



gearing up for GST



Goods and Services Tax (GST)

A ready reckoner that demystifies what organizations need to do to make their SAP implementations GST compliant

In all probability, India will roll out its biggest financial reform since independence – the Goods and Services Tax or GST - from July 1, 2017. Though delayed by three months (the original date for its roll out was fixed for April 1, 2017), the new taxation regime promises to create a single seamless national market by consolidating a range of disparate central and local taxes into one levy.

The 9th meeting of the GST Council was recently held in New Delhi wherein the center broadly consented to the states' demand on dual control of assessing, administrative and auditing powers.

A draft of these laws will now be chalked out, and deliberated upon during the forthcoming GST Council meeting scheduled for February 18. Meanwhile, a panel of bureaucrats from the center and the states is firming up the list that would specify the tax slabs for each good and service. Given that this exercise would spill over

to March, July 1 comes across as a tenable date for GST's introduction.

As the deadline for the new tax regime is approaching fast, SAP customers are understandably anxious about this change. While there has been a deluge of information related to GST on the Internet (published by SAP and others), it has only created a more confusing scenario for customers.

Amidst all the confusion, we demystify the situation and bring in clarity for all. Here is a point-by-point look at what SAP customers need to mandatorily do, and the changes that need to be carried out in their SAP implementations to align with GST.

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Compulsory Requirements

The mandatory prerequisites for migrating to GST include:

- The necessary minimum patch level for SAP Application must be SAP ERP 6.0 (600) SP26 or higher (for instance, if you're on SAP 4.7, you must first upgrade to SAP ERP 6.0 before moving to GST). For more details, refer SAP Note number 1175384.
- You need to be having Tax Procedure TAXINN (which is condition-based). In case you're live on SAP with tax procedure TAXINJ (which is formula-based), you must first migrate to tax procedure TAXINN. Refer SAP Note/KBA numbers 2252781, 2014164, 2153807, 827268. The last two Notes talk about SAP's standard programs for migration of open Purchase Orders and open contracts.

Incidentally, both the requirements are akin to mini-projects with each taking a minimum of 3-6 man-months depending on the scale and complexity involved.



Areas Impacted in SAP

Below are the changes that need to be carried out in SAP. You may also refer to SAP Note No. 240580.

- Organization setup: Create Business Place and assign to Plants.
- Tax Registration: Maintain GST Registration Number (also called GSTIN as explained earlier) at the business place level configuration.
- Master Data maintenance: Maintain GST registration number for each registered customer and vendor. Also affected will be Material Master and Services Master. Please refer to SAP Notes Numbers 2405502 and 2385575 which explain the changes to master data.
- GST Tax Accounts: Define for CGST, SGST and IGST separately - Business place based G/L account determination for both MM and SD.
- Define new Condition Types under tax procedure TAXINN. For instance, JICG, JISG, and JIIG for central, state and integrated GST respectively.
- Maintain SD Access Sequence and MM Access Sequence
- Maintain document number range for outgoing GST invoices



- Business Processes affected that, therefore, need to be tested thoroughly after the configuration include:

• Sales Order

• Billing document

• Purchase Order

• Goods receipt

• Vendor Invoice

• Outgoing invoice

• Stock transfer

• Subcontracting

• Incoming GTS invoice

- Need to have GL accounts for Separate accumulation of credit and payables for

• CGST

• SGST

• IGST

• Separate accumulation at Registration level

- Utilization of Input tax credit would be as below:

- 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

- Reporting: Tax Register

• CGST

• IGST

• SGST

The most important parameters to be reported to GSTN include: GSTR-1 (Outward supplies made by the taxpayer); GSTR-2 (Inward Supplies/Purchases received); GSTR-8 (Annual return); Custom-developed objects (RICEF).

It is recommended that every form/layout, report, interface, which involves fields related to taxes is tested. Some changes may need to be carried out through ABAP/4.

Commercials Involved

As for CXOs, they would be interested in knowing how much budget needs to be allocated for GST implementation in SAP. Since the efforts vary greatly from organization to organization (depending on the scale and complexity involved), a fixed number can't be put here.

However, the common requirement across all organizations of all sizes is the need for human resources with the following skills.

SAP FI

SAP MM

SAP SD

SAP ABAP/4

SAP Basis

Project Lead

The number (how many from each skill) and duration (man-weeks) would vary from case-to-case.

At Sify, we have always strived to understand your local and global business needs, and deliver converged ICT solutions that have helped you run better. Our expert SAP consultants and engineers, our comprehensive SAP services suite coupled with our strong infrastructure DNA, ensure your SAP environment complies seamlessly with the new regime.

It's time to make the most of this opportunity and realign and reassess your business models to gain an unassailable lead over competition. As your trusted technology partner, you can continue to focus on your core business as we deploy, monitor, manage and improve your SAP solutions and get you GST ready!



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