Turkey SAP Implementation / Roll-Out

Localization Topics

SAP Globalization Services
January, 2020

Public
Agenda

General Ledger Accounting
- Turkish Uniform Chart of Accounts & Mapping
- Tax Ledger
- Currencies and Exchange Rates
- Tax Codes & Tax Reporting
- Asset Accounting
- Material Costing
- Year-End Closing Process & Legal Reporting

Accounts Receivable
- Bills of Exchange & Post-Dated Cheques
- Pre-numbered invoices
- Return invoices

Accounts Payable
- Import Costs
- Return Invoices

e-Package Solutions
- e-Invoice
- e-Ledger
- e-Archive
- e-Delivery
General Ledger Accounting
Chart of Accounts

- It is called as TDHP (Turkish Uniform Chart of Account)
- Companies should be reporting according to TDHP
- First three digits are fixed
- Structure:
  - **B/S**

<table>
<thead>
<tr>
<th>Balance Sheet Accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
</tr>
<tr>
<td>2</td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td>4</td>
</tr>
<tr>
<td>5</td>
</tr>
</tbody>
</table>

- **P/L**
  - Accounts starting with 6: Revenue / Expense Accounts
  - Accounts starting with 7: Expense Accounts

- **Others**:
  - Accounts starting with 8: can be used freely by companies. Should have zero balance at the end of period
  - Accounts starting with 9: Contingent liability accounts

- In country version CATR is available as a sample chart of account
• In case operational chart of account is not TDHP, it’s required to map local and corporate CoA
• Some accounts can cause **mapping problems** like;
  • COGS accounts: There are 4 COGS accounts, product, trade goods, services and others
  • Sales revenue accounts are different for domestic and foreign sales
  • Sales revenue accounts and return sales accounts are different
  • TDHP uses some **reflection accounts** to make closing of expense accounts
  • Referring to BOE/Cheques some interim accounts need to be created
  • For some of the B/S accounts like pre-paid expenses there is a differentiation between **short and long term**
• Expense accounts have specific classes like
  760: Sales and distribution expenses
  770: Administration expenses
  780: Financial expenses
  740: Service expenses
  750: R&D expenses
  730: General production expenses
  720: Labor costs
  710: Material costs
• Physical inventory results are posted to B/S accounts first then reclassed to P/L
• Paid and unpaid capital is posted to different accounts
Financial Statement Version

1
Current Assets

2
Non-Cur. Assets

3
Liabilities

10
Liquid Assets

12
Trade Receivables

120
Customers

121
Notes Receivable

100
Cash in hand

102
Banks

253
Machinery

255
Fixtures

25

30
Financial Lia.

32
Suppliers
Local Currency & FX Differences

- Turkish Lira (TRY) is the local currency
- Companies should do their legal reporting in this currency
- No other hard or index currency reporting is mandatory
- All foreign currency items should be *valuated* with Central Bank Buying rate at the end of periods
- It is needed to enter daily Central Bank Buying rates to fulfill legal requirement in some transactions
- Different exchange rate gain and loss accounts are used for banks, customers, loans and vendors
- It is a legal requirement to issue an *exchange rate difference invoice* if a good or service is sold in foreign currency to a customer in the local market and if there is an exchange rate gain in payment.
Tax Codes

- VAT codes are available in Turkish country version
- There are some special kind of VAT’s which are as follows:
  - Withholding VAT (SAP Note 867889)
  - Special consumption tax is used as excise duty for expensive goods, beverages and oil (SAP Note 536952)
- VAT BA and BS report which reports monthly sales and purchases over 5.000,00 TRY excluding tax (See note 1003524)
- “Advance return for Tax on Sales/Purchase” report is used for reporting of output and input VAT
- Input VAT List (SAP Note 1514545 - 1548487)
- Sales Invoices List (SAP Note 1578847)
- Withholding tax is used for vendors
VAT with Witholding

Refer to OSS note for 867889 WHT configuration for vendor invoices

Refer to the below scheme during the tests for how the VAT with withholding should look like in the accounting document:

<table>
<thead>
<tr>
<th>VAT 18% with WHT (Deducted VAT) 9/10</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer</td>
<td>1.018,00</td>
<td></td>
</tr>
<tr>
<td>PL</td>
<td></td>
<td>1.000,00</td>
</tr>
<tr>
<td>Output VAT</td>
<td></td>
<td>180,00</td>
</tr>
<tr>
<td>Witholding (Deducted from VAT)</td>
<td></td>
<td>162,00</td>
</tr>
</tbody>
</table>

