Hello and welcome to this eLearning Session about the SAP Country Version USA – Financials.
At the end of this lesson, you will be able to:

- Explain the highlights and find some information related to SAP ERP Country Version USA – FI for the scope currently supported by SAP Globalization Services
This country version is designed for use by businesses with operations in the United States. As well as the generic SAP System functions, it comprises functions designed for laws and business practices particular to the United States, and a country template to help you customize the system according to local requirements.

This eBook explains what are the US tax reports supported by Globalization Services.

Most of the country-specific functions for the United States are supported by SAP IMS/Core Team.
Introduction

Let us start with a short overview about this Country Version!
The mature Country Version for financials, USA, is available in the SAP ERP standard since a long time.

**Important highlight:** The Standard Country Version for USA is mostly supported by the SAP IMS/Core Team. However, Globalization Services supports only a few reports related to Withholding Taxes.

For a complete reference to the full scope of United States Country Version, please refer to help.sap.com

Although SAP does rank this Country Version with “medium complexity”, the frequency of legal changes is dynamic; in other words, you must be prepared to apply legal changes quite often and this procedure must be part of your ERP maintenance planning. SAP offers appropriate information about legal changes on the SAP Service Marketplace, you can also subscribe in order to be informed in time.

The interpretation of Law Text is considered as difficult, you have to check carefully if e.g. new laws are applicable for your company.

Last, but not least: The official language is English and SAP delivers a full translation of the ERP system.

If you are also using other languages, please make sure that your system is Unicode-based.
Withholding Tax Reports for USA

Let's start with the US Tax Reports: 1099-MISC, 1099-G, 1099-INT, 1099-K, and 1042-S
Withholding Tax Reports for USA

Companies submit annual statements of withholding tax amounts to the vendors and the IRS by using the pre-printed forms:

With SAP ERP, you can create these reports, currently supported by SAP Globalization Services.

<table>
<thead>
<tr>
<th>Name</th>
<th>Brief Description</th>
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<tbody>
<tr>
<td>1099-MISC</td>
<td>For payments made in the course of your trade or business</td>
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<tr>
<td>1099-G</td>
<td>For certain Government payments</td>
</tr>
<tr>
<td>1099-INT</td>
<td>For interest income, for each person to whom it was paid</td>
</tr>
<tr>
<td>1099-K</td>
<td>For payments made in settlement of reportable payment transactions for each calendar year by a Payment Settlement Entity (PSE)</td>
</tr>
<tr>
<td>1042-S</td>
<td>For income paid to or on behalf of a foreign individual.</td>
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</table>

In the United States, invoice recipients are sometimes required to collect withholding tax on behalf of certain vendors, such as self-employed people or non-resident foreigners. However, normally, invoice recipients need only to report withholding taxes and do not have to collect and pay withholding taxes. In this common case, the vendor is liable for paying the tax amount to the Internal Revenue Service (IRS).

Withholding tax amounts must be reported to the IRS at regular intervals and a statement is also sent periodically to the vendor, you can see the corresponding forms in our example.

When you create a company code using the template for the United States, the system sets up some of the necessary withholding tax codes, while others must be created manually.

If you withhold taxes at both state and federal level, SAP recommends that you use the extended withholding tax functions.
A taxpayer identification number (TIN) uniquely identifies recipients whose income is connected with an U.S. trade or business. You must submit the taxpayer identification number with your tax returns. If you do not know the recipient's number, you can request it from the IRS using Form W-9, Request for Taxpayer Identification Number and Certification. With this form, you can also certify that the number furnished is correct. You maintain the taxpayer identification number in the customers' and vendors' master data. If it is a social security number, you maintain it in the Tax Number 1 field. If it is a corporate identification, you maintain it in the Tax Number 2 field.
To submit annual statements of withholding tax amounts to the Internal Revenue Service (IRS), proceed as follows: You can print the required forms or generate DME (*) files for all withholding tax reporting supported by the system (1099-MISC, 1099-G, 1099-INT, and 1042S) using the Generic Withholding Tax Reporting program. In addition, there are a few individual programs, e.g. 1099 Misc Reporting or 1042S Reporting for foreign vendors.

(*) The Data Medium Exchange (DME) Engine enables you to define file formats that meet the requirements of your financial institution, modeling an externally defined (bank) format in the ERP System, which allows you to send or receive data in the form of DME files in this format. The ability to define these formats in the ERP System is particularly important as there is no worldwide or regional standard format. In some cases, no country standard exists and the file must comply with bank-specific standards. Covering such numerous and varied local format requirements is very difficult in standard software, but the DME Engine enables you to define your particular local format yourself – without any ABAP programming knowledge or coding. The standard system comes with all the appropriate Smart Forms, Adobe
Forms and DMEE format trees, as show on this screen.

If you are required to report 1099 or 1042 payments, SAP recommends that you use the Extended Withholding Tax solution, but the classic withholding tax solution supports American requirements as well.
Lesson Summary

You should now be able to

- Explain the highlights and find some information related to SAP ERP Country Version USA – FI for the scope currently supported by SAP Globalization Services

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Related Information

For more information on topics discussed in this lesson, see the following references:

- service.sap.com/globalization
- http://service.sap.com/bestpractices
- Literature (Book: Implementation of Country Versions):

You may find a comprehensive scope and more details of US Country Version, mostly supported by SAP IMS/Core at:


For more information on topics discussed in this lesson, check out the following references:

- service.sap.com/globalization – the homepage of SAP Globalization Services

As the US Country Version is mostly supported by SAP IMS/Core Team, you may find the full scope and more details at help.sap.com
Thank You!

Contact information

SAP Globalization Services:  globalization@sap.com

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