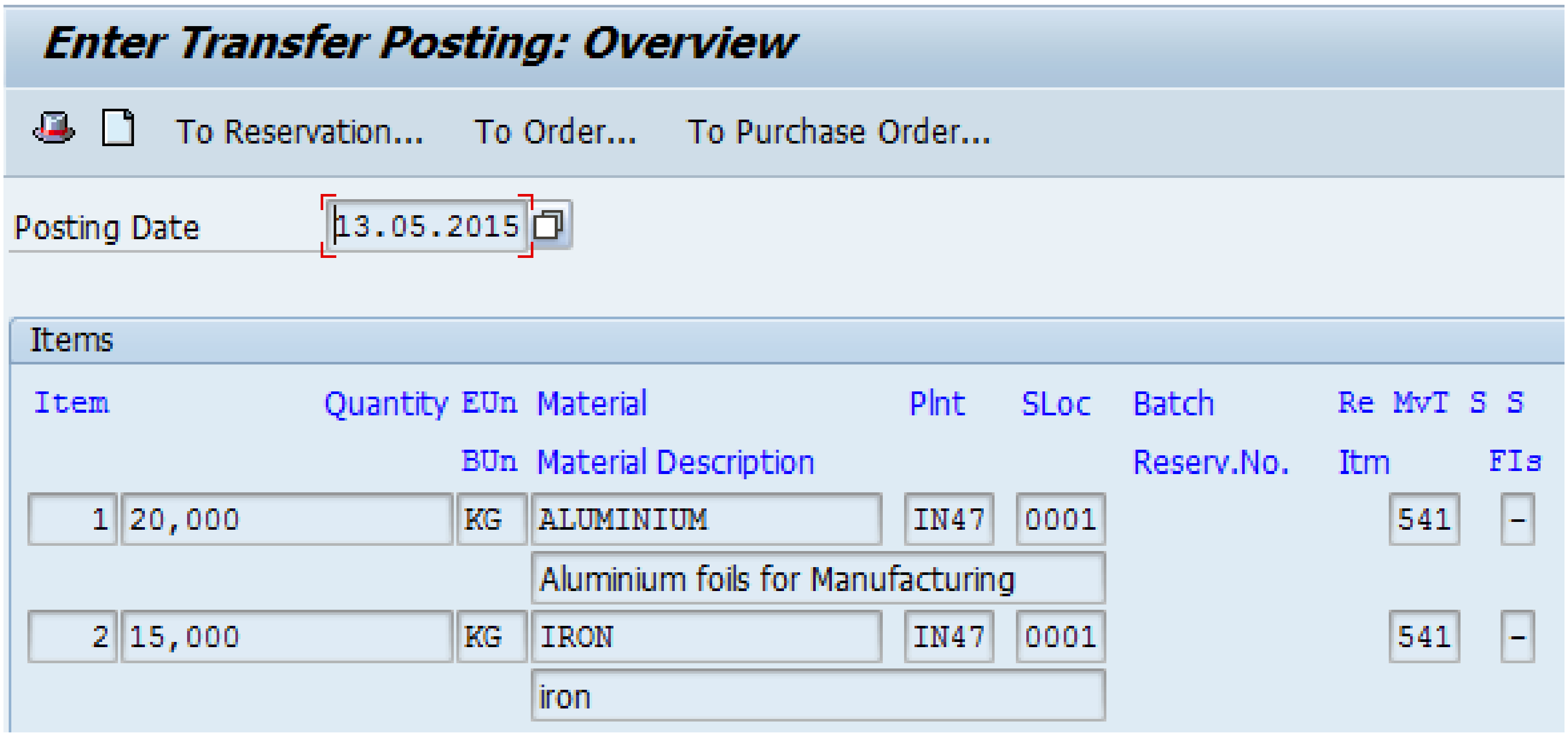
Subcontracting - Proposed Solution

Purchase Order - Taxes



Subcontracting - Proposed Solution

Transfer Posting



Subcontracting - Proposed Solution

Outgoing GST Invoice

- ‘Consideration’ Value for tax calculation.

