Since its inception in 1996, India localization (Country Version India – CIN) has been a key factor for customers to bring profitability together with legal compliance in their businesses. The solution has undergone continuous enhancements since then, resulting in improved usability and consistent compliance with the Indian tax requirements. A key factor contributing to the success of our solutions has been the close interaction with customers of the SAP® ERP application having Indian operations. Up to SAP R/3 4.6C, India localization was available as an add-on solution complementing SAP ERP with functionality for Indian-specific statutory requirements. From SAP R/3 Enterprise 4.70 onwards, India localization is delivered as part of the standard application. With its dedicated team at SAP Labs Bangalore, SAP proactively keeps track of legal changes affecting its customers in India and incorporates such changes into its solutions smoothly, enabling complete compliance.

TAX COMPLIANCE

The taxation system in India covering business operations is quite complex. One aspect of this complexity is the Indian Income Tax Act 1961 for tax deducted at source (TDS), tax collected at source (TCS), and asset depreciation. India localization for the SAP ERP Financials solution provides compliance according to the provisions of laws governing these taxation segments.

**Tax Deducted at Source (TDS)**

India localization provides for the computation and deduction of TDS at service acceptance, vendor down payments, invoice posting, or provisions – whichever is earlier – as per statutory requirements. TDS challan is linked with individual transactions, providing details on TDS payables. TDS vendor certificates as per legal format, and quarterly returns, including e-file return for online submission, can be generated using the software. India localization supports a customer TDS scenario where TDS deducted by customers can also be tracked. A migration tool has been provided for customers on classic TDS to migrate to an extended withholding tax scenario smoothly.

**Tax Collected at Source (TCS)**

The provisions of Income Tax Act 1961 require the seller to collect TCS amount from the buyer on specific materials...
ASSET ACCOUNTING

Income Tax Depreciation

The Income Tax Act 1961 provides specific provisions for governing depreciation accounting in India w.r.t. depreciation calculation methods, rates, reporting, and so on. India localization for SAP ERP Financials provides compliance across such segments of the governing statute.

Asset Block Definition

As per Income Tax Act 1961, depreciation is computed and allowed on the written-down value (WDV) of the block of assets. India localization solution enables you to group the assets along with the applicable depreciation rates as per the prescribed rules.

Data Migration

To facilitate master data maintenance of existing assets, data migration programs are provided for:
- Existing group assets to asset blocks
- Opening WDV for the existing block of assets
- Assignment of assets to asset blocks

Depreciation Computation

Depreciation computation is performed at the asset block level as required by the governing statute. The solution consolidates normal transactions such as acquisitions, retirements, and transfers along with special transactions like post capitalization, write-up, and so on at the block level and computes depreciation considering opening WDV, asset transactions, adjustments, and capital gains and losses. The solution offers depreciation computation until a date at any point in a fiscal year.

EXEMPTION DETAILS IN THE CUSTOMER MASTER

SAP supports exemption details in the customer master, as it was available in the vendor master. Exemptions for customers can now be calculated and reported from the SAP system without workarounds with notes 1801729 and 1776690.

TAN BASED EXEMPTIONS

As exemption certificates are also available at the TAN level, the SAP system allows exemption details to be mapped at the section code level. This is available for vendor and customer exemptions with notes 1769234 and 1801729.

DOWN PAYMENT CLEARING WITH MIRO

It is now possible to clear down payments at the time of MIRO itself instead of using transaction F-54 separately. The system allows you to choose the vendor down payments that need to be cleared against the invoice with note 1769234.

NUMBER RANGE COPY

Number ranges for challan and certificate can be reused from the previous year with the copy functionality in note 1769234.

Additional Features

The solution also offers a drill-down program enabling users to see the details of asset-level transactions that affect depreciation under the asset block. In addition, it provides for a projection program that forecasts depreciation values for the remaining part of the fiscal year based on probable transactions.

ASSET ORIGIN TRACKING

The report provides a list of all source and reference documents associated with the assets of a company. The report is of paramount importance during auditing as it helps track the original value of assets and the settlement cost of assets. It segregates and displays the related document number of the asset based on the following:
- Work breakdown structure (WBS) element
- Purchase Order
- FI Document

LOCALIZATION HIGHLIGHTS

- TDS/TCS computation at the transaction level
- TDS on provisions
- TDS/TCS quarterly returns (e-file output)
- TCS certificate printing
- MIS Reporting
- Asset depreciation computation as per Income Tax Act
- Tracking of the Asset Origin

and services (scrap sales, for example) applicable at the time of debiting the amount payable to the account of the buyer or at the time of receipt of such amount from the said buyer, whichever is earlier. India localization provides for TCS computation on buyer a/c debits or receipts, TCS challan update, TCS certificate printing, and TCS return as per the legal format.

REPORTING CAPABILITIES

India localization provides support for various statutory reports and forms that include the following:
- TDS quarterly returns (e-File 26Q/27Q)
- TCS certificate (form 27D)
- TCS quarterly returns (e-File 27EQ)

MIS Reporting

MIS reporting transaction, J1EMIS displays withholding tax-related transactions done in a particular month or quarter based on company code, fiscal year, section code, section, and ledger. The report can be executed for five options as mentioned below:
- Challan Details: Lists all documents for which challan has been done
- Bank Challan Details: Lists all documents for which external or bank challan (J1INBANK) has been done
- Certificate Details: Lists all documents for which a certificate has been generated
- Consolidate Report: Lists all withholding tax-related documents in the respective quarter or month
- Documents with No Challan: Lists only those documents for which the challan has not been done with note 1556348

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