Highlights of SAP Local Version Japan
FI and HCM

SAP Globalization Services
December 2019
Disclaimer

The information in this presentation is proprietary to SAP and may not be disclosed without the permission of SAP. Except for your obligation to protect confidential information, this presentation is not subject to your license agreement or any other service or subscription agreement with SAP. SAP has no obligation to pursue any course of business outlined in this presentation or any related document, or to develop or release any functionality mentioned therein.

This presentation, or any related document and SAP's strategy and possible future developments, products and or platforms directions and functionality are all subject to change and may be changed by SAP at any time for any reason without notice. The information in this presentation is not a commitment, promise or legal obligation to deliver any material, code or functionality. This presentation is provided without a warranty of any kind, either express or implied, including but not limited to, the implied warranties of merchantability, fitness for a particular purpose, or non-infringement. This presentation is for informational purposes and may not be incorporated into a contract. SAP assumes no responsibility for errors or omissions in this presentation, except if such damages were caused by SAP’s intentional or gross negligence.

All forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of their dates, and they should not be relied upon in making purchasing decisions.
Objectives

After this session, you will be able to:

- Explain the highlights of SAP ERP Financials and Logistics in SAP Japan Localization
- Explain the highlights of SAP S/4HANA Financials and Logistics in SAP Japan Localization
- Explain the highlights of SAP S/4HANA Cloud Financials in SAP Japan Localization
- Explain the highlights of Human Capital Management solutions in SAP Japan localization
Agenda

SAP Japan Localization Financials
- Tax
  - Consumption Tax Calculation
  - Withholding Tax Calculation and Reporting (Classic)
  - Advanced Compliance Reporting
- Payments
  - Electronic Monetary Claim
  - Domestic Bank Transfer
  - Foreign Bank Transfer
  - ZENGINKYO Bank Statement, Cash Application, Invoice Summary
- Asset Accounting
  - Depreciation Calculation, Depreciation Calculation after Impairment
  - Property Tax Report
  - Annex16 Report
- Flexible Real Estate Management
  - Service Charge Settlement Based on Fixed Unit Prices
  - Payment Charge Report for Real Estate
  - Lease-Out Offices in Mega Cities
- Treasury Risk Management
  - Processing Impairment of Foreign Securities
  - Money Market: Interest Calculation: Start Date and End Date Inclusive

SAP Japan Localization Logistics
- Sales and Distribution
  - Expiration Date Management – Batch Inversion
  - CHOAI Route Management
- Purchasing
  - Temporary Pricing in Purchasing
- Subcontracting with Chargeable Components
### Financial Accounting

<table>
<thead>
<tr>
<th>Feature</th>
<th>SAP ERP</th>
<th>SAP S/4HANA</th>
<th>SAP S/4HANA Cloud</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption Tax Calculation</td>
<td>600-</td>
<td>1610-</td>
<td>1611-</td>
</tr>
<tr>
<td>Withholding Tax Calculation, Withholding Tax Reporting</td>
<td>600-</td>
<td>1610-</td>
<td>1611-</td>
</tr>
<tr>
<td>Advanced Compliance Reporting (Withholding Tax Reporting)</td>
<td>--</td>
<td>1610 FPS02-</td>
<td>1708, 1811, 1902-</td>
</tr>
<tr>
<td>Advanced Compliance Reporting (Consumption Tax Reporting)</td>
<td>--</td>
<td>1809 FPS2, 1909- (Downport to 1809)</td>
<td>1902, 1905, 1908-</td>
</tr>
<tr>
<td>Payments by Electronic Monetary Claims</td>
<td>606-</td>
<td>1709 FPS01-</td>
<td>1708-</td>
</tr>
<tr>
<td>Payments by Domestic Bank Transfer</td>
<td>600-</td>
<td>1610 FPS01-</td>
<td>1702-</td>
</tr>
<tr>
<td>Payments by Foreign Bank Transfer</td>
<td>600-</td>
<td>1511- (SAPGUI)</td>
<td>--</td>
</tr>
<tr>
<td>Import Bank Statement: ZENGINKYO</td>
<td>600-</td>
<td>1610 FPS01-</td>
<td>1702-</td>
</tr>
<tr>
<td>Machine Learning Based Cash Application</td>
<td>--</td>
<td>1809 FPS02-</td>
<td>1905-</td>
</tr>
<tr>
<td>Invoice Summary</td>
<td>600, 604-</td>
<td>1610, 1610 FPS01-</td>
<td>1611, 1702, 1705-</td>
</tr>
<tr>
<td>Depreciation Calculation</td>
<td>600-</td>
<td>1610-</td>
<td>1611-</td>
</tr>
<tr>
<td>Depreciation Calculation after Asset Impairment</td>
<td>600-</td>
<td>1610 FPS01-</td>
<td>--</td>
</tr>
<tr>
<td>Property Tax Report</td>
<td>600, 604, 605, 606-</td>
<td>1610 FPS01-</td>
<td>1702, 1705-</td>
</tr>
<tr>
<td>Annex16 Report</td>
<td>605-</td>
<td>1610 FPS01-</td>
<td>1702, 1802-</td>
</tr>
</tbody>
</table>
### Availability of SAP Japan Localization Financials (2/2)