- Will it be a pure tax Document? Example:

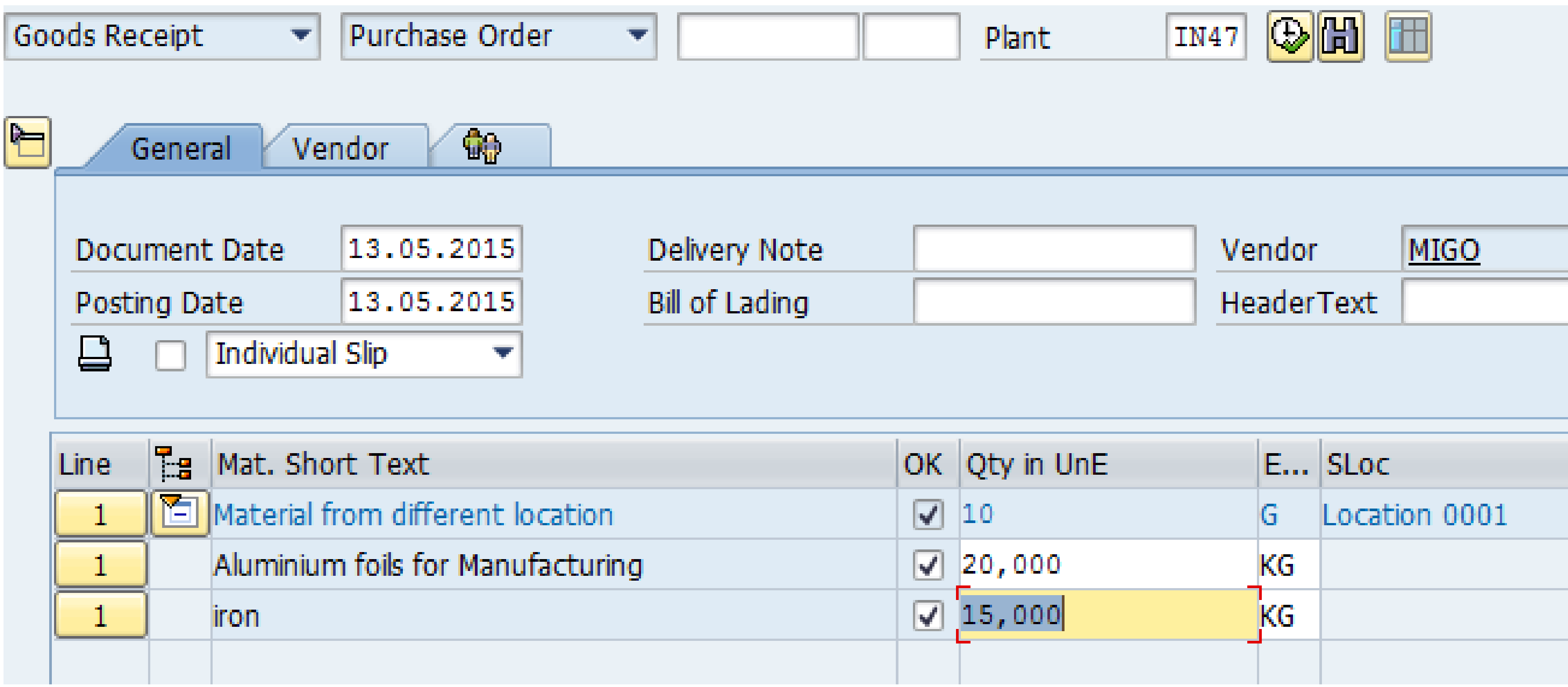
G/L Account Description	Amount	Currency	Debit/Credit
GST Clearing Account	37800.00	INR	DR
Output CGST	18200.00-	INR	CR
Output SGST	19600.00-	INR	CR

- OR, Will it be a GST Invoice with an account receivable? Example:

G/L Account Description	Amount	Currency	Debit/Credit
Account Receivable	177800.00	INR	DR
Internal Replenishment ?	140000.00-	INR	CR
Output CGST	18200.00-	INR	CR
Output SGST	19600.00-	INR	CR

Subcontracting - Proposed Solution

Goods Receipt



Subcontracting - Proposed Solution

Incoming GST Invoice

- 'Consideration' Value for tax calculation.

