Welcome to this session on the SAP country version Peru.
After completing this lesson, you will be able to:

- Understand the scope of localization delivered by SAP for Peru
- Outline the Peruvian localization features of the ERP SAP country version
- Explain the Peruvian localization features in the areas of Financials and Logistics
- Understand the solution support strategy for Peru
This is our agenda for the next twenty minutes. Starting with some quick facts on the country version of Peru, I’ll then focus on the specific requirements and finally present some additional highlights.

This session will help you understand how businesses can be run in compliance with the law. I’ll cover in brief the features offered by the Peruvian country version in the Financials area.

Finally, I’ll also touch upon the support system and give some recommendations for those of you who are planning the first steps with the country version of Peru.
So let's start with some quick facts about the country version of Peru.
Key Strengths:

- Customizable and global product.
- Ensured legal compliance for business transactions.
- Standard and simplified rollout strategy for legal changes.

Challenges:

- Legal Changes
  - Frequency of legal changes: dynamic.
  - Applicable on short notice.
  - Difficult interpretation of the law.

Key Strengths:

- You have a flexible, global, and multicurrency system, which allows for quick and easy adaptation to any situation and possible needs.
- It provides legal compliance features for various business transactions, enabling businesses to run better. Both development and support for these features are completely provided from the highly skilled team located at Bangalore and Sao Leopold, both of which are research and development centers of the SAP Labs network across the world.
- SAP offers efficient and reliable procedures for continuous modification and updating of the system. This means you can receive new functions required by law in a timely manner.

Challenges:

- There are three major challenges here:
- Sometimes, legal changes come on short notice. In addition, they are not completely clear so usually the government has to apply modifications after issuing a law.
- Legal changes in Peru are often released unplanned and on short notice.
- Sometimes, customers interpret the law differently.
Now let me walk you through the Peruvian financial topics. We will have a closer look at the master data, taxes, and the requirements of the ERP Financials and Logistics area in general.
With respect to master data, it is important to note the following:

At company code level, it is necessary to define the tax identification number, commonly known as “Número de Registro Único de Contribuyentes (RUC)”. The tax number is used for reporting purposes, submitted to the tax authorities as well as for business documents.

Third parties – vendors and customers – must have a tax identification number provided by the tax authority.

The tax number consists of eleven digits, for example, 20306051017. The last digit is a check digit.

The tax number is classified in accordance with the law: national identity document, foreign card, unique record of taxpayer, passport, other types of documents.

Each third party – vendors and customers – is subject to withholding tax.
Taxes

Value Added Tax
• Goods and services taxable and exempt.
• General rate: 18%
• Purchase class.
• Excise duty.
• Payment
  – Monthly, in accordance with the legal specifications.

In Peru, taxes in sales and purchases include:
- Value-added tax (VAT), known as “Impuesto General a las Ventas (IGV)”
- The basic rate of VAT is 18%. In addition, purchases that are subject to VAT are categorized according to what they are intended to be used for:
  - Class 1 -> all subject to VAT or for export
  - Class 2 -> all VAT-exempt
  - Class 3 -> mixed (some subject to VAT, some exempt)
  - Class 4 -> all VAT-exempt due to use in areas where tax incentives apply, for example, free zones
- This information is for the authorities’ reference only.

- Excise duty, or “impuesto selectivo al consumo (ISC)” is levied at various rates depending on the goods or services.

- Each company must submit a monthly VAT declaration to the tax authority. This VAT declaration includes the output and input tax.
Regarding withholding taxes, there are two types of withholding tax in Peru: fourth category income tax and VAT.

The withholding tax on income must be posted at the time of invoice and the posting of withholding tax on VAT is made at the payment time.

Withholding tax on income and VAT have different rates, terms, and conditions.
In general, regarding the financial and logistic topics, it is important to consider the following:

- In Peru, it is mandatory to use the chart of accounts.
- By law, there are specific requirements with respect to depreciation and fixed asset valuation: Companies have to follow methods and systems of depreciation that are generally accepted, such as straight line, declining balance, sum of digits, production units, and so on.
- Regarding official document numbering, the use of prenumbered forms is strictly regulated in Peru. An official document number consists of two parts, separated by a hyphen (-): the first part is a three, four, or five-digit official lot number (número de serie). The second part is a seven-digit running number.
- According to Peruvian law, the companies’ financial statements must be prepared in accordance with IFRS as approved by the Peruvian Accounting Setter.
- When we talk about reporting, the following points should be considered:
Each company must issue the withholding tax certificates, corresponding to each type of withholding tax: Income and VAT. For each of them there is a deadline for issuance that should meet the legal requirements in terms of: period, name and identification of company, name, identification and address of company subject to withholding tax, withholding tax basis, withholding tax and rate, and so on.

As for official books for Peru, the following are requested by law: Purchase Ledger, Sales Ledger, Cash Ledger (format 1.1. Cash movements detail), Journal Ledger, Major Ledger.
Additional Highlights

- Support
- Customer Collaboration
- Recommendations

- So that was a brief overview of the functions available with the country version of Peru.
- Now let's look at some further significant aspects.
Starting with Peruvian support,

- There are a good number of informative Notes available in the SAP Notes repository. This includes FAQs for various functional aspects and some Installation Guide notes too, which can be referenced.

- Legal changes that come unplanned throughout the year are rolled out smoothly via SAP Solution Notes, which can be applied directly to the customer systems.

- Proactive analyses are backed up with legal experts.

- SAP Service Marketplace also hosts a dedicated Peru page, with the latest updates on the country version for Peru directly accessible to customers. This page can be found at http://service.sap.com/localization.
Customer focus has always been a key to SAP’s success. ASUG Peru (The Peruvian User Group) takes it to the next level, by providing customers a platform to collaborate with the SAP Development labs. In addition, ASUG serves as a channel for the Peruvian team to collaborate closely with customers. There are tailored programs focusing on Peruvian localization topics, where customers and SAP share both knowledge and best practices.
Lastly, definitely not the least, here are some recommendations for those who are new to the country version of Peru:

First and foremost, as you may agree, the country version Peru 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 about global templates to avoid late surprises.

It is strongly recommended that the customer upgrades to the minimum Support Package level to get the relevant legal changes in future.

Lastly, user training is a critical part to a successful implementation, which I think all of us agree.
Lesson Summary

You should now be able to:

- Understand the Peruvian localization scope.
- Describe the Peruvian localization features for the SAP ERP country version Peru.
- Explain the Peruvian localization features for Financials.
- Understand the solution support and rollout strategy for the country version Peru.

I’m sure you are now able to:

- Understand the Peruvian localization scope
- Outline the localization features of the SAP ERP country version Peru
- Explain the Peruvian localization features for Financials
- Understand the solution support and rollout strategy for the country version Peru
For more information on the topics discussed in this lesson, see the following references:

- Service.sap.com/GKB.
Thank You!

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Thank you!