#### Flexible Real Estate Management

<table>
<thead>
<tr>
<th>Service Charge Settlement Based on Fixed Unit Prices</th>
<th>600-</th>
<th>1511- (SAPGUI)</th>
<th>--</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment Charge Report for Real Estate</td>
<td>600-</td>
<td>1511- (SAPGUI)</td>
<td>--</td>
</tr>
<tr>
<td>Lease-Out Offices in Mega Cities</td>
<td>600-</td>
<td>1511- (SAPGUI)</td>
<td>--</td>
</tr>
</tbody>
</table>

#### Treasury Risk Management

<table>
<thead>
<tr>
<th>Processing Impairment of Foreign Securities</th>
<th>605-</th>
<th>1511- (SAPGUI)</th>
<th>--</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money Market: Interest Calculation: Start Date and End Date Inclusive</td>
<td>617-</td>
<td>1610-</td>
<td>1808-</td>
</tr>
</tbody>
</table>
## Sales and Distribution

<table>
<thead>
<tr>
<th>Feature</th>
<th>Version</th>
<th>Release</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expiration Date Management – Batch Inversion</td>
<td>(Add-on)</td>
<td>1709-</td>
<td>--</td>
</tr>
<tr>
<td>CHOAI Route Management</td>
<td>(Add-on)</td>
<td>1709-</td>
<td>--</td>
</tr>
</tbody>
</table>

## Purchasing

<table>
<thead>
<tr>
<th>Feature</th>
<th>Version</th>
<th>Release</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary Pricing in Purchasing</td>
<td>605, 606-</td>
<td>1610-</td>
<td>--</td>
</tr>
</tbody>
</table>

## Subcontracting with Chargeable Components

<table>
<thead>
<tr>
<th>Feature</th>
<th>Version</th>
<th>Release</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>600-</td>
<td>1709-</td>
<td>--</td>
</tr>
</tbody>
</table>
Financial Accounting
Calculation of Consumption Tax

- In Japan, consumption tax is incurred for transfer of taxable asset, goods, or services.
  - The history of tax rate is like below, and the reduced rate is introduced on October 1st, 2019.
  - Consumption tax must be posted with the total amount to VAT-sales account or VAT-purchase account.
  - You can utilize the feature of tax classification to differentiate standard rate or reduced rate.
  - You can define your own tax codes and tax classification in case of SAP ERP and SAP S/4HANA. In case of SAP S/4HANA Cloud, SAP delivers the pre-configured tax codes and tax classifications.

Consumption Tax Law requires companies to do the rounding of consumption tax only once for each tax rate per invoice header level. When FI document is posted, consumption tax is calculated and rounded for each tax rate per FI document header level.

In order to get the necessary figures for consumption tax declaration, until Advanced Compliance Reporting becomes available, you can utilize generic reporting program “RFUMSV00” and “RFUMSV10”.

Government defines tax registration number for all companies in Japan as T + corporate number.
- Corporate number of your company is stored in company code master.
- Tax registration number of vendor is stored in vendor master.

https://www.nta.go.jp/m/taxanswer/6303.htm

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Category</td>
<td>Standard</td>
<td>Standard</td>
<td>Standard</td>
<td>Reduced</td>
</tr>
<tr>
<td>National</td>
<td>3.0%</td>
<td>4.0%</td>
<td>6.3%</td>
<td>7.8%</td>
</tr>
<tr>
<td>Local</td>
<td>-</td>
<td>1.0%</td>
<td>1.7%</td>
<td>2.2%</td>
</tr>
<tr>
<td>Total</td>
<td>3.0%</td>
<td>5.0%</td>
<td>8.0%</td>
<td>10.0%</td>
</tr>
</tbody>
</table>
In Japan, certain kinds of payments are subject to withholding taxes. For these payments, you are required to:

– Withhold tax on payments to vendors.
– Report and pay the withheld tax to the tax authorities each month.
– Provide a printout (withholding tax certificate) to the tax authorities, at the end of each year, of all tax withheld per vendor; you can also send the certificate to your vendors as required.

Withholding tax rate and calculation formula is defined by Income Tax Law.

https://www.nta.go.jp/publication/pamph/gensen/aramashi2009/data/05/index.htm
https://www.nta.go.jp/taxes/shiraberu/taxanswer/gensen/2507.htm

If you are required to withhold tax, we recommend you to use the Extended Withholding Tax solution.

You can define your own withholding tax types and withholding codes in case of SAP ERP and SAP S/4HANA. In case of SAP S/4HANA Cloud, SAP delivers the pre-configured withholding tax types and withholding tax codes.
Financial Accounting
Withholding Tax Reporting (Vendor)

- In Japan, certain kinds of payments are subject to withholding taxes. For these payments, you are required to:
  - Withhold tax on payments to vendors.
  - Report and pay the withheld tax to the tax authorities each month.
  - Provide a printout (withholding tax certificate) to the tax authorities, at the end of each year, of all tax withheld per vendor; you can also send the certificate to your vendors as required.

- If you are required to generate certificates and/or files, until Advanced Compliance Reporting becomes available, you can utilize program “RFIDYYWT”.

- To report to the tax authorities, the sample format “Certificate” and the sample file format “Declaration File” are provided by SAP.
- If you store vendor’s corporate number or individual number in vendor master and store your company’s corporate number in company code master, they will be printed on the form or filled in the file.
- When program “RFIDYYWT” accesses individual number of vendor master, access logs are taken. Access logs can be seen by program “RPFIGLO_ACCESSLOG”.