- Will it be a pure tax Document? Example:

G/L Account Description	Amount	Currency	Debit/Credit
GST Clearing Account	37800.00-	INR	CR
Input CGST	18200.00	INR	DR
Input SGST	19600.00	INR	DR

- OR, Will it be a GST invoice with an account payable? Example:

G/L Account Description	Amount	Currency	Debit/Credit
Account Payable	177800.00-	INR	CR
GR/IV Clearing	140000.00	INR	DR
Input CGST	18200.00	INR	DR
Input SGST	19600.00	INR	DR

GST Tax Postings

- Separate accumulation of credit and payables for
  - CGST
  - SGST
  - IGST

- Separate accumulation at Registration level

- Automatic Tax posting to respective accounts from business processes

GST Tax Postings - Proposed Solution

Billing (A/R) Accounting Document

Taxes | Display Currency | General Ledger View

Data Entry View

Document Number	40001	Company Code	IN47	Fiscal Year	2015
Document Date	08.05.2015	Posting Date	08.05.2015	Period	2
Reference	0090000003	Cross-Comp.No.			
Currency	INR	Texts exist		Ledger Group	

C...	Itm	PK	S	Account	Description	Amount	Curr.	Tx
IN47	1	01		CUST_KTK	Customer for Automobil...	25.400,00	INR	A
	2	50		811600	Sales/Revenue Acc	20.000,00-	INR	A
	3	50		51010100	Central GST	2.600,00-	INR	A
	4	50		50200000	State GST	2.800,00-	INR	A

GST Tax Postings - Proposed Solution

Vendor Invoice (A/P) Accounting Document

Taxes | Display Currency | General Ledger View

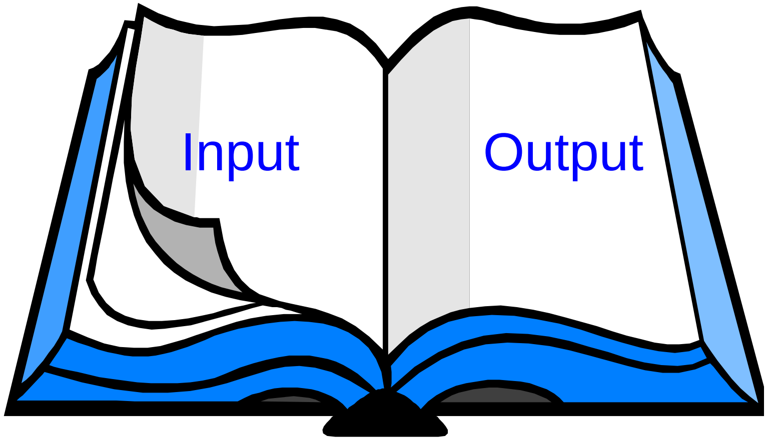
Data Entry View

Document Number	1000000695	Company Code	IN47	Fiscal Year	2015
Document Date	13.05.2015	Posting Date	13.05.2015	Period	2
Reference		Cross-Comp.No.			
Currency	INR	Texts exist	☐	Ledger Group	

It...	CoCode	G/L Account	PK	S	Account	Description	Assignment	Amount	Curr.
1	IN47	13110000	31		MIGO	MIGO		1.150.000,00-	INR
2		13110100	86		13110100	GR/IR-ext proc	450001618200010	1.000.000,00	INR
3		1000003	40		1000003	IGST Account	20150513	150.000,00	INR