Total due: 1.018,00
Basis: - 1.000,00
Output VAT: - 180,00
Deducted VAT: 162,00

"YOU HAVE TO BOOK THE WHOLE VAT AMOUNT TO OUTPUT TAX GL ACC."
"YOU HAVE TO POST THIS AMOUNT TO A SEPARATE GL ACC."
Asset Accounting

• Country specific chart of depreciation is available
• Asset classes are defined in parallel with Turkish Uniform chart of accounts
• Depreciation keys are customized for linear and declining balance methods according to useful life
• Asset history sheet is used for reporting purposes
• Depreciation costs are to be allocated to functional cost accounts (See note 583971 and 940758)
• Special depreciation key is to be used for vehicles for prorata depreciation(See note 868774)
• A separate revaluation area is defined to be used for inflation adjustment
Actual Costing

• All materials should be valuated with actual costs. If standard costing is used then price differences should be reflected to stock accounts or cost of good solds at the end of the periods.

• For purchased materials usually moving average price is used. Periodic moving average price can also be used if material ledger is active.

• For produced materials actual costing requirement can be covered with the functionality of material ledger.

• If material ledger is active then usage of following functionalities is business practise:
  • Setting standard prices for materials (all types of materials) at each month
  • Using standard prices during month for material valuation
  • Calculating actual costings at each month end (multi level actual costing)
  • Cost of goods sold revaluation
Year-End Closing

- Reflection postings are required to be made at the end of the year.
- Reflection accounts are 711, 721, 731, 741, 751, 761, 771 and 781 accounts
  - No special program to make these postings exist, postings are made manually
- Other year end closing postings are made via Turkish specific closing programs.
  - 7 accounts closing programs
  - 6 accounts closing program
  - B/S accounts closing and opening program
  - Special document types are used for year end closing and opening postings
Legal Reporting

• Document journal (S_ALR_87012287)
  • Should be taken according to Turkish uniform chart of account
  • All accounting documents are sorted and renumbered according to posting date
  • To be printed in Turkish to pre-stamped papers

• General ledger (S_ALR_87100205)
  • Should be taken according to Turkish uniform chart of account
  • Documents are numbered according to the document numbers produced in document journal
  • To be printed in Turkish

• Balance sheet and P&L statement
  • Should be structured according to levels of Turkish uniform chart of account
  • Turkish country version contains a financial statement version (BATR) for this structure
  • To be printed in Turkish

• Trial balance
  • This report is not a legal requirement but it is usually a required report in external auditing
Accounts Receivable
BoE & PDC

• This functionality covers local business practices for postdated cheques and bill of exchanges
• It is a special development for Turkey
• Cheque and bill of exchange programs covers the following functionality
  • Bill of exchange or cheques portfolio
  • Collection of cheques / bills of exchanges
  • Calculation of the average due date of cheques / bills of exchanges
  • Handling of bounced cheques / bills of exchanges
  • Payment to vendors with cheques / bill of exchanges
  • Transfer of cheques / bills of exchanges
  • Cheques / Bills of exchange history
  • Enhanced cheques / bill of exchange list
  • Calculation of cheque and bill of exchange rediscount
Pre-numbered Invoices and Delivery Notes

• Delivery Note and Invoice outputs are printed on pre-numbered forms in TR as a legal obligation.

• The serial numbers together with the related booking code are confirmed by government before usage, which represent the legal commitment.

• During audits, the missing/lost series are to be disclosed, otherwise penalty clauses are applied.

• It is a business practise to track official invoice number in the accounting document of the invoice.