Certificate to Tax Authority

[Image of a certificate example]
Financial Accounting
Advanced Compliance Reporting

Classic legal reporting without ACR

- 1000+ legal reports across countries
- Manual steps for different reports/countries
- Database extracts to prepare reports manually
- Heterogeneous single point solutions
- Cumbersome data display and review
- Manual report data extraction, collection and generation
- Manual monitoring and No transparency of reporting compliance
- Classic reports difficult to extend and adapt

S/4 Advanced Compliance Reporting

- Homogenous legal reporting solution as per Government prescribed formats
- Data Preview, Embedded Analytics and Audit Trail
- Real Time reporting without any data replication and reconciliation
- E2E Monitoring and Complete Transparency on reporting compliance
- Guided platform for defining and extension of reports

Customers moving from ECC to SAP S/4HANA, have option to either use Basic version of ACR (which is part of SAP S/4HANA license) or get the licensed version of ACR.

Basic version of ACR supports legal reports with limited features.

Advanced version provides advanced/value-added capabilities and additional legal reports.

Refer to Feature Scope Description of SAP S/4HANA ACR to understand what is covered in Basic (section 2.5.2.3) and what is covered in Advanced (Section 3.3.2.4).
Basic Compliance Reporting - Basic compliance reporting enables you with the following features:

- Monitor the compliance status and due dates for the supported compliance reports.
- **Generate and submit basic compliance reports.** The generated compliance reports are persisted by the system. Additionally, you can generate business partner correspondence for few supported reports.
  
  Note: Some of the compliance reports need additional licenses.
- Generate and submit ad hoc or non-periodic reports that may be requested by the government authorities on a non-regular basis.
- Define the reporting entities that you need to fulfill the compliance requirements for your organization.
- Upload complementary compliance attachments to support your reporting requirements.
- Based on the available report features, you can download the generated reports for manual submission to the government authorities.
- Verify the content of the legal report and submit the reports electronically to the government.
- Generate correction, additional correction, and clarification runs.
- Schedule the report generation based on your requirements. You can choose to generate the report immediately, or schedule the report generation for a later point in time. You can also cancel the reports runs that are in-process.
- View and process the activities that are relevant for your compliance reporting scenario.

**Generate and submit basic compliance reports - With basic compliance reporting you can submit:**
[Page.37-38]
The basic compliance reporting features are part of SAP S/4HANA Enterprise Management. On top of these features, SAP S/4HANA provides additional features which require an additional license.

Run advanced compliance reports
- You can perform embedded analytics for compliance reports using data analysis.
- You can track the items considered for reporting under a specific report run for the supported reports. This tracking helps to analyze and audit these documents.
- You can visualize and interpret output formats in a user-friendly and consistent manner using the data preview feature.
- You can make manual changes to the document data after the document has been generated.
- Advanced compliance reporting currently supports the Manage Tax Items for Legal Reporting activity that allows a G/L accountant to move one or more tax items between the reporting periods by changing the tax reporting date.

Define advanced compliance reports
You can use advanced compliance reporting design time application to define additional compliance reports. Some of the features of design time application are:
- You can use reference report definitions to extend an existing report definition, both SAP standard as well as the ones created in your namespace.
- You can create and assign reporting activities that are relevant to your reporting process. Advanced compliance reporting currently supports the Tax Payable Posting activity that allows the posting of tax payments for the already generated VAT returns.
- You can create report categories. You must assign country, phases, organizational units, and activities to a report category.
- You can reuse existing report categories by creating report categories with reference. When you create report category through reference, the inherited attributes remain read-only. You cannot delete any of the inherited attributes. You can, however, assign new activities for the report category.
- You can specify the output documents in diverse formats, for example, XML, flat files, PDF, or JSON.
- You can map elements with multiple data sources, such as, database tables, database views (including CDS views), analytic queries (CDS), BEx queries, and BRFplus functions.

Generate and submit advanced compliance reports - With advanced compliance reporting, you can generate the following reports, in addition to the ones listed in Basic Compliance Reporting:
[Page.261]
Financial Accounting
Adaptation of ACR for Japan Consumption Tax Reporting and Japan Withholding Tax Reporting

Reporting Category: Japan VAT Return

Reporting Category: Japan Withholding Tax - White Return

(*) Released with minimum viable scope. Enhancements/Improvements will be covered in later releases.
Financial Accounting
Payments by Electronic Monetary Claims (FI-AP)

1. Post accounts payable (Transaction FB01)
   - Dr) Goods/Services
   - Cr) A/P (Vendor)

2. Payment run and post EBoE-Payable (Transaction F110)
   - Dr) A/P (Vendor)
   - Cr) EBoE-Payable (Vendor)
   - Dr) BoE Liability Clearing
   - Cr) Bank sub account

3. Assign EMC number to EBoE-Payable (Transaction EMC_JP)
   - EBoE-Payable (vendor item)
   - \( \rightarrow \) EBoE-Payable <No.1> (vendor item)

4. Check the status of EBoE-Payable (Reporting program RFWEKO02)

5. Payment and Clearing of EBoE-Payable (Transaction FBWD)
   - Dr) EBoE-Payable <No.1> (vendor item)
   - Cr) BoE Liability Clearing
   - Dr) Bank sub account
   - Cr) Bank account (or Bank sub account)