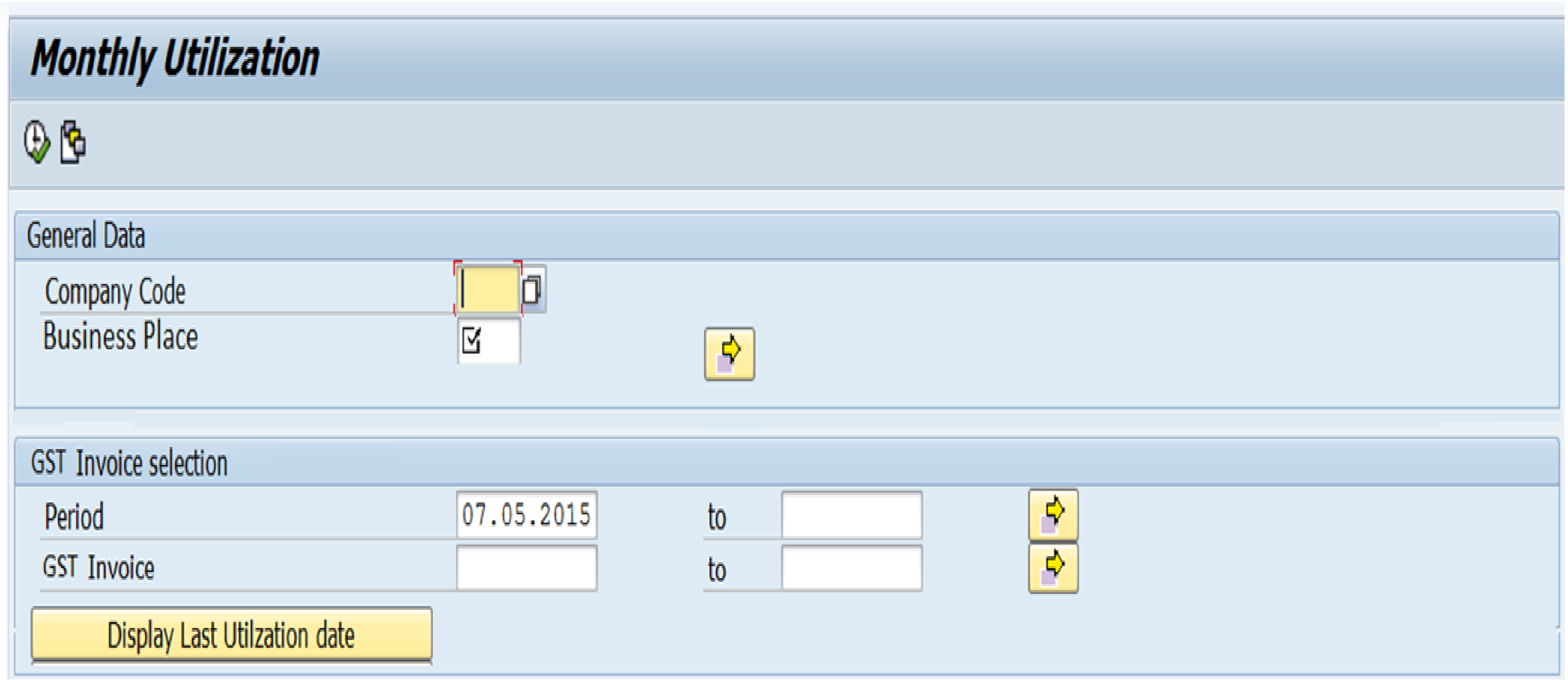
Utilization

- Utilization of Input tax credit would be as under
  - Input CGST to be utilized against output CGST and IGST
  - Input SGST to be utilized against output SGST and IGST
  - Input IGST to be utilized against output IGST, CGST and SGST in the order of IGST, CGST and SGST