• Possible solutions:
  • Official document number is written to the document created in the system as a reference number.
    • There is an automated solution for prenumbered forms. Transaction code is IDCP. This solution is also available for Turkey. More information can be found in [http://help.sap.com/saphelp_erp60_sp/helpdata/en/35/ff8937e89b3d71e10000009b38f842/frameset.htm](http://help.sap.com/saphelp_erp60_sp/helpdata/en/35/ff8937e89b3d71e10000009b38f842/frameset.htm)
    • IDCP is used to print invoices on preprinted/prenumbered forms; however if the invoice consists more than one page, it prints them as different invoices though all pages belong to one document. In order to enable system to print form proper to Turkish legislation, please apply note 1703104 and 1793561.
Return Invoices Instead of Credit Memos

- Credit memos to suppliers should be issued as return invoice. Output VAT should be used for this kind of invoices instead of input VAT
- Customers should issue return invoice for credit memos. This kind of invoice should contain input VAT instead of output VAT
- Return invoice is handled with customizing in Sales and Distribution Module
- There is an advance development for Turkey to print invoice from MM module (See note 940757)
Import Costs

- There is a special rate used for import costs. This is the Central Bank buying rate at the time of import declaration. Imported goods should be valued in stock with this rate.

- All costs incurred until the end of importation should be followed in a B/S account under an import file number and then added to the stocks as additional cost (i.e. transportation costs, insurance costs, customs costs, etc).

- There is no special program exists in country version. Standard processes are used to follow import costs.
Return Invoices Instead of Credit Memos

- Credit memos to suppliers should be issued as return invoice. Output VAT should be used for this kind of invoices instead of input VAT
- Customers should issue return invoice for credit memos. This kind of invoice should contain input VAT instead of output VAT
- Return invoice is handled with customizing in Sales and Distribution Module
- There is an advance development for Turkey to print invoice from MM module (See note 940757)
ePackage Solutions
Turkish Regulation: Highlights

- Electronic Invoice, e Archive (Consumer Invoice) and e Export are already in use in Turkey. E-Delivery Notes will be released soon by Turkish Revenue Administration.
- File according to UBL-TR standard required by government
- Electronic documents have to be digitally signed
- Revenue Administration receives and validates e-invoice, and sends back updated status.
- All documents need to be archived inside Turkish borders.

In this context, e-Document requirements consists generally of:

- Changes to processes and data handling in the document-generating application - SAP ERP
- A process that manages the communication (sending and receiving) of the document, including requirements related to that (for example: formats, digital signature, monitoring, notification processing and so on)
- Archiving of electronic documents
Solution Portfolio for Turkey

- **e-Invoice – Outgoing Invoice**
  - Outgoing invoice (SD/FI/MM Return) – Basic scenario
  - Outgoing invoice (SD/FI/MM Return) – Commercial scenario
  - Registered users list

- **Consumer Invoice (aka eArşiv):**
  - Outgoing invoice

- **e-Invoice – Incoming Invoice**
  - Incoming invoice – Basic scenario
  - Incoming invoice – Commercial scenario

- **e-Export Bills:**
  - Export bills for receivers abroad and in free-zone, Turkey.

- **Delivery Note:**
  - Will be analyzed upon availability of legal requirement

- **e-Ledger**
  - «SAP e-Ledger for Turkey» solution is provided among SAP RCS Repeatable Custom Solution portfolio by SAP
Solution Landscape – eDocument Scenarios

- Country Format Mapping
- Business Monitoring

Web Service

- Communication
- Authentication / Digital Signature
- …

Web Service

- Validation
- Approval / Registration

SAP ERP

- eDocument Framework
- Document Type 1
- Document Type 2

SAP APPL 6.00
SAP Netweaver 7.02

SAP Cloud Platform Integration or Partner

Local Receiver

- Public Administration / Tax Authority
- Country A
- Country B

© 2020 SAP SE or an SAP affiliate company. All rights reserved. | Public
Solution Architecture

- In Turkey the communication must happen inside Turkish borders
- The use of SAP Cloud Platform Integration is not allowed → SAP enables eDocument processes in Turkey in collaboration with FIT cloud platform
E-Invoice Outgoing: Basic scenario

**SAP ERP**

1. **Post SD/FI/MM Document**
2. **Create eDocument**
3. **Submit eDoc**
4. **Update eDocument**

**FIT Cloud platform**

4. **Invoice List**
5. **UBL-TR XML**
6. **XML completion**
7. **Digital Signature**
8. **Archiving**

**Tax Authorities (TRA)**

8. **Data reception**
9. **UBL-TR XML**
10. **Send Status Update**
11. **Send Status**

*Can be executed many times, at any time, after the invoice has been sent*
E-Invoice Outgoing: Commercial scenario