EMC organization / Bank

- File receipt
- Take a new number and record a new issuance of EMC
- Notify EMC Number and the registered information into EMC DB
- Notify the maturity and payment amount
- Record the payment
Financial Accounting
Payments by Domestic Bank Transfer (SOGO FURIKOMI)

Vendor master
Configuration of Payment Run

Proposal Run and Edit
Proposal List
Exception List
Edit Payment Proposal

Approval
Payment Program (Transaction F110)

Payment Data (REGUP)
Proposal Data (REGUH)

Payment Run
Payment Data (REGUP)
Payment Data (REGUH)

Automatically Journal entries created
Dr) Bank Sub-Account
Cr) AP
Cr) Bank Sub-Account
Cr) Bank Charge
Cr) VAT

Display/Change line items - Due date, etc.

Create DME Files
RFFO Program or PMW Format
JP_ZENGINKYO.XML
JP_ZENGINKYO

Download
DME File

©2019 SAP SE or an SAP affiliate company. All rights reserved.
Financial Accounting
Payments by Foreign Bank Transfer (GAIKOKU SOKIN IRAI)

1. Change supplier invoice by treasury division
   - Set the detail information on foreign remittance

2. Payment Run
   - Clearing supplier invoice

3. Generate Files
   - RFFO Program or PMW Format
   - JP_ZENGINKYO_I

4. Clearing by “Payment Order Number”
   - Dr) A/P
   - Cr) Bank sub account (or Bank account)
   - Dr(Cr) Exchange gain/loss

Origination of Transfer
- Number of payment order is submitted to house bank as “Application for Remittance Number.”
- ZENGINKYO Format DME File (Foreign Remittance Result)
- Application for Foreign Remittance (Private form) (Japanese)
- Payment Advice (Available Payee’s language)

Sending Bank (House Bank)
- Post / Fax

Receiving Bank (Payee’s Bank)
- Payee (Vendor)

(Note) In SAP S/4HANA Cloud, open item search with payment order is not available, the end-to-end process of foreign bank transfer is not covered.

©2019 SAP SE or an SAP affiliate company. All rights reserved.
Financial Accounting
Import Bank Statement ZENGINKYO

Program RFEBJP00 imports bank statements (text file) into the SAP system and program RFEBJP0X imports bank statements (xml file).

Then batch input sessions are generated for posting in G/L and subledger accounting.

The imported information from bank statement is stored in table FEBKO (Bank statement header), FEBEP (Bank statement item), FEBRE (Reference for bank statement item), FEBCL (Clearing information for bank statement item), FEBVW (Bank statement administration data), etc.

There are two types of bank statements for ZENGINKYO:
1. General account transaction information (Nyuu-Shukkin Torihiki Meisai)
2. Credit memo transfer information (Furikomi Nyuukin Tsuchi)

The program checks whether the business transaction codes (external transactions) used by the bank were allocated to an internal transaction within the system configuration. This is necessary because the system posts to the G/L and sub ledger accounts by using the posting rules stored under an internal transaction.

For external transactions, the system uses the Japanese ZENGINKYO code.
Receivables Line Item Matching
Training & Inference Process Overview

Training process

- Historical clearing documents
- Machine-learning training

Inference and clearing process

- Open bank statement items plus receivables
- Matching proposals

- Matches autocleared, proposals viewed over SAP Fiori apps

Can utilize localized solution
Utilize generic solution

(*) SAP Note 2785377, 2692862
Data Image to be Sent to Machine Learning Services
In Case of Utilizing Country-Specific Features

Customer Invoices

Matching Relation

Bank Statements
Financial Accounting
Invoice Summary (FI-AR)

“Invoice Summary” supports the following “invoicing” as of SAP ERP 6.0.

Billing each time, for the reminder of payment
Billing-document-based receivables management

Billing together per customer’s closing date, for the reminder of payment
Invoice-based receivables management
### Financial Accounting

#### Corporate Tax Law Depreciation Calculation

With the new depreciation engine (SAP ERP 6.0 EA-FIN, SP05), SAP delivers the following depreciation keys with chart of depreciation 0JP in client 000.

<table>
<thead>
<tr>
<th>New Function</th>
<th>Description</th>
</tr>
</thead>
</table>
| **New Dep. Key: SLT, SLI, DB**  
SLM & DBM for Japanese Tax | • Depreciation keys for the straight-line method and the declining-balance method using legal depreciation rates determined by the asset’s useful life.  
• Improved usability by reducing the number of depreciation keys |
| **New Dep. Key: DS**  
Switch Dep. Method (DBM → SLM) | • Depreciation key for assets whose depreciation method is switched from declining-balance method to straight-line method  
• Improved usability by reducing the number of depreciation keys |

As SAP Note 932330 mentions, after April 1, 2013, the Legal Change solution will be delivered ONLY for the new depreciation engine.

You can continue to use the former depreciation keys, such as JD** and JL**, in the new depreciation engine, however, any enhancement will not be planned for JD** and JL**.

Because Legal Change 2007 (Depreciation Method Change) occurred after the new features were released, SAP delivered SAP Note.1057539 and its related notes.
Financial Accounting
Corporate Tax Law Depreciation Calculation

After legal change 2007 and 2011, Japan depreciation keys for Corporate Tax Law are like below.