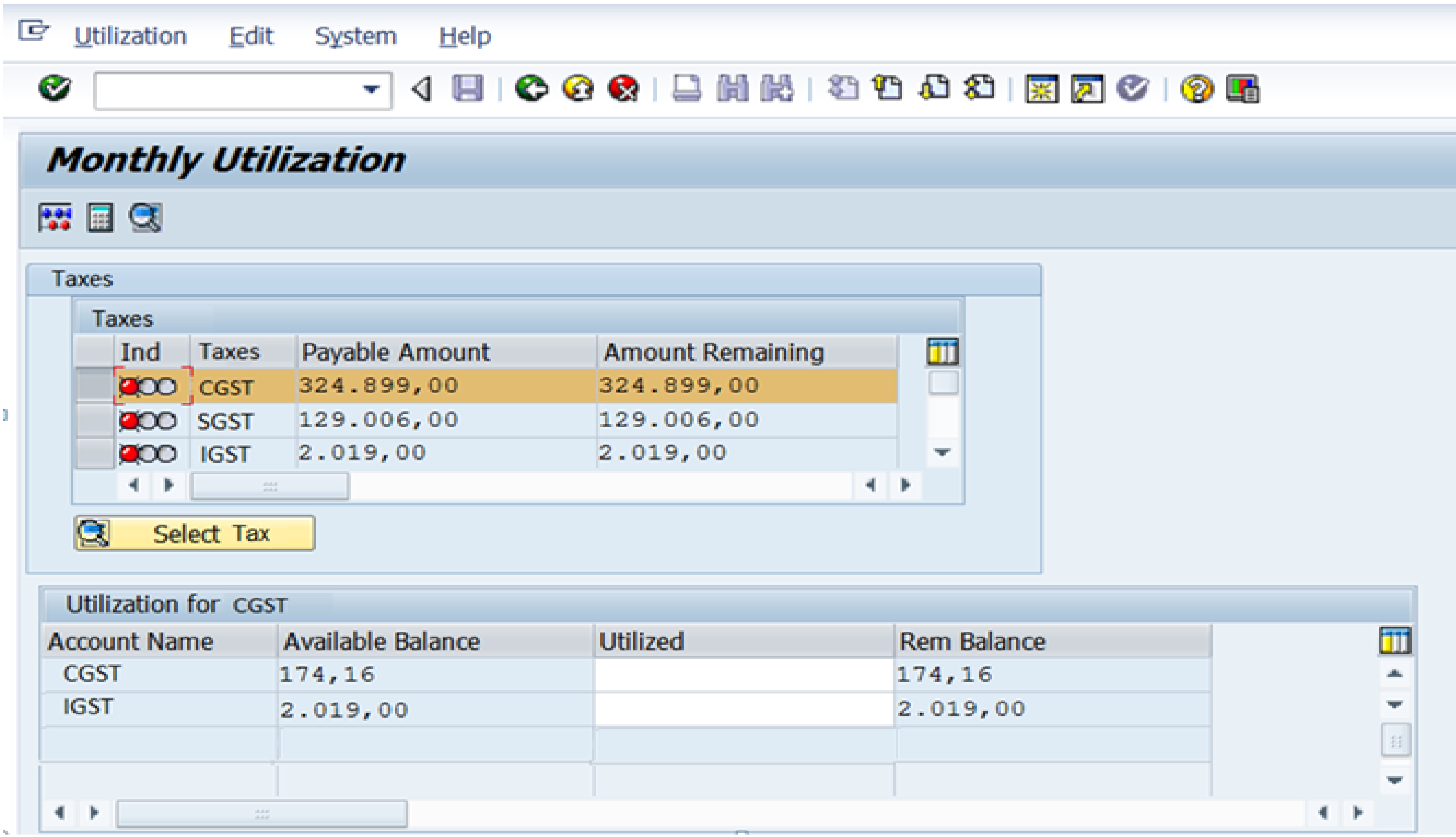
Utilization - Proposed Solution

New Utilization program to handle GST credit utilization



Utilization - Proposed Solution

Cross Utilization as per GST rules

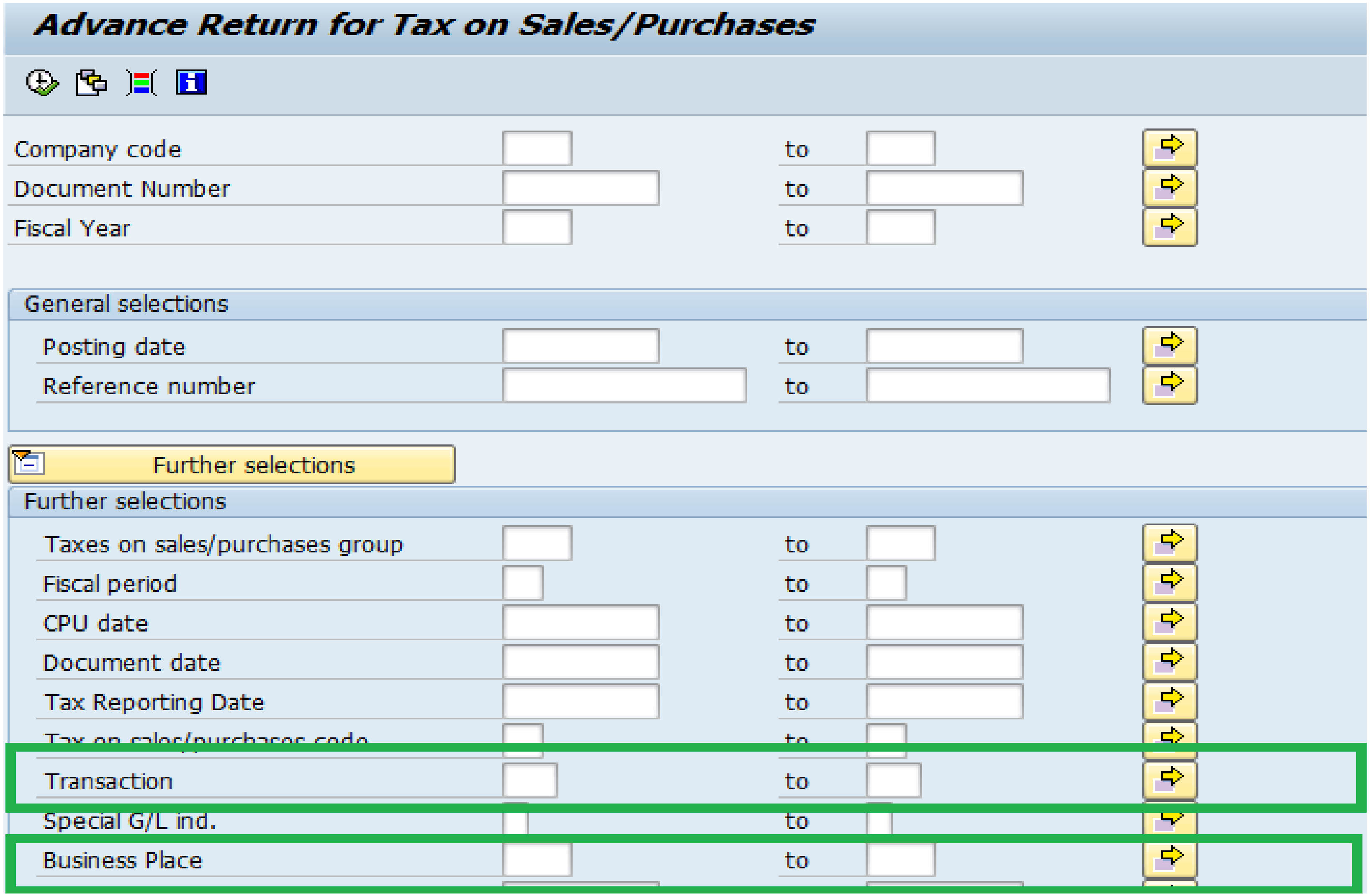


Reporting

- Tax register
  - CGST
  - SGST
  - IGST

