Hello and welcome to this session on the German country version.

In this lesson, I will present

- An overview of the country specifics in the Financials area
- A guidance on how SAP manages legal changes for rollout
- The documentation paths in SAP system
Objectives

At the end of this lesson, you will be able to:

- Understand the German localization requirements
- Outline the German localization features in Financials (Country Version Germany)
- Explain the German localization features in Financials
- Understand the solution support and rollout strategy for Germany

After completing this session, you will be able to:

- Understand the German localization requirements
- Outline the localization features of the German country version
- Explain German localization features in Financials
- Understand the solution support and rollout strategy regarding the Country version for Germany
Here’s what I’ve prepared for you for about the next half hour: Starting with some quick facts on the country version Germany, this session will outline the requirements that must be met by any ERP software provider in Germany, enabling companies to run their business compliantly.

In addition, I will briefly introduce the features offered by the German country version in the area of Finance.

I will also touch its support system and certain recommendations for those who plan to use the German country version.
So let’s start with some quick facts on the country version Germany.
Country Version Germany
Quick Facts

Key Strengths

- Available as SAP standard before 3.11 and a trusted name among organizations
- Provides legal compliance for business transactions
- Standard and simplified rollout strategy for legal changes
- Large customer base including global giants

Challenges

- Financials provide solutions for legal reporting, payments, and more.
- Legal Changes
  - Come unplanned
  - Effective on short Notice
  - Mandatory and often mission-critical category

Key Strengths:

- The German country version has been a market leader for decades. The German country version is being updated in all higher releases up to the latest ECC 6.0 enhancement package.
- It provides legal compliance features for various business transactions enabling businesses to run better. Both development and support for these features are completely provided by the highly skilled team located in Germany, one of the most experienced research and development team in the SAP Labs network across the world.
- The German country version is now operational in most of the top business corporations in Germany across industries, including global business giants having establishments in Germany.

Challenges:

- The major localization area:
- FI/LO: It mainly covers the legally required reports in the VAT area and provides the payment formats for automated domestic or foreign payment transactions.
Now, let’s go through the German requirements. We will take a deeper look at the German legislation complexity and language requirements.
There are 3 major criteria that determine the complexity of a country version. These are the following:

- Law complexity
- Law frequency
- Official Language(s), (countries with 1 or more official languages)

Regarding the law complexity of the German country version,

- The complexity of the Finance/Logistics German country version is medium complex. This is mainly due to country-specific taxes and tax rules, as well as special tax scenarios, such as tax reporting.
Country Snapshot
Germany

**Financials**

<table>
<thead>
<tr>
<th>Law Complexity ranking</th>
<th>From the law perspective, German legislation is medium complex.</th>
</tr>
</thead>
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<tr>
<td>Frequency of legal changes</td>
<td>The frequency of new legal changes is dynamic.</td>
</tr>
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</table>

The second criterion relates to the law frequency in Germany.

- The Financials area is very dynamic, which means that most legal changes are expected at the beginning of a year and become less during the year.
**Country Snapshot**

**Germany**

**Financials**

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| Official local language | Official language is German |

The German country version is provided with a German UI, German help, and German documentation.
German Requirements: An Insight

Financial Details
A Snapshot

Now, let's have a closer at the German requirements of the German country version's Financials part.
### Tax area

<table>
<thead>
<tr>
<th>VAT report</th>
<th>Advance Tax Return</th>
<th>Electronic Advance Tax Return on Sales and Purchase</th>
<th>Input Tax Processing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creates the advance return for tax on sales/purchases. It creates a batch input session for automatic transfer posting of tax payable and also fills out the tax return if required.</td>
<td>Allows you to create your tax return or advance tax list directly from your GL accounting in lists form.</td>
<td>Allows you to create your tax return or advance tax list directly from your GL accounting in lists form.</td>
<td>This component supports input tax processing in accordance with the German law (preemptive right on sales tax).</td>
</tr>
</tbody>
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- **In the Finance area, the tax area is the heart of the German country version.**
  - The VAT Report is an official periodic report that must be submitted to the tax authorities.
  - The rules and periods for submitting the value added tax (VAT) report are compliant with German tax legislation.
  - Vat reporting is supported in the German country version providing the advance return tax on sales & purchases. Automatic transfer posting of tax payable is provided as well as filling out the tax return.

- **Advance Tax Return (list form)**
  - You can create the advance tax return and the annual tax return in list form using programs accessible from the General Ledger Accounting menu. You can then transfer the necessary data to the official forms for the tax authorities. The evaluation is performed using these documents. You can then send this data directly to the relevant tax authority.

- **Advance Tax Return (electronic)**
  - This program creates the advance return for tax on sales/purchases, and, if required, also creates a batch input session for automatic transfer posting of tax payable. The program can also fill out the tax return if required.
  - You can display the return at line item level for each tax type (output and input tax). Note however, that even when you suppress the line item information, the data is still taken from the individual documents.
Input Tax Processing

For mixed rentals (commercial/residential), it is necessary to separate the input tax on incoming postings into nondeductible and deductible amounts. While the deductible input tax can be balanced against the output tax, the nondeductible input tax has to be:

- Distributed to private usage, in the case of apportionable acquisition/production cost
- Activated, in the case of expenses subject to activation in Asset Accounting (FI-AA). Changes in the usage of the asset lead to corrections in Asset Accounting in accordance with German law.
### Legal Compliance Requirements

#### Financials

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<th>Payment area</th>
<th>The following formats are supported:</th>
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<tr>
<td><strong>Domestic outgoing payments</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Foreign outgoing payments</strong></td>
<td></td>
</tr>
<tr>
<td><strong>SEPA Outgoing Payments</strong></td>
<td>DTAZV for transfers abroad</td>
</tr>
</tbody>
</table>

The German country version supports payment formats in the outgoing payment area as well as in the upload phase of bank statements.

