Highlights of SAP Country Version Turkey-FI

SAP Globalization Services
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Content

- About new Turkish Commercial Code
- Structure of Turkish Uniform Chart of Account
- Chart of Account mapping
- Currencies and exchange rates
- Tax codes
- Year end closing process
- Legal reporting
- Inflation accounting
Content

- Cheque and Bill of Exchange Process
- Import costs
- Pre-numbered invoices and delivery notes
- Return invoices
- Material Costing
- Asset Accounting
- Turkish Language
New Turkish Commercial Code

• The New Turkish Commercial Code was adopted by the Turkish Parliament on 13 January 2011 and promulgated in the Official Gazette on 14 February 2011.

• It will be valid starting on 1 July 2012.

• New Turkish CC is compatible with internationally accepted accounting standards; and enables
  • Understandable and comparable financial reports with companies all over the world
  • Public confidence and transparency with high quality reports that could be published any time.
  • The opportunity to find new foreign investors and shareholders
  • High reputation and expanding business volumes among overseas customers and vendors
  • Competitive environment and complete abolition of informal economy
New Turkish Commercial Code -2

Some innovations that came out with new CC and urge companies to review current IT systems are:

- Financial ledgers will be published compatible with local GAAP (Tax Procedural Law).
- Legal entities who are subject to article 64 and 88 of the new law, will also prepare solo and consolidated financial statements according to Turkish Accounting Standards which are compatible with IFRS (International Financial Reporting Standards).
- It is expected that Turkish Uniform Chart of Accounts will change as well. However it is still in plan phase.
- **Budgeting** will be obligatory for all companies.
- **Consolidation** will be compulsory for all group companies.
- **Early Risk Detection Committee** will be structured in publicly-traded companies.
- Importance of **authorization management; internal controls** and **independent audit** will increase.
- **Activity reports** of last 5 years shall be published via web site of the organization.
- **E-Invoice** is mandatory since 01.01.2014 for certain group of customers.
- **E-Ledger** will be mandatory starting from 01.01.2015.
# SAP Solutions Supporting New Commercial Code

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<thead>
<tr>
<th>Tax</th>
<th>Procedural Law and IFRS</th>
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<td>SAP ERP Parallel Accounting Solutions</td>
<td></td>
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<td>Financial Planning</td>
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<td>SAP BPC-Business Planning and Consolidation</td>
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<td>SAP DM – Disclosure Management</td>
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<tr>
<td>Internal Audit</td>
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<tr>
<td>SAP PC-Process Control</td>
<td>SAP AC-Access Control</td>
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<td>Enterprise Risk Management</td>
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<td>SAP RM- Risk Management</td>
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<td>E Government</td>
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<td>SAP E Invoice, E Ledger, E Archive</td>
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</table>
Turkish Uniform Chart of Account

- 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
    - Balance Sheet Accounts
    - 1
    - 2
    - 3
    - 4
    - 5
  - 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
Chart of Account Mapping

- 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
Local Currency and Exchange Rates

- 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.

Note 1784165 Turkish Lira Sign , U+20BA must be reviewed for enabling new Turkish Lira symbol in system.
Tax Codes

- VAT codes are available in Turkish country version
- “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)
- There are some special kind of VAT’s which are as follows:
  - Witholding 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)
  - Witholding tax is used for vendors
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

• **Inventory Ledger (/N/SAPTR/ENVDEF)**
  - Should be taken according to Turkish uniform chart of account
  - This report displays balances of all balance sheet accounts and discloses needed details which generates this balance per each account. (Balance per vendor for "Trades Payable" account, name and amount of materials for "Inventory" Accounts etc.)
  - 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
Inflation Accounting

• Inflation accounting is applicable by law if annual inflation rate is more than 10% and three year cumulative rate is more than 100%
• At the moment rates are below the limit. Therefore it is not required to apply inflation adjustment
• Standard inflation accounting programs are used to revaluate following B/S items
  • Non-monetary balance sheet accounts
  • Fixed assets
  • Inventory
• Indexes are defined centrally for all programs
Cheques and Bill of Exchange Processing

• This functionality covers local business practises 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
Bank Accounting

- Swift MT940 format is used for bank statements upload
- There are bank formats for vendor payment and cheque/bill of exchange collection
- These bank formats are supported by main banks of Turkey
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, custom costs, etc).
- There is no special program exists in country version. Standard processes are used to follow import costs.
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).
Actual Costing

- All materials should be valued with actual costs. If standard costing is used then price differences should be reflected to stock accounts or cost of goods 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
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
Turkish Language

- Standard Language Translation procedure
- All core modules are translated
- For releases 4.6C and 4.7 codepage ISO 8859-9 is a prerequisite
  - Compatibility with German, English, Danish, Dutch, Finnish, French, Italian, Spanish, Portuguese, Swedish
  - For compatibility with further languages SAP recommends the use of MDMP (see SAP note 73606)
- For releases ECC 5.0 and later only Unicode is supported
Appendix