- Registration level segregation

Tax Register - Proposed Solution

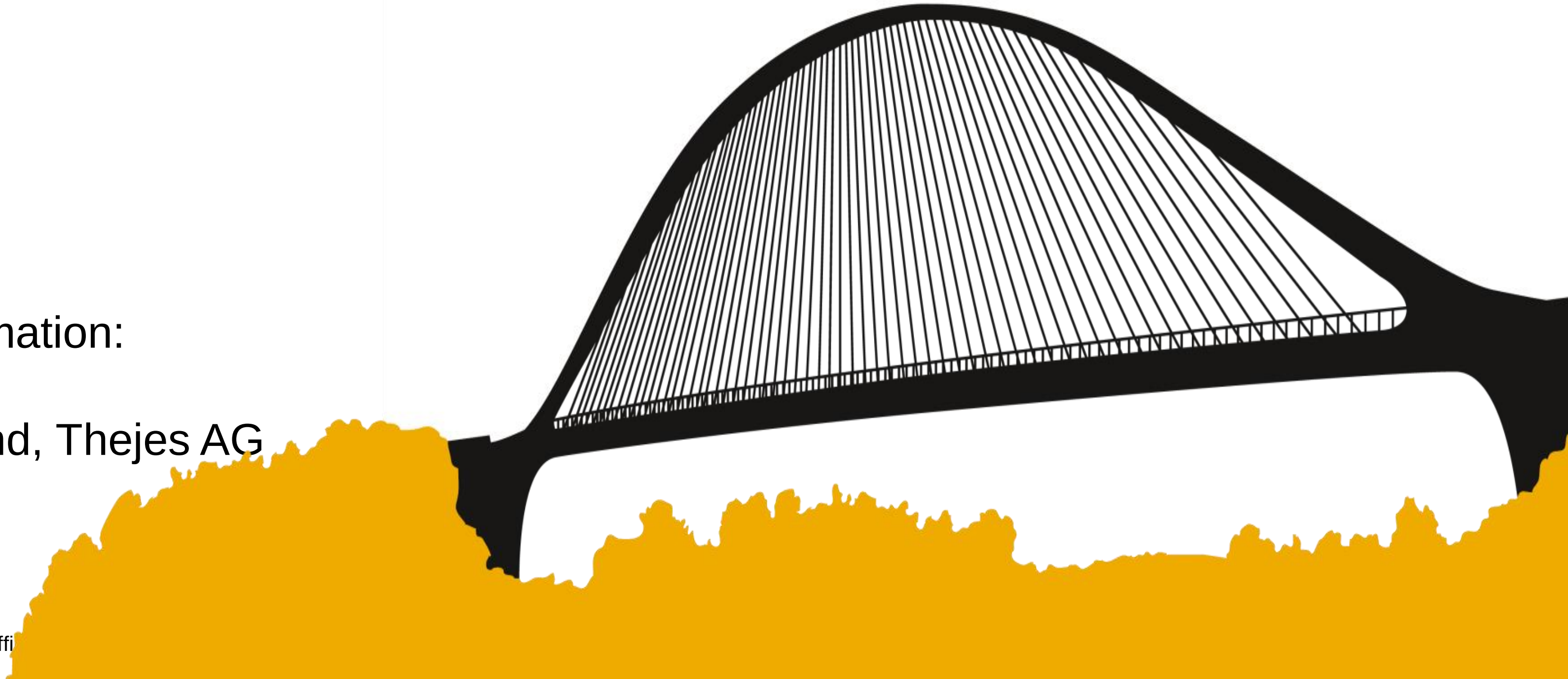


Pre-requisites

- Tax Procedure
  - TAXINN
- Minimum Support Pack level
  - SAP Note no 1175384

SAP_APPL Release	Support Pack
SAP ERP 6.0 (600)	SP 26
EHP2 FOR SAP ERP 6.0 (602)	SP 16
EHP3 FOR SAP ERP 6.0 (603)	SP 15
EHP4 FOR SAP ERP 6.0 (604)	SP 16
EHP5 FOR SAP ERP 6.0 (605)	SP 13
EHP6 FOR SAP ERP 6.0 (606)	SP 14
EHP6 FOR SAP ERP 6.0 for HANA (616-SAP HANA)	SP 08
EHP7 FOR SAP ERP 6.0(617)	SP 07

Thank you



Contact information:

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