

Implementation of Country Specific Tax Solution -ERP-LX

SOLUTION PAPER



Background

To adhere all the Statutory India Tax requirement both Central and State Government Regulations.

Scope

Tax Solution is for direct and in-direct tax (Does not include the TDS u/s 192 B Payment of Salaries).



Challenges / Problem:

Present Indian tax system and reporting is very complex due to different regulations like VAT (State Specific), Central Excise and Customs (Controlled by CBEC), Service Tax (Governed by Service tax Rules) which is having its own way of reporting standards and deadlines to adhere. Presently this functionality is not available in the core ERP system.

Recovery / Solution:

To handle the country specific tax solution, some ERP system has come up with bundle called '*Localization Module*' built as part of core ERP pack.

Our Solution:

As part of India Tax solution, we have a plug in interface program to resolve the India Tax related transaction and reporting program developed on IBM midrange server on ERP-Lx which will be later interfaced with iTAX Software. This software will be used as a stand -alone system for filing and printing the statutory reports as prescribed by the State, Central and related authority.

Overview on Our Solution provided – ERP-Lx

Excise and Service Tax Requirement – Manufacturing Company

To adhere with all the Excise, Service Tax and TDS reporting, return filing and record maintenance, following program has been developed which will generate the interface files in xml format. These generated xml's will be interfaced with iTAX software to print and file the statutory documents as prescribed and defined by the governing authorities.

- Transfer Master Data Engine Program – New Masters
- Transfer Master Program for Revised Master - Manual
- Sales and Stock Transfer Invoice (Excise) Printing program
- Service Bill printing program
- TDS and Service Tax Transaction Engine Program
- Purchase Transaction Transfer program
- Inventory issue and receipt transaction Engine program
- Inventory Transaction – Job work issue and receipt

TDS and Excise e-filing patch option will be provided in the iTAX (Third party integrated software)

Excise and Service Tax Requirement – Trading Company

Since the Excise recording and reporting maintenance is different from the Manufacturing Company, following program has been developed to adhere the requirement specified by the Central Excise authority.




- Transfer Master Data Engine Program – New Masters
- Transfer Master Program for Revised Master - Manual
- Trading Sales Invoice (Excise) Printing program
- Service Bill printing program
- TDS and Service Tax Transaction Engine Program
- Trading Purchase Transaction Transfer program

TDS and Excise e-filing patch option will be provided in the iTAX (Third party integrated software)

Overview on Our Solution Approach

Computing Tax based on the present Indian Tax structure and the associated statutory reports are not available in the core ERP-Lx/BPCS, hence approach was to modify the few ERP-Lx/BPCS core program. Below mentioned is the overview on the approach:

Core ERP-Lx/BPCS Program Modification:

-  Modification of the Tax Calculation program of ERP-Lx/BPCS for Order Entry, Billing and Accounts Receivable processing.
-  Modification of Tax Rate Table Maintenance program to compute multilevel tax on tax requirement.
-  Modification of Tax distribution screen for Accounts payable processing

System Table Maintenance:

As best practice, approach was to eliminate the hard coding where ever possible and the data maintained in the configurable SYS tables.

Transfer Master Data – Extension File Set up (ERP-Lx Version 8.3.4 and above)

Since the TIN Number, Excise Registration Number, PAN and other related details which is mandatory in the master records, approach was to set up the Extension File set up in the ERP-Lx at the global level.

Additional excise and tax related data to be updated in the master extension file which will be mapped in to the xml program.

Transfer Master Data – (Version 8.3.3 and below)

Approach for updating the additional data in the master record will be by using the un used master fields or by providing custom screen to update the additional details on creation and revision of masters in ERP-Lx/BPCS.

Transfer of Transactions:

Record to display on the screen which need to be transferred to the iTAX application.

Additional screen will be provided to enter the Excise and Tax related data with regard to Sales and Purchase related business transaction.

Engine program will be provided to transfer the Service Tax and TDS related Transaction

Overview on Integration Approach:

The required master and transaction data will be transferred to iTAX application through xml files.

- ⦿ Mapping of iTAX software defined xml field with the ERP-Lx data base field through xml program.
- ⦿ XMLdata transfer will be via a scheduled Engine job for new master records.
- ⦿ XML data transfer will be manual in case of revised or modified master records.
- ⦿ XML data Transaction records are transferred on live time basis.

