

Consolidation

Microsoft Dynamics® AX 2009

One single world-wide
instance

Consolidation of Brazil, China, India, Japan,
and Thailand GLS layers

September 2008



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Introduction

Microsoft Dynamics™ AX Application Layers

Microsoft Dynamics AX application layers are a hierarchy of levels in the Microsoft Dynamics AX application source code, which helps ensure that developers can modify and customize installations by extending the application objects through modification of the application layers. This helps protect the standard solution during implementation and customization, and results in easier troubleshooting and safer, faster product upgrades that simplify upgrading existing customizations. Application layer technology is one of the pillars of Microsoft Dynamics AX technology, and helps make the solution flexible, dynamic, and easier to upgrade.

GLS Layers

A GLS layer is one of the application layers inside Microsoft Dynamics AX, and this is the layer in which most country/region-specific functionality had been kept. In Microsoft Dynamics AX 4.0, the country/region-specific functionality was consolidated to exist either in the SYS layer or in separate GLS layers. In the Microsoft Dynamics AX 2009 solution, the individual GLS layers for China, Japan, Brazil, India, and Thailand have been merged together to create a single, consolidated GLS layer. This will better support multinational deployments of Microsoft Dynamics AX. The remaining GLS layers for Turkey, Russia, and Central Eastern Europe will be merged into the consolidated GLS layer after the release of Microsoft Dynamics AX 2009.

This document provides information for partners about the following topics relative to the functionality for each country/region that was previously in a separate GLS layer:

- List of new parameters and configuration keys
- Description of changes in features
- Consolidated features
- Features that have been merged into the SYS layer
- Discontinued features and the justification for this
- Additional areas of clarification, as needed

Specific country/region information

Brazil

Note: There are no new parameters or configuration keys for Brazil, and no features have been merged into the SYS layer.

Consolidated features for Brazil

The following descriptions are for the features that were originally developed for Brazil and included in the consolidated GLS layer of Microsoft Dynamics AX 2009. Some label text and short help text are changed because of the consolidation of the GLS layers.

Note: Unless otherwise noted, there are no changes to the previous features in Microsoft Dynamics AX 2009.

Transaction text

A new string %7 is added to the existing strings in the **Transaction text** form. The %7 string is used in purchase or sales transactions for customers or vendors.

Fiscal document types

Fiscal documents, such as invoices and fiscal notes, are the official supporting documents for any commercial transactions among companies in Brazil. The fiscal document type classifies the type of fiscal document involved in sales and purchases transactions between companies. It is used to define the number sequence, series, and the layout of a nota fiscal.

Fiscal classification codes

The Brazilian government issues a fiscal classification code for all goods taxable with IPI. The fiscal classification code is an eight-digit code that must be printed on all invoices for the movement of all goods that are taxable with IPI. All products, whether manufactured in Brazil or imported, have a fiscal classification and an IPI percentage defined by the TIPI (Table of Taxation on Industrial Products). You can assign a fiscal classification code for the **Item** and **BOM** type of items. **Service** items do not have this classification. You can create fiscal classification codes and attach them to the items in the **Items** form and also at the transaction level.

Product type

In Brazil, products must be classified, based on the purpose of their purchase. For example, products may be purchased for self-consumption, resale, and other purposes. With the product type classification, you can calculate the ICMS tax differential on products that are purchased from other states. You can define the product type for each item.

Brazilian parameters

You can set up parameters for certain Brazilian features in the **Brazilian parameters** form, including parameters for fixed assets, complementary invoices, product type for use and consumption, text ID to be printed on Suframa sales invoices, and chronological invoice numbering, as well as activate the use of all Brazilian features for the company.

Type of establishment

You can define the establishment types for the company, customer and vendor.

Chronological invoice numbering

As per the Brazilian law, the invoices must be numbered sequentially and in chronological order as per the issue date of the fiscal document type. Numbering the invoices in a chronological order provides flexibility to issue invoices at a date that is earlier than the system date.

Brazilian taxes

In accordance with the Brazilian legal requirements, you must set up and calculate taxes. The following common types of taxes are levied in Brazil: IPI, PIS, ICMS, COFINS, ISS, IRRF-PJ, and INSS.

The following common types of purchase operations take place in Brazil:

Purchase of services

When you purchase services, you can calculate and retain the service taxes, based on the type of service and the category of the vendor, such as person, company, or a foreigner.

If the service is purchased from a company, PIS, COFINS and ISS taxes are calculated on the invoice, and PIS, COFINS, ISS, CSLL, INSS and IRRF taxes are retained. The retained taxes are deducted from the amount payable to the vendor.