1. Post SD/FI/MM Document
   - SAP ERP

2. Create eDocument
   - SAP ERP

3. Submit eDoc
   - SAP ERP

4. Data Reception Validations
   - FIT Cloud Platform
   - XML completion
   - Digital Signature
   - Archiving

5. Update eDocument
   - SAP ERP

6. Transmission Result
   - FIT Cloud Platform

7. Send to Tax Authorities
   - UBL-TR XML

8. Data reception
   - Tax Authorities (TRA)

9. Send to Receiver
   - Result

10. Process
    - Result

11. Send Status Update
    - Receiver

12. Update Status (Delivered)
    - Tax Authorities (TRA)

13. Accept / Reject
    - Receiver

14. Acceptance / Rejection Reception
    - Tax Authorities (TRA)

15. Send Status Update
    - Receiver

16. Update Status (Accepted/Rejected)
    - Tax Authorities (TRA)

Can be executed many times, at any time, after the invoice has been sent

© 2020 SAP SE or an SAP affiliate company. All rights reserved. | Public
Consumer Invoice (aka eArşiv)

SAP ERP

1. Select eDocuments
2. Create eDocument
3. Submit eDoc
4. Update eDocument

FIT

4. Data Reception Validations
6. XML completion
   Digital Signature
   Archiving

Customer

8. Send individual invoice to Customer
   UBL-TR XML
   SMS
   PDF
   E-Mail

Can be executed many times, at any time, after the eDocument has been sent
E-Invoice Incoming: Basic scenario

**SAP ERP**
- Fetch Invoice(s)
- Create Incoming eDocument(s)

**FIT Cloud Platform**
- Invoice Reception
- Return Invoice(s)
- Confirm Delivery

**Tax Authorities (TRA)**
- Invoice Reception
- Send Invoice to Cloud Platform
- Update Invoice

**Sender**
- Send Invoice
- Update Invoice Status

Note: UBL-TR XML is used for creating and returning invoices.
E-Invoice Incoming: Commercial scenario

**SAP ERP**
- 5. Fetch Invoice(s)
- 7. Create Incoming eDocument(s)
- 12. Accept / Reject Invoice
- 14. Update eDocument Status

**FIT Cloud Platform**
- 4. Invoice Reception
- 6. Return Invoice(s)
- 13. Update Invoice Status (Accepted/Rejected)
- 15. Send Acceptance/Rejection

**Tax Authorities (TRA)**
- 2. Invoice Reception
- 3. Send Invoice to Cloud Platform
- 9. Update Invoice Delivery Status
- 10. Send Status Update (Delivered)
- 16. Update Invoice Acceptance Status
- 17. Send Status Update (Accepted/Rejected)

**Sender**
- 1. Send Invoice
- 11. Update Invoice Status (Delivered)
- 18. Update Invoice Status (Accepted/Rejected)
eExport

SAP ERP

1. Post SD/FI/MM Document
2. Create eDocument
3. Submit eDoc
4. Update eDocument

FIT Cloud Platform

4. Invoice List UBL-TR XML
5. Transmission Result
6. XML completion
7. Digital Signature
8. Archiving

Ministry of Customs and Trade

9. Send Response
10. Data reception

- Can be executed many times, at any time, after the invoice has been sent

© 2020 SAP SE or an SAP affiliate company. All rights reserved.
ELedger
Further Information

- Have a look at SAP documentation eDocuments Overview.
- Check SAP Note 2134248 eDocument Framework - Installation Overview
- Check SAP Note 2214845 Installation Overview eDocument Turkey
- Contact your local sales account executive regarding information about SAP ERP, option for e-document processing (Material Number 7018942)
Appendix

• See Turkey chapter in Online Documentation:
  http://help.sap.com/saphelp_erp60_sp/helpdata/en/02/2731375fc9342ae10000009b38f839/frameset.htm

• Turkish country specific notes in service.sap.com
  - 1003524  VAT B Report
  - 1001774  Correspondence Forms for Turkish Best Practise SAPScripts
  - 940758  Turkey: Allocation of depreciation costs to func.cost.accts.
  - 940757  Turkey: Invoice printout for credit memo in LIV
  - 868774  Turkey: Special depreciation for vehicles
  - 867889  Turkey: Witholding VAT customizing (KDV tevkifati)
  - 731961  Adding the "New Turkish Lira" currency code TRY
  - 583971  Distribution of depreciation costs to functional accounts
  - 536952  Turkish Excise Duty
  - 1548487  Turkey Duty Drawback (Input VAT List)
  - 1514545  Input VAT List
  - 1578847  Sales Invoices List
  - 1784165  Turkish Lira Sign , U+20BA
Appendix (IFRS Related Notes)