<table>
<thead>
<tr>
<th>Depreciation method according to Japanese Corporate Tax Law</th>
<th>Assets acquired before April 1st, 2007</th>
<th>Assets acquired after April 1st, 2007</th>
<th>Assets acquired after April 1st, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Do NOT use country-specific depreciation method</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Straight-line method</td>
<td>JL** + 2nd phase (Main Note 1057539)</td>
<td>Create new keys (Main Note 1057539)</td>
<td>Create new keys (Main Note 1057539)</td>
</tr>
<tr>
<td>Declining-balance method</td>
<td>JD** + 2nd phase (Main Note 1057539)</td>
<td>Create new keys (Main Note 1057539)</td>
<td>Create new keys (Main Note 1566382)</td>
</tr>
<tr>
<td>DBM → SLM</td>
<td>Create new keys (SAP Note 1560781)</td>
<td>Create new keys (SAP Note 1560781)</td>
<td>Create new keys (SAP Note 1560781)</td>
</tr>
<tr>
<td><strong>USE country-specific depreciation method</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Straight-line method (Tangible asset)</td>
<td>SLT + 2nd phase (Main Note 1057539)</td>
<td>DS7 (Main Note 1057539)</td>
<td>DS11 (Main Note 1057539)</td>
</tr>
<tr>
<td>Straight-line method (Intangible asset)</td>
<td>SLI</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Declining-balance method</td>
<td>DB + 2nd phase (Main Note 1057539)</td>
<td>DB7 (Main Note 1057539)</td>
<td>DB11 (Main Note 1566382)</td>
</tr>
<tr>
<td>DBM → SLM</td>
<td>DS + 2nd phase (SAP Note 1560781)</td>
<td>Create new key (SAP Note 1560781)</td>
<td>Create new key (SAP Note 1560781)</td>
</tr>
</tbody>
</table>
Since the new depreciation engine (SAP ERP 6.0 EA-FIN, SP06), SAP delivers the following depreciation keys with chart of depreciation 0JP in client 000.

These four depreciation keys are based on “JGAAP for Asset Impairment.”

- **Depreciation key IDB**
  Depreciation = Book value after impairment * (1 – [remaining value / book value after impairment]^{1/\text{Remaining useful life}})

Depreciation is calculated in the following years based on the net book value of an asset.

- **Depreciation key IDM**
  Depreciation in the year of impairment = Book value after impairment * Rate * 10/9
  Where rate is calculated as: 1 – 0.1^{1/\text{Remaining useful life}}.

Depreciation in the following years = Remaining depreciable value * Rate * 10/9
where remaining depreciable value is calculated as: book value after impairment * (1 – Rate)_{\text{past years}}.

- **Depreciation key ILI**
  Depreciation = Book value after impairment * 1 / \text{remaining useful life}.

- **Depreciation key ILT**
  Depreciation = (Book value after impairment – remaining value) * 1 / \text{remaining useful life}.

(Note 1) The additional postings, such as acquisition and investment support for impaired assets, are not supported. Also refer to SAP Note 951312 and SAP Note 986616.

(Note 2) In S/4HANA Cloud, Japan specific transaction type for impairment is not available, there is restriction to use depreciation keys after asset impairment.
Selection screen of Property Tax Report for Japan (RAIDJP_TAX)

Property Tax Report for Japan (Program: RAIDJP_TAX)

Currency code of all company codes selected in this program must be same. Group assets are out of scope of this program (RAIDJP_TAX).

Result Table for ProPT

Declaration data (last year)

F-I-AA Asset Transactions

Transaction data (current year)
Acquisition, retirement, and transfer

FI-AA Asset Master

Master data
City codes, useful life, and classification key

Result Table for ProPT

Declaration data (current year)

Result table (Image)

<table>
<thead>
<tr>
<th>Asset no</th>
<th>Dec.Year</th>
<th>Timestamp</th>
<th>TBV</th>
<th>TEA</th>
<th>Taxable Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>100</td>
<td>2003</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100</td>
<td>2004</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100</td>
<td>2005</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>100</td>
<td>2006</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*After Legal Change 2008, companies no longer have to declare tax book value.
Financial Accounting
Annex 16 (FI-AA)

Every company that has offices and owns fixed assets in Japan must submit Annex 16 forms to the National Tax Agency. Companies submit Annex 16 forms together with their annual tax return. The Annex 16 forms show details of the depreciation costs and any adjustments that you must make to the accounting-based depreciation of your assets.

You use the Annex 16 report to prepare the following forms:

- **Annex 16-1** - Assets that depreciate using the straight-line depreciation method
- **Annex 16-2** - Assets that depreciate using the declining-balance method
- **Annex 16-4** - Leased assets that depreciates using the straight-line method
- **Annex 16-6** - Deferred assets
- **Annex 16-8** - One-time depreciation
Flexible Real Estate Management
Service Charge Settlement Based on Fixed Unit Prices

Bureau of Waterworks Local Government

Invoice
10,500 JPY

Calculation

Tenant A 50 m³
@105
50 m³ = 5,250 JPY

Tenant B 40 m³
@105
40 m³ = 4,200 JPY

Tenant C 10 m³
@105
10 m³ = 1,050 JPY

Unit Fix Price = 105 JPY / m³

Actual Price or Fixed Price

FI Doc
Invoice
Water 5,250 JPY

FI Doc
Invoice
Water 4,200 JPY

FI Doc
Invoice
Water 1,050 JPY

Total
10,500 JPY
Flexible Real Estate Management
Payment Charge Report for Real Estate

You need to prepare this annual report if the annual real estate charges of your company to a vendor are higher than the amount specified by law in that year.