- **SEPA**
- Enable the XML generation of the new standard European SEPA direct debits and SEPA credit transfers
  - **DTAZV**
- The DTAZV format creates data media for foreign transfers, bank checks, and domestic transfers in foreign currency for German payment transactions.
- In addition to the data medium, the program creates an accompanying sheet that must be sent to the bank together with the file including a foreign trade report list as documentation to the Central Bank.
Another important area of the German country version is the reporting part based on GL accounts to close fiscal years.

- Financial statement as part of the yearly closing activity is supported as well as profit & loss statement according to the German legislation.
- EC Sales List

If required, you can request a line item list that lists the information to be reported at document level and which totals the following:

- total per subcontracting indicator (0/1)
- total per VAT registration number of the customer
- total per company code

The structure of the EC sales list itself is stored in an SAP script default form for the German EC sales list; this form has been authorized by the German tax authorities. Furthermore, the form, in addition to issuing the necessary data for the report also issues the address data of the customer.

The report should display the invoiced value of goods in local currency for each VAT registration number of the customer.
KOBRA File Generation

- This report generates a list or file of export billing document data for a KOBRA declaration for submission to the statistical authorities.
- The report selects data from the relevant billing documents and writes the data relevant for KOBRA into intermediate databases.
- The program processes the relevant data based on the corresponding regulations and saves it in a UNIX file.
- The output is a diskette version of the list that can be sent to the customs authorities.

Foreign Trade Regulation

- In Germany, companies have to declare payables to and receivables from foreign customers/vendors to the relevant state central bank. This information is reported separately for companies that are members of a consolidation group and for those that are not. The amounts involved are displayed according to country and currency. Vendor and customer items still open at the key date are broken down further.
Starting with country version Germany support and rollout.

- There are a number of informative Notes available in the SAP Notes repository, which includes FAQs for various functionality points and some installation guidance notes too, which can be referred. Please refer to the Appendix slides for the same.

- Legal Changes coming unplanned during the year are rolled out smoothly via SAP Solution Notes, which can be applied directly in the customer’s systems.

- In addition, legal changes are supported by special rollout procedures, for example, CLC.

- SAP Service Marketplace also hosts a dedicated Germany Page that provides the latest updates on the German Country Version, directly accessible by the customers.
Let me briefly explain the legal change rollout process at SAP.
SAP may continuously provide legal changes to its country versions to support customers to comply with changing laws in their countries. In many cases, this information reflects legislation and regulations that have not yet been fully approved.

SAP provides a standard way to implement FI legal changes, but two options to implement HCM legal changes:

- Support Packages are released monthly and provide customers around the globe with the latest legal requirements and corrections. They include all updates for international functions and country versions.

- Country Legal Change Packages (CLC) represent another way of delivering HCM legal changes; they are offered in addition to HRSPs. CLC Packages include country-specific legal changes – one CLC Package per country – and they enable customers to decide when to implement legal changes for their country versions, and thereby reduce test efforts and risks significantly. This delivery process will be available for the following software components: SAP_HR, EA-HR, and HR-CEE.
You can find information on planned legal changes for laws that go into effect in SAP ERP Financials, SAP ERP Operations and SAP ERP Human Capital Management in the Legal Change Report.

The Legal change report includes all current legal changes. The legal change files include the following information:

Short description of the planned legal change, link to the corresponding SAP announcement Note, where you find detailed information about the calendar week/year in which planned legal changes are assumed to be provided or whether the legal change is already available.
Lastly, definitely not the least, here are some recommendations for the ones new to the country version Germany:

- First and foremost, as you may agree, the country version Germany is not a “do-it-yourself” system. With the level of complexity involved, it is recommended to have experts on board, right from the beginning.
- There is definitely some expert knowledge required on global templates as it has been observed by many global customers to avoid late surprises.
- It is strongly recommended that the customer upgrades to the minimum Support Package level for the country version Germany, to get the relevant legal changes in future.
- Lastly, user training is a critical part to a successful implementation of the country version Germany, which I think all of us agree to.
Lesson Summary

You should now be able to:

• Explain German localization Requirements around legal compliance
• Provide an overview of the solution coverage of the German Country Version
• Explain German localization features in Financials
• Understand the solution support and rollout strategy for the German Country version
• Outline the recommendations for the implementation of the German country version

I am sure, you are now able to:

■ Explain the German Localization requirements around legal compliance
■ Provide an overview of the coverage of the German country version
■ Explain Germany Localization features in Financials
■ Understand the solution support and rollout strategy for the German country version
■ Outline the recommendations for the implementation of the German country version
Related Information

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

- Globalization Knowledge Base: http://service.sap.com/GKB
Thank You!

Contact information

SAP Globalization Services:

globalization@sap.com

- With that I would like to thank you for your patience and attention during this session. You can contact me with your doubts and questions at the e-mail I have given you.
- Thank you and have a nice day!
Country Version Germany
Notes

Installation Queries
- Add-On Installation Queries: Notes 520991, 572185, 840472, 936977, 951888
- Country version Germany: Note 337220
- Country version Upgrade and Objects: Note 584396

Notes on Taxes
- EU VAT 2010-Germany: Monthly VAT report: Note 1416460
- EU VAT 2010 - Germany - Report about Deliveries: Note 1426767
- Change - EC sales list: Note 1542714
- Withholding tax reporting for Germany (form ODO-1): Note 828692

Notes on Payment
- Germany - Bank statement : Note 999400
- ISO SEPA XML RB 4.0 structure of Outgoing payments (DMEE) : Note 1623011
- ZBS XML for outgoing and incoming payments (Germany): Note 1087512