Purchase of electricity

The ICMS tax credit on electricity purchase varies based on the state regulations. Companies can claim ICMS tax credit either on the total amount spent on the electricity purchase or on the amount spent on such purchases for the manufacturing area of the company. The purchase of electricity is exempt from IPI tax.

Purchase of freight services

Companies can claim the ICMS tax credit on the purchase of freight services. The purchase of freight services is exempt from IPI tax.

Purchase for industrialization and commercialization purpose

The two categories of Brazilian companies are manufacturing companies and commercialization companies. The tax treatment is based on the purpose of purchases in these companies. The IPI tax credit is not available to companies that make purchases for the purpose of reselling the purchases for commercialization purposes. Therefore, the IPI tax credit is available for the manufacturing company if purchases are made for production purposes and resale for industrialization purpose. The IPI tax credit is not available to the commercialization companies because the purchases are made for commercialization resale.

Purchase of goods with anticipated invoicing

The purchase of goods with anticipated invoicing is done in two phases. In the first phase, the invoice is issued without the physical and financial movement of inventory and only the vendor balance is updated. In the second phase, when the actual delivery of goods takes place, inventory and ICMS tax transactions are generated. The purchase operation type that you select is important in this operation.

Transfer of goods between warehouses

You can record the transfer of goods between two warehouses for the same company, as you would do for a typical sales and purchase transaction. An in-transit deposit warehouse is used for this operation. In-transit deposit is the intermediary warehouse that the goods from one warehouse are moved to, and then are moved from the intermediary warehouse to the destination warehouse. In-transit warehouses are also used to control the company items outside of the establishment, as well as to control items for the other companies inside the establishment.

Return of goods sent for industrialization purpose on hiring basis

Goods and services that are sent on a hiring basis for industrialization purpose are exempt from ICMS and IPI taxes. The company might treat this receipt as a symbolic remittance or as an actual remittance without calculation of taxes. For a symbolic remittance, there is no inventory movement; however, for an actual remittance, you must register the movement of inventory. This operation also is treated like a warehouse to warehouse transfer.

Return of goods that are not sold by sales persons

Companies that employ sales persons for door-to-door sales must issue invoices with IPI and ICMS for goods delivered outside the establishment. The issue of goods to a sales person is recorded using a sales order and purchased using a purchase order. If the sales person sells some goods, a new sales order is recorded. The remittance return for the sale of goods from a sales person involves recording a purchase order for the goods returned by the sales person using the in-transit warehouse because this is like a warehouse-to-warehouse stock transfer.

Return of remittance to closed warehouse

This operation is for companies that use a general warehouse to store the inventory. The general warehouses that exist in different locations follow the regulations of their respective federation unit or state. If the company has a sales structure that uses a general warehouse, it must submit a request for the authorisation of the operation and its control forms from the state fiscal entity because you cannot circulate the merchandise without proper fiscal documents in Brazil. The return from the general warehouse can be actual or symbolic. The actual remittance has movement of goods, and calculation of taxes and the symbolic remittance has no inventory movement and taxes.

Entry of goods as rental, free sample, demonstration, and fixing

In Brazil, the terms and conditions for the receipt of goods on a rental basis (comodato) are governed by the contract between your supplier and your company. The goods are considered as a free or paid loan to be returned after a fixed period of time. This operation does not have any taxes. A company can receive free samples from its vendors without any tax liability only if the goods are manufactured for the purpose of giving as free samples. The company must pay IPI and ICMS taxes if the free samples are not manufactured for the purpose of giving as free samples. Goods received for demonstration purposes are treated like normal purchases. The company does not have IPI and ICMS tax liability if the goods received for demonstration purposes are returned to the vendor within 60 days of after receiving them.

No taxes are involved when goods are received for repairs because the goods received for repair have a temporary stay in the company that provides the repair service.

Return of sold goods

The return of sold goods is recorded by creating a new purchase invoice with similar transactions as in the original sales invoice. There are two types of sales returns:

- **Purchase of goods for use and consumption** – The ICMS tax calculation basis must include IPI tax and freight charges, if any, on purchase made for use and consumption.
- **Purchase of goods from non-taxable vendor** – Print the entrance nota fiscal for purchases made from a non-taxable vendor is required.

Purchase complementary invoices

You can create a complementary invoice to adjust an invoice generated for an incorrect price, IPI, or ICMS amounts. The default purchase operation types to generate the price, IPI, and ICMS complementary invoices must be defined in the **Brazilian parameters** form.