The report collects these payments (created by periodic or one-time posting) and creates a printout or an electronic file (Form 313), which you can file with the authorities.

You can also use this function to create a summary report that collects the number of all payees and the number of payment charges that are above the payment limit.

Printout (certificate) (Form 313)

Electronic file layout (Form 313)
Flexible Real Estate Management
Lease-Out Offices in Megacities

Companies in Japan have to pay business taxes in the form of property taxes and employee base taxes yearly if they own or lease more than 1000m² of space or have more than 100 employees in all of their offices in a city.
On the other hand, the companies that are leasing out the rental spaces for the companies eligible for business tax have to report the leased out offices as a measure of error prevention in the tenants’ business tax reports. They also have to report buildings or offices that are sublet (leased, but leased out at the same time).

The frequency of these reports depends on the frequency of changes in the lease-out conditions. If this frequency is high, the company can agree on less frequent reporting with the authorities, for example, once a quarter.
Treasury and Risk Management
Processing Impairment of Foreign Securities

According to JGAAP for Financial Instruments, impairment loss for securities in foreign currency is calculated as \(<\text{NBV in JPY} – \text{Fair Value in JPY}>\).

Like an example shown in the right side, from the price point of view, it is valuation loss, however, from the currency translation point of view, it is valuation gain, due to weak Yen. In this case, via transaction TPM73, fair value in JPY is entered and this value is considered in transaction TPM70, then impairment loss is calculated as \(<\text{NBV in JPY} – \text{Fair Value in JPY}>\).
In Japan, the interest calculation period for borrowings and loans includes BOTH start date AND end date.

For Interest Rate Instruments, regarding the interest calculation period, the option to include both start date and end date has been provided since SAP ECC .0 EhP7.

<table>
<thead>
<tr>
<th>Start Date</th>
<th>End Date</th>
<th>Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016/11/7</td>
<td>2017/2/7</td>
<td>93</td>
</tr>
<tr>
<td>2016/5/7</td>
<td>2017/8/7</td>
<td>89</td>
</tr>
<tr>
<td>2016/8/7</td>
<td>2017/11/7</td>
<td>92</td>
</tr>
<tr>
<td>2017/8/7</td>
<td>2017/11/7</td>
<td>92</td>
</tr>
</tbody>
</table>
Sales and Distribution
Expiration Date Management – Batch Inversion Check

Retailer

Consumer

- Want goods as fresh as possible
- Request to guarantee the safety of not only provided goods/products themselves but also materials used in those provided goods/products

Batch management is very crucial.

Batch Management which Consumer Products Industry requires

Receive Order

Close Receiving Delivery

Delivery Instruction

Goods Issue

Recognize Revenue

Billing

Batch Management (Core)

Auto determination of batch based on batch characteristics

Determination of batch based on Expiration date

Batch determination and batch split based on the upper limit number of batch split

Japanese-specific feature

Prevent batch-inversion by using Expiration Date Management

FIFO

Remaining Days to Expiration Date

Control the Number of Batch Split

Prevent Batch-Inversion

• Want goods as fresh as possible
• Request to guarantee the safety of not only provided goods/products themselves but also materials used in those provided goods/products

Retailer

Consumer

Receive Order

Close Receiving Delivery

Delivery Instruction

Goods Issue

Recognize Revenue

Billing

Batch Management (Core)

Auto determination of batch based on batch characteristics

Determination of batch based on Expiration date

Batch determination and batch split based on the upper limit number of batch split

Japanese-specific feature

Prevent batch-inversion by using Expiration Date Management

FIFO

Remaining Days to Expiration Date

Control the Number of Batch Split

Prevent Batch-Inversion
Sales and Distribution
Expiration Date Management – Batch Inversion Check

Manufacturer of Consumer Products

Batch: 12345
Manufacturing Date: 2007/10/25
No. of stock: 20 cases

Batch: 12350
Manufacturing Date: 2007/10/26
No. of stock: 40 cases

Batch: 12368
Manufacturing Date: 2007/10/27
No. of stock: 60 cases

Batch: 12384
Manufacturing Date: 2007/10/28
No. of stock: 80 cases

12/5 Order 40 cases
12/7 Order 50 cases

Will not be able to assign this batch to A store anymore

Retailer (A store)
Upper limit of split: 1

Candidate batch assigned to A store, later on

Assign this batch to 12/5 Order
Sales and Distribution
Positioning of CHOAI Route Management

SAP Standard Sales Order Initial Screen

Order entry prompt screen

Sales order
Sales doc. type
Route ID: Select Condition
CHOAI route ID
Division
Route-to-to-part

Route Master: 12345678

Partner Function set at Sales Order (Header Level)

<table>
<thead>
<tr>
<th>Partner Function</th>
<th>Customer</th>
</tr>
</thead>
<tbody>
<tr>
<td>Z0</td>
<td>AAAAAAAA</td>
</tr>
<tr>
<td>Z1</td>
<td>BBBBBBBB</td>
</tr>
<tr>
<td>Z2</td>
<td>CCCCCCCC</td>
</tr>
<tr>
<td>Z3</td>
<td>DDDDDDDD</td>
</tr>
<tr>
<td>Z4</td>
<td>EEEEEEEE</td>
</tr>
<tr>
<td>Z5</td>
<td>FFFFFFFFFF</td>
</tr>
<tr>
<td>BP</td>
<td>GGGGGGGG</td>
</tr>
<tr>
<td>SP</td>
<td>HHHHHHHH</td>
</tr>
<tr>
<td>ZY</td>
<td>AAAAAAAA</td>
</tr>
<tr>
<td>YH</td>
<td>EEEEEEEE</td>
</tr>
</tbody>
</table>

You can use SAP Standard Initial Screen as well.

