



SAP R/3, ECC6.0 SAP GST Implementation (TAXINJ to TAXINN Migration)

Business Scenario

GST Implementation (TAXINJ to TAXINN Migration)

With Goods and Services Tax (GST) to be implemented in India from next financial year, SAP is working on the solution part of it. Till the solution is to be rolled out to the customers, two prerequisites namely Tax Procedure as TAXINN and minimum ECC 6.0 Support Pack level for each EHP version are to be followed.

Client was using SAP and with old Tax Procedure TAXINJ and hence migrated to new Tax procedure TAXINN as 1st step towards making system GST compliant.

Introduction

Client

Client is a global supplier of amines and amine-based chemicals to the pharmaceutical, agrochemical, rubber chemical & water treatment industries, among others.

Public Limited Listed Company in the business of manufacturing and marketing various aliphatic amines, amine derivatives and other specialist chemicals for the last 30 years

Leading position in the domestic market and presence in the international market with a reputation for reliable service and quality products with annual sales of Rupees 400 Crores

Broad Scope of Work

To implement Goods and Services Tax (GST) in India shortly, it is mandatory for companies to either implement TAXINN or migrate their tax procedure from TAXINJ to TAXINN.

SAP India is in the midst of making changes in the software to accommodate GST and companies need to get the prerequisites ready for implementing GST.

The macro level activities to be performed during TAXINJ to TAXINN migration are mentioned below

- 1) Identify Condition Types and Access sequence as required for TAXINN and make changes accordingly
- 2) Delete all jurisdiction codes, if any assigned to the TAXINJ
- 3) Configure new Tax Procedure - TAXINN
- 4) Changes in SD Pricing with new Condition types
- 5) Change to GL account determination as per new account keys
- 6) Check documents updated with new condition types
- 7) Check and close all unused Tax Codes, Create new tax codes, mapping of tax codes (TAXINJ to TAXINN) after implementing relevant SAP notes
- 8) Close all unwanted open POs / SOs
- 9) Post Excise Part II and MIRO for all GRs
- 10) Update the pricing after migration of open transactions
- 11) Extract open Purchase Orders/Scheduling Agreements and Contracts to the intermediate SAP tables, after implementing relevant SAP notes
- 12) Mass update of Vendor Purchase Info records

Project Summary

Industry

Chemicals Industry

Client Profile

Global supplier of Amines & Amine based chemicals to various industry sectors

Solution

Migration of tax determination procedure from TAXINJ to TAXINN

Solution Benefit

- GST Compliant (Mandatory)
- TAXINN is condition based tax determination procedure
- Very user friendly and flexible
- Only Two tax codes are sufficient for TAXINN

Solution

TAXINJ and TAXINN cannot co-exist in the same system.

This migration to TAXINN involves changes in FI tax procedure as well as in the sales and purchase pricing. Therefore, it is recommended starting the migration as soon as possible to enable the switch in without any delay - on time and with a proper and 100% compliant SAP solution.

The migration from TAXINJ to TAXIN includes below processes...

1. Preparation on affected scenarios mostly in Sales and Purchase
2. Application of SAP Notes related by SAP for migration
3. Required system configurations
4. Methodical testing
5. Changes in master data
6. Correcting ABAP objects
7. Conversion of open purchase related documents
8. End User Training

SAP has also given a specific tool to convert the open Purchase Orders/Contracts for the migration.

An important point to be noted in this migration is, there will be no changes in the processes for Material Management and Sales and Distribution modules in SAP

This migration process involves application of notes provided by SAP. Nearly 20 to 30 Notes are required to be applied during the migration process. The number of notes depends on the exact SAP version that the company is presently using.

Business Challenges

- 1) Condition records and the values of Condition Records should not change for the POs which are not migrated to TAXINN.
- 2) Standard reports related to Taxes should work for both tax procedures i.e. TAXINN and TAXINJ
- 3) Output forms of POs & Invoices should work properly.
- 4) Proper mapping of old tax codes in order to minimize total number of Tax Codes for Migration purpose. (250+ tax codes were minimized to 40 tax codes after migration)
- 5) No need to maintain condition record to UTXJ for CST/VAT in TAXINN procedure.
- 6) Removal of condition type 'UTXJ' which is used for various base value determinations and tax code based.

Benefits

- 1) Mandatory requirement for implementation of GST
- 2) Condition Based Tax procedure
- 3) A multiple tax rates can be maintained for a single tax codes
- 4) Tax Condition rated and tax codes are maintained at condition record level
- 5) Very simple and user friendly
- 6) SAP will only support GST with TAXINN

Prerequisite

- 1) Active Support / Product AMC from SAP
- 2) Production Client Copy (Need to have production client copy before the migration)
- 3) Close all unwanted open PO, Contracts & Scheduling Agreements
- 4) Identify the tax codes which are not in use
- 5) Identify the customized reports getting impacted due to change in the tax codes

Technology

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| SAP Solution | SAP ECC 6.0 EHP7 |
| Modules | MM / SD / FI / ABAP / BASIS |
| Database | ORACLE |
| Operating System | Windows NT |
| Migration | TAXINJ to TAXINN (DEV / QAS / PRD Server) |
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