Purchase of fixed assets

The two types of fixed assets purchased by a company are tangible (**Item** type of item) and intangible (**Service** type of item). In Brazil, the companies are entitled to a credit of the equivalent of 1/48 a month on the ICMS tax that is paid for the purchase of a fixed asset. The ICMS credit is available from the month after the fixed asset is purchased.

Sales operation types

In Brazil, sales operations are broadly classified into the following three categories:

- **Standard with inventory** – The physical and financial movement of inventory takes place. The customer balance, tax, and inventory accounts are updated. An example is an item sales transaction.
- **Standard without inventory** – There is no inventory movement. The customer balance and tax accounts are updated. An example is service sales transaction.
- **Nonstandard with inventory** – The physical and financial movement of inventory takes place without an impact on the customer accounts. The inventory accounts are updated. An example is sending goods for demonstration purposes or donation for charity purposes.

Sales operations

The following common types of sales operations take place in Brazil:

Sale of services

During the sale of services, you can calculate and recover the service taxes based on the type of service and the category of the customer, which can be a person, company, or a foreigner.

Sales with future delivery

In Brazil, purchase of goods with anticipated invoicing is done in two phases. In the first phase, the invoice is created for the payment received. There is no movement of inventory at this stage. In the second phase, when the actual delivery of goods takes place, inventory and ICMS tax transactions are generated.

Sales with anticipated invoicing

A sale with anticipated invoicing allows you to accept a prepayment or advance payment from a customer and issue a sales invoice later during the actual delivery of goods. As per the price negotiation agreements entered with a customer, you can receive prepayments without delivering the goods. You issue a sales invoice only when the actual delivery of goods take place. There are no taxes and physical or financial movement of inventory at the prepayment stage.

Transfer of goods between warehouses

You can record the transfer of goods between two warehouses of the same company like a typical sales and purchase transaction. An in-transit deposit warehouse is used for this operation. In-transit deposit is the intermediary warehouse that the goods are moved to, and then are moved to the destination warehouse. In-transit warehouses are also used to control the company items outside of the establishment, as well as to control items for the other companies inside the establishment.

Goods sent for industrialization purpose on hiring basis

In Brazil, goods and services that are sent for industrialization purposes, which are for manufacturing on a hiring basis, are exempt from ICMS and IPI taxes. The goods sent for the hiring purpose are recorded using a sales order, and a purchase order is created when the goods are returned. This operation also is treated like a warehouse to warehouse transfer. In order to record the return of goods sent for industrialization two purchase orders are required: one to return the item and other to enter with the service.

Sale of goods to sales persons

Companies that employ sales persons for door-to-door sales must issue an invoice with IPI and ICMS for goods delivered outside the establishment. The issue of goods to a sales person is entered using a sales order and is purchased using a purchase order. If the sales person sells the goods, a new sales order is entered.

Remittance to closed warehouse

The transfer of inventory from a closed warehouse to another warehouse is governed by state regulations.

Goods sent as rental, free sample, demonstration, and fixing

In Brazil, companies that give bonus goods to customers to avoid sales returns must pay tax on the bonus goods remittance. The bonus goods are given free of cost to the customers to avoid returns of damaged goods sent to them. The company is liable to pay ICMS and IPI tax on the remittance of bonus goods. A company can give free samples to its customers without any tax liability only if the goods are manufactured for the purpose of giving as free samples. The company must pay IPI and ICMS taxes if the free samples are not manufactured for the purpose of giving as free samples. Goods sent for demonstration purposes are treated like a normal sale. The company does not have IPI and ICMS tax liability if the goods sent for demonstration are returned within 60 days of sending the goods.

No taxes are involved when goods are sent for repair or fixing because the goods sent for repair have a temporary stay in the company providing the repair service.

Return of purchased goods

The return of purchased goods is recorded by creating a new sales invoice with similar transactions as in the original purchase invoice. A nota fiscal must be generated to record the purchase return transaction.

Export of goods and services

Exported goods are exempt from taxes, and the export of services is taxed with ISS.

Suframa sales

In Brazil, sales made to customers from Suframa are exempt from ICMS and IPI taxes. You also can exempt the PIS and COFINS taxes on these sales.

Final user sales

The ICMS tax calculation basis must include IPI tax and freight charges, if any, on the sale made to a final user of the product or service.

Cancellation of invoices

You are required to print the canceled invoice, and each canceled invoice must have the same invoice number as the original sales invoice number.

Sales complementary invoices

You can create a complementary invoice to adjust an invoice generated for an incorrect price, IPI, or ICMS amounts. The default sales operation types to generate the price, IPI, and ICMS complementary invoices must be defined in the **Brazilian parameters** form.

Sale of fixed assets

The sale of fixed assets is exempt from ICMS and IPI taxes.