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

- VAT B Report
- Correspondence Forms for Turkish Best Practise SAPScripts
- Turkey: Allocation of depreciation costs to func.cost.accts.
- Turkey: Invoice printout for credit memo in LIV
- Turkey: Special depreciation for vehicles
- Turkey: Witholding VAT customizing (KDV tevkifati)
- Adding the "New Turkish Lira" currency code TRY
- Distribution of depreciation costs to functional accounts
- Turkish Excise Duty
- Turkey Duty Drawback (Input VAT List)
- Input VAT List
- Sales Invoices List
- Prenumbering Turkey : Multiple Pages
- TR: Multiple issues in IDCP report for Printing
- Turkish Lira Sign , U+20BA
- Turkey: Inventory Ledger / Book
- F-36 does not accept foreign Banks Cheque.
- FMUP137: Check/BoE Reversal when online payment is active
- Currency extension for flow calculation procedure (TRM note to support WHT calculation on deposit accounts)
- Journal_00003310
Appendix - 2

Notes below are to display year closing postings posted with Record Type= 5 in the reports specified. Record type 5 was introduced with ECC 6.0-**EHP4**.

- **S_ALR_87012287– Document Journal**: Already visible.
- **S_ALR_87100205- General Ledger**: 1878575 and 1884443
- **F.08- G/ L Account Balances**: 1687347 and 1689842
- **F.01- Financial Statements**: 1845459
- **FAGLB03: G/L Account Balance Display**: 1830344, 1852423 and 1857145
- **FAGLL03: G/L Account Line Item Display G/L View**: 1779180

**Posting split in FI** notes

- **1497092** AC interface: Posting split in FI for incoming invoices
- **1670486** AC interface: Posting split in FI for outgoing invoices
- **1934531** Split according to SAP Notes 1497092 and 1670486 for Turkish company codes
- **1934483** Invoice posting cannot be split into several FI documents if Funds Management (PSM-FM) is active
- **1963622** TR-IDCP: One SD invoice have multiple accounting documents

Fix in Document Journal – sequential numbering

- **1965457** JOURNAL_00003310 : More than one alternative document number is created for a single document (higher releases)
- **1965459** JOURNAL 00003310 : More than one alternative document number is created for a single document (lower releases)
Appendix – 3 (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.)
  - 1799375 F107, method 10: Values from foreign currency valuation
## Samples of IFRS Related Applications

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<tr>
<th>IAS Item</th>
<th>SAP Module</th>
<th>Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Presentation of Financial Statements</td>
<td>SAP Module: ERP FI, Disclosure Management or BPC</td>
<td>Basic Financial Statements are available as standard in SAP ECC 6.0. Publishing them as PDF after work flows and approvals can be performed in Disclosure Management. Disclosure Management also helps prepare activity reports. Consolidated financial tables could be provided via BPC.</td>
</tr>
<tr>
<td>Inventories</td>
<td>SAP Module: CO,MM</td>
<td>Material ledgers must be used for actual costing valuations.</td>
</tr>
<tr>
<td>Income Tax/Deferred Tax</td>
<td>SAP Module: -</td>
<td>It can be done manually, comparing balance sheet reports.</td>
</tr>
<tr>
<td>Property, Plant and Equipment</td>
<td>SAP Module: AA</td>
<td>Different depreciation areas must be defined in Assess Accounting.</td>
</tr>
<tr>
<td>Revenue</td>
<td>SAP Module: SD</td>
<td>OSS notes 820417, 782758, 777996, 1172799 and 1505492 must be reviewed for revenue recognition. Customer must have assessment support from SAP before activating Revenue Recognition. Please create an OSS message with component SD-BIL-RR to take this support.</td>
</tr>
<tr>
<td>Employee Benefits</td>
<td>SAP Module: HR</td>
<td>The provisions are calculated in SAP HR and posted in SAP FI. OSS Note 1698699 was released for provision of severance pay</td>
</tr>
</tbody>
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# Samples of IFRS Related Applications 2

<table>
<thead>
<tr>
<th>IAS Item</th>
<th>SAP Module</th>
<th>Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Effects of Changes in Foreign Exchange Rates</strong> IAS 21</td>
<td>SAP Module: FI</td>
<td>Foreign exchange valuations are already available in SAP. If New GL active: FAGL_FC_Val (FAGL_FC_VALUATION) Classic GL: F.05 (SAPF100)</td>
</tr>
<tr>
<td><strong>Impairment of Assets</strong> IAS 36</td>
<td>SAP Module: AA</td>
<td>There is a solution coming through EHP5.</td>
</tr>
<tr>
<td><strong>Provisions, Contingent Liabilities and Contingent Assets</strong> IAS 37</td>
<td>SAP Module: FI</td>
<td>Rediscount of receivables and payables is calculated and posted with transaction F107, methode 10. (OSS Notes: 1654827, 1684254, 1653335 and 1656667. Configuration steps are explained in note 1753115). Allowance for bad debts are calculated and posted with transactions F103/ F104.</td>
</tr>
<tr>
<td><strong>Intangible Assets</strong> IAS 38</td>
<td>SAP Module: AA</td>
<td>This is same as tangible assets in IAS 16; with definition of different depreciation areas</td>
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</tbody>
</table>
Thank You!

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