



# SAP R/3 ECC 6.0 Goods and Service Tax (GST) Implementation

## Business Scenario

### Implementation of Goods and Service tax (GST)

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Clients 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 1<sup>st</sup> July 2017 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 legal requirement.

## Introduction

### The Client

Client (ISO 9001), is one of India's leading yarn manufacturers and innovators, supplying globally and providing raw material to multiple industries.

Managed and promoted by the Dattani family for over 75 years. Located in India, with its headquarters situated in Mumbai and various other branch offices around the country. Client produce and supply a wide range of Polyester Filament Yarns (PFY) and export of Polyester, Texturized and Cotton Yarn (POY, FDY, DTY, ATY, Twisted Yarn and polyester chips).

Client nurtures dependable alliances with agents and brokers to supply innovative yarns to leading textile manufacturers in India and the world. The wide range of yarns is the raw material for extensive varieties of universal fabrics and materials that people use every day.

## 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. 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

Textiles Manufacturers

### Client Profile

Headquarter at Mumbai, Client meets the customer's needs through R+D, by providing service and by shortening the supply chain. These commitments reduce costs and increase margins, making life easier and profitable for manufacturers who produce fabrics.

### 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 client which includes all business 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

<b>SAP Solution</b>	SAP R/3 ECC 6.0
<b>Modules</b>	FI, MM, SD, ABAP, BASIS

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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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