• **Revenue Recognition:**
  - 820417 Implementation guide for revenue recognition
  - 1172799 New version of Best Practices for revenue recognition
  - 782758 Prerequisites for using the Revenue Recognition functionality
  - 777996 Account settings for revenue recognition process
  - 1505492 SD revenue recognition - Lean implementation

  >>>>Before activating ‘Revenue Recognition’ you need to get use of assessment support from SAP which is free of charge. Therefore please create a ticket with component SD-BIL-RR

• **Provision for severence (HR):**
  - 1698699 IFRS / TFRS Seniority Report

• **Rediscount:**
  - 1753115 Turkey: Rediscount for Vendors&Customers Configuration
  - 1653335 F107, method 10: Items with a life of less than one month
  - 1654827 F107, Method 10: Item with posting date = key date (Please create an OSS message with component XX-CSC-TR to use this note.)
  - 1656667 Transaction F107, method 10: Entry 0 for overall runtime
  - 1684254 F107, excluding bill of exchanges issued to vendor from F107 (Pilot release; please create an OSS message with component XX-CSC-TR in order to test the note as pilot customer.)

  • 1703104/1793561 Prenumbering Turkey : Multiple Pages
Appendix

IDCP Related OSS Notes:
- 1703104 Turkey: ODN Prenumbering Multiple Pages 28.09.2012
- 1793561 Prenumbering Turkey: Problems after implementing Note 1703104 29.11.2012
- 1803403 IDCP TR: Printing issue after due to storage mode 29.01.2013
- 1816131 IDCP TR: Printing issue in delivery doc due to storage mode 05.03.2013
- 1826433 IDCP Turkey: Correction to note 1703104 27.03.2013
- 1914541 TR: Multiple issues in IDCP report for Printing 13.01.2014
- 1964324 Turkey: Additional information to execute the IDCP report to process Billing/De 16.01.2014
- 1877355 IDCP Turkey: Correction to Note 1826433 16.03.2014
- 1963622 TR-IDCP: One SD invoice have multiple accounting documents due to more than 999
- 1960808 Turkey: In IDCP report, text of the messages 861, 862 is not relevant for deli

E-Invoice Related OSS Notes:
- 1884695 Legal Change Announcement
- 1890576 Turkey: E-invoicing solution for SD and MM Return Invoice
- 1959865 Turkey: e-Invoicing - Validation and Error Logging of Turkey e-Invoicing
- 1991223 DDIC Objects for the Note 1967722
- 1967722 Turkey: e-invoicing - corrections to the mapping
- 2000339 TR E-invoicing – Corrections to the mapping for request structure
- 1956923 E-invoicing Turkey FI
- 1957885 DDIC Objects for the Note 1956923
- 1508509 E-invoice Solution for Turkey - consulting note
Appendix

- E-Ledger Related OSS Notes - XX-PROJ-CDP-354
  - 1995850  E-Ledger for Turkey Consulting Note
  - 1870871  Installation Electronic Ledger Management for Turkey 1.0 28.08.2014
  - 1877178  Release Note Electronic Ledger Management for Turkey 1.0 28.06.2013
  - 1944336  Release Note Electronic Ledger Management for Turkey 1.0 SP01 27.11.2013
  - 1944674  Transformation optimized for large ledgers 27.11.2013
  - 1964062  Release Note Electronic Ledger Management for Turkey 1.0 SP01 Patch 1 13.01.2014
  - 1965087  Release Note Electronic Ledger Management for Turkey 1.0 SP02 18.02.2014
  - 1975273  Connecting e-Ledger to multiple FI systems 06.02.2014
  - 1977694  Release Note Electronic Ledger Management for Turkey 1.0 SP03 06.03.2014
  - 2004838  Wrong XML stylesheet location in the generated certificate XML files 11.04.2014
  - 2007161  Invalid phone number description in the generated certificates 21.04.2014
  - 2017974  Wrong format <EntityNumberCounter> elements in certificates & VAT number missin
  - 2062669  The path cannot be located outside of the repository folder
Thank you.

Contact information:

SAP Globalization Services
globalization@sap.com