SAP Standard
Sales Order Initial Screen

Determine CHOAI Route

Determine SHORYU Information, Shipment Information

Sales Order 2nd Screen (SAP Standard)
Sales and Distribution
CHOAI Route Management – CHOAI Route Master (GMS), Example

Business Flow (Document Flow)
A Corporation → B Foods → F Mart
Logistics
F Mart

©2019 SAP SE or an SAP affiliate company. All rights reserved.
Purchasing
Temporary Pricing in Purchasing

If condition type ETPR=1 JPY is set in info record, it is recognized as temporary price. When purchase order is created, temporary price flag is ON.

Once the price is determined, via transaction J1_MASSPO, temporary price flag should be removed.
Subcontracting with Chargeable Components

Production Planning
- Requirement for Subcon. Products
  - MRP

Purchasing Management of Subcontracted Products
- P.O. for Subcon. Products
  - Goods issue of components
  - Goods Receipt of Subcon. Products

Supplying Management of Components
- Requirement for components
  - Supply components
  - Components consumption (automatically)

Own Company (Plant)
- Payables (Labor Cost)
  - Deductible A/P (Chargeable Material Cost)
  - Offset

Subcontractor
- Delivery of Subcon. products
  - Components
  - Chargeable
  - Non-Chargeable

Invoicing and Payment (Offset)
- Unconfirmed A/R
  - Payment

Japan Localization
Related Information
SAP Japan Localization Financials and Logistics

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

- **SAP Globalization Services SAP ERP and S/4 HANA Finance:**

Some documentations are prepared in English as well. If you would like English documentation, please contact SAP.

- **Legal change report:**
  [https://launchpad.support.sap.com/#/legalchangenotification](https://launchpad.support.sap.com/#/legalchangenotification)

- **Product Assistance:**
  [https://help.sap.com/viewer/26b08c9979fa435faafcf6033ca0cf93/1809.002/en-US/e0247b6650b64b359139ce545ff3f08f.html](https://help.sap.com/viewer/26b08c9979fa435faafcf6033ca0cf93/1809.002/en-US/e0247b6650b64b359139ce545ff3f08f.html) (SAP S/4HANA On Premise 1809 FPS02)

- **Jam Group: SAP FIN/LOG Solutions for Japan**
  Request the access authorization via JSUG site.
Agenda

SAP Japan Localization Human Capital Management

- Our on-premise and cloud HR software in Japan
- SAP ERP HCM: Localization in Core HR and Payroll Japan
- SAP SuccessFactors: Localization in Employee Central and Payroll
- Core HR and Payroll Japan Localization
  - Rehiring Following Retirement
  - Corporate Pension
  - Maternity/Child care/Nursing Leave
  - Time Recording
  - My Number
  - e-GOV Solution
Our on-premise and cloud HR software in Japan

- **HR software for Japan since 1993**
  - Released Core HR and Payroll for Japan in 1993
  - Supports Japan-specific business processes and legal requirements
  - Continuous localization based on customers’ requirement

- **Customer base in Japan**
  - Approximately 400 groups of companies and 2000 legal entities (as at 2019)

- **Frequent and complex legal changes**
  - Provide timely information and corrections to customers.
  - [https://launchpad.support.sap.com/#/legalchangenotification](https://launchpad.support.sap.com/#/legalchangenotification)
SAP ERP HCM Japan: Localization in HR Core and Payroll

**Master data**
- Commuting allowance and route administration
- Union membership administration
- SHUKKO administration

**Payroll**
- Monthly payroll with Kijun-nai/Kijun-gai period
- SHOYO (bonus) payment
- Retirement liquidation and retirement allowance payment
- Year-end adjustment
- Non-resident payroll accounting
- Bank transfer using ZENGINKYO (Japanese Bankers Association) format

**Social insurance / Labor insurance**
- Social insurance legal forms (acquire, lost, SANTE, GEPPEN etc.)
- Labor insurance legal forms (acquire, lost, transfer etc.)

**Tax**
- Year-end adjustment legal forms (Withholding Tax Statement, Payment Report, Dependent Tax Deduction)
- Resident tax payment via data media file

**Time Management**
- Hourly paid leave
- 36 Agreement
SAP SuccessFactors: Localization in Employee Central and Employee Central Payroll

- SAP SuccessFactors Employee Central is localized for Japan.

- SAP SuccessFactors Employee Central Payroll (ECP) is based on SAP’s on-premise payroll engine and localized for Japan.

- As part country localizations country specific fields for Address Formats, Name formats, Contract Details, Dependent details and deep validations are delivered.

