



SAP R/3 ECC 6.05 Goods and Service Tax (GST) Implementation

Business Scenario

Implementation of Goods and Service Tax (GST)

Client's day to day operations are carried out in SAP R/3. However, Central and State governments in India proposed to introduce "**Goods and Service Tax (GST)**" from 1st July a comprehensive tax **levy on manufacture, sale and consumption of goods and service** at a national level under which no distinction is made between goods and services for levying of tax. It will mostly **substitute all indirect taxes** levied on goods and services.

Client had to implement GST in SAP R/3 to comply this requirement.

Introduction

The Client

The company operates 4 business verticals (Reclaim Rubber, Industrial Polymers, Custom Die Forms, and Retreading) with 7 manufacturing units across India with an installed capacity to handle 75,000 MT per annum to service the needs of the global polymer industry and help save valuable resources of the planet. CLIENT has an Integrated Approval for ISO 9001:2008, ISO 14001:2004 and BS OHSAS 18001:2007 for all its manufacturing units. Reclaim Rubber products are also all REACH Certified for EU Zone.

CLIENT is a publically traded company listed on the Bombay Stock Exchange since four decades. It has a C.A.G.R. of 25% over the last ten years - a testimony to its strong customer relationships built over many years of supplying high quality, made-to-spec products and close collaboration delivering enhanced value. CLIENT looks to the future with confidence as it believes that its continued investment in innovation, product quality, people friendly HR practices and strong CSR agenda is creating a sustainable business for its multiple stakeholders.

The Requirements

Client wanted to revitalize SAP R/3 Functions to maintain its edge in a competitive market by making the existing SAP R/3 system GST compliant, improving performance and efficiency.

The project initiative was to implement Goods and Service Tax (GST) functions for two location. One of the toughest challenges was to map the existing SAP R/3 system in line with the new tax provisions, to create GST invoices and extract required reports which are in compliance with statutory and regulatory rules suggested by GST council and Government of India

Broad Scope of Work

- Configuring the Test system to make it GST compliant.
- User Acceptance Testing.
- Configuring the Live system to make it GST compliant.
- Go Live Support

Project Summary

Industry

Manufacture of Reclaimed Rubber from used Tyres

Client Profile

Client, established in 1974, is among the most recognized manufacturer of reclaimed rubber from used tyres, up scaled polyamide from nylon waste and engineered products die-cut from end-of- life tyres.

Solution

GST Implementation

Solution Benefit

- GST Implementation using standard SAP R/3 functions and Customization
- Configure the SAP R/3 processes to support the legal requirements in the existing SAP R/3 environment

Business Challenges

- Understanding of GST provisions and its impact on existing business.
- Categorization of goods and services in various cases.
- Manufacturers, traders, and service providers across India have been placed under one unified tax umbrella, and no longer need to work with a tedious array of 17 distinct types of taxes they currently need to comply with.
- Change to the destination-based tax from an origin-based tax structure.
- Shift from the previous tax regime and carry forward the input credits into GST.

Solution

- AG Technologies implemented GST for the Client at two locations which includes all process.
- The implementation included configuring Domestic Sales and Purchase (Interstate/ Intrastate), Reverse Charge Mechanism (RCM), Imports, Exports, Sub-contracting, Debit & Credit note, stock transfer, Bill of supply, Advance payments received & Paid.
- Configuration of GST Location, Document numbering, Updating Company Details, State codes, Business Partner, Item Master, GL determination.
- Creation of new GL Accounts, Tax types, Tax Formula, Tax Type Combination and Tax codes.
- Changes in existing print layout as per GST requirement in Purchase Order, GST Tax Invoice, , Export Invoice,

Critical Success Factor

- To define stability & scope of Project.
- Understand and interpret the compliance requirements and convert in to the business terminology.
- GST Implementation using standard SAP R/3 functions and Customization.
- Configure the processes to support the legal requirements in the existing SAP R/3 environment.
- Whole company committed to SAP R/3 Business Process
- Understanding Business Blue print at a very micro level

Technology

SAP Solution	SAP R/3 ECC 6.05 SP14
Modules	MM, SD, FI, ABAP, BASIS

**For more information,
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About Us

AG Technologies is a global software solutions and SAP services provider headquartered in Mumbai, India. We are a business and technology group specializing in industry specific solutions and strategic outsourcing.

Our team is highly experienced and possesses deep expertise in their areas of focus. We provide superior value for our clients by delivering high quality work designed to enhance your Return on Investment.

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