- SAP Best Practices for SAP SuccessFactors is available since 1902 for fast and automated deployment.
Core HR and Payroll Japan Localization

Japan localization helps our customers run HR processes smoothly and efficiently.

<table>
<thead>
<tr>
<th>Major localization</th>
<th>Related documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payroll (Monthly payroll, Shoyo/Non-periodic Shoyo, Retirement allowance, Year End Adjustment, Non-resident payroll, Commuting allowance, Union membership, Shukko management, Tax/Social Insurance/Labor Insurance etc.)</td>
<td>Online help (JA/EN) Legal reports overview (JA/EN)※</td>
</tr>
<tr>
<td>Income tax / Resident tax forms (Dependent, Withhold Tax Statement, Resident tax change etc.)</td>
<td>Overview (JA/EN)※</td>
</tr>
<tr>
<td>Health Insurance/Employee Pension forms (Acquire, Lost, Santei, Geppen, Shoyo payment etc.)</td>
<td>Overview (JA/EN)※</td>
</tr>
<tr>
<td>Employment Insurance forms (Acquire, Lost, Transfer, Certification of Leaving, continuous employment benefits for the elderly etc.)</td>
<td>Overview (JA/EN)※</td>
</tr>
<tr>
<td>ESS (Address, Year End Adjustment etc.)</td>
<td>Overview/Details (JA/EN)※</td>
</tr>
<tr>
<td>Group Insurance Data Exchange</td>
<td>Overview (JA)※ Details (JA)※</td>
</tr>
</tbody>
</table>
Rehiring Following Retirement

Rehiring following Retirement is designed for a business case where employees re-enter the company on day after they left that same company with the same personnel numbers. In such a business case, there is a special way to handle social insurance and the company has to submit relevant legal forms.

Main features:
- Master data management
- Enhancement of retirement liquidation
- Enhancement of retirement allowance calculation
- Legal reports
Corporate Pension

- Corporate pensions are part of the retirement payment system.
- Functions for cooperate pension: Master data, Payroll and Reporting/Interface
- Supports several ways to calculate pension contribution

### Defined Benefit Plan (DB)

- Amount of benefits is fixed
- Benefit Amount = Premium amount + Earnings

### Defined Contribution Plan (DC)

- Amount of premium is fixed
- Premium amount + Earnings = Benefit Amount

A company manages pension assets:

- Company

An employee manages pension assets:

- Company
Maternity/Childcare/Nursing Leave provides the following functions:

• Mater Data for Leave
• Standardization of leave related operations
• Legal forms for leave
Time Recording

Overtime work is allowed after concluding an overtime work agreement (so called “36-agreement”) and filing it with the Labor Standards Inspection Office. An employer cannot demand its employees to work longer than the maximum specified in 36-agreement. It is also required by laws to use the time unit of 1 minute to manage start / end time and working hours. To comply with these requirements, the following functions are provided:

- Overtime Work Check
- Time management and calculation in unit of minute
My Number

Social Security and Tax Number, aka My Number, is a system which improves administrative efficiency and enhances public convenience by notifying every resident of his or her own individual number. It is allowed to use Individual Numbers only for the purposes stipulated by law and required to take security measure to handle Personal information including Individual numbers in safe manners.

Social infrastructure to identify the personal information which is handled in different authorities, such as Tax office, Pension office, Municipal offices etc.

- A fairer and more just society
- Improved administrative efficiency
- Enhance public convenience
- Control own personal information with protecting privacy

### Usage

**Social Security**
- Acquisition of pension qualification, pension confirmation and payment
- Acquisition of unemployment insurance qualification, insurance confirmation and payment, Hello Work-related affairs
- Collection of medical insurance premiums, Welfare benefits, public assistance etc

**Tax**
- Notation on income tax returns, notifications, records, etc., submitted to tax authorities
- Internal administrative work of tax authorities, etc.

**Disaster response**
- Payment of funding for rebuilding the livelihood of disaster victims
- Preparation of disaster victims’ books, etc.
e-GOV Solution

e-Gov is a portal website run by Japanese government. Employers! are able to submit social and labor insurance forms through the website. e-GOV provides APIs to increase the utilization rate of online submission about legal reports since October 2014.

**SAP Standard solution:**
1. Generate and manage Form XML and CSV file as attachment
2. Manage attachments for e-GOV submission and return documents from e-GOV
3. Generate and manage Admin XML
4. Manage status of the procedures for e-GOV

**Partner solution:**
1. Edit Admin XML and handle digital signature
2. Handle Request XML/Response XML
3. Retrieve updated status and return documents
Lesson Summary

You should now be able to

- Explain the highlights of SAP ERP Financials and Logistics in SAP Japan Localization
- Explain the highlights of SAP S/4HANA Financials and Logistics in SAP Japan Localization
- Explain the highlights of SAP S/4HANA Cloud Financials in SAP Japan Localization
- Explain the highlights of Human Capital Management solutions in SAP Japan localization
Related Information

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

- **Country page:**
    - Japan

- **Legal change notification:**
  - [https://launchpad.support.sap.com/#/legalchangetenotification](https://launchpad.support.sap.com/#/legalchangetenotification)

- **SAP Best Practices for SAP SuccessFactors Employee Central (Japan):**
Thank You.

Contact information:

SAP Globalization Services:
globalization@sap.com