Fiscal Operation Code (CFOP)

The Fiscal Operation Code (CFOP) classifies the type of transactions that are created in an organization. The CFOP is composed of four digits, where the first digit defines if the operation is within the state, outside of the state, or outside of the country. The second digit indicates the type of transaction, such as purchase or sale, and the last two digits define the end of the operation, such as use and consumption and resale. You must specify the CFOP for transactions that use **Item** and **BOM** type of items. You can create the CFOP codes and define the CFOP code for a transaction. You also can define the default CFOP code for a sales or a purchase operation type in the **CFOP matrix** forms.

CFOP matrix

The CFOP matrix allows you to determine the CFOP to use in a sales or a purchase transaction. You can define the default CFOP for a sales and a purchase operation type using the CFOP matrix. You must create CFOP codes and CFOP groups before you create the CFOP matrix.

CFOP identification process

- **CFOP identification on the order lines** – The CFOP identification in the order line is based on the customer or vendor address and delivery address specified in the order line. If you change the delivery address in the order line on the **Address** tab or by using the **Alt. Address** option (**Setup > Alt. address**), the CFOP code or the list of CFOP codes is displayed in the **CFOP** field based on the new delivery address.
- **CFOP identification on direct delivery orders** – If you create a direct delivery using the **Sales order** form (**Accounts receivable > Sales order > Functions** button on the order line > **Create direct delivery**), the CFOP is identified for the corresponding purchase order header and lines. Any change made to the address on the sales order with direct delivery changes the address on the purchase order automatically. The CFOP is identified on the purchase order header and lines accordingly.

Taxes matrix

You can set up a matrix to identify the tax group and item tax group to use in a transaction.

Fiscal, carrier, and foreign trade information

In accordance with the Brazilian legal regulations, you must define certain fiscal, carrier, and foreign trade information at the company, customer, vendor, and transaction levels.

Note: Fields for carrier information in standard Microsoft Dynamics AX 2009 are available on the **Delivery tab**.

Carrier on notas fiscais

In previous versions, carrier was implemented as an addition to the standard functionality. In Microsoft Dynamics AX 2009, carrier information is added to the standard bill of lading in accounts receivable, and specifics carrier information is available in accounts payable.

Legal text

You can define the sales text and receipt invoice text to print on sales and purchase invoices. The Brazilian law requires you to print text for certain transactions. The legal text provides additional information about the invoice.

Withholding tax

You can calculate withholding tax as a percentage of a payment amount in a month. You also can view the payments, including the withholding tax paid to a vendor in a month in the **Withholding tax payments** inquiry form.

Note: The following changes for this feature are in Microsoft Dynamics AX 2009:

- Changes in UI due to centralised payments
- Changes in UI applied to accounts receivable payment journal lines, and creating and editing customer payments

Interest and fines

You can apply interest and fines on delayed customer and vendor payments. The interest and fine amounts that apply to a payment can be calculated when you receive a payment from a customer or when you make a payment to a vendor.

Note: The following changes for this feature are in Microsoft Dynamics AX 2009:

- Changes in UI due to centralised payments
- Changes in UI applied to accounts receivable payment journal lines, and creating and editing customer payments

Configurator

Configurator is a file interface configuration utility that you can use to generate the following two types of file formats.

Export file formats for third party reporting suites

In accordance with the federal, state, and city legislations in Brazil, the market-specific reports and magnetic media generated by the companies must provide information related to the fiscal operations. You can generate export files using the simple file structure for the fiscal information.

Export and return file formats for electronic payments

Electronic payment is a common service provided by the Brazilian banks to collect or deliver customer or vendor payments. Each bank has a format to generate electronic payments. You can generate different export and return file formats for electronic payments that are used to exchange information between the company and the banks. You can create file layouts with a simple file structure or a complex file structure to generate the electronic payment remittance and return files.

Electronic payment remittance and return

Electronic payment is a common method of payment that is used by Brazilian companies and banks to communicate with each other using magnetic files. The general electronic payment process and magnetic file layouts are established by the FEBRABAN (Federacao Brasileira de Bancos) organization in Brazil. You can use electronic payments to make vendor payments and receive customer payments.

Note: The following change for this feature is in Microsoft Dynamics AX 2009:

- Changes due to centralised payment restrictions

Address format

The address formatting is modified to support the following new fields in various forms: **District** field, **Street number** field, and Address **complement** field.

Note: The following change for this feature is in Microsoft Dynamics AX 2009:

- Changes in the UI related to the new addresses form and a grid added to existent forms

Bordero

Bordero is a method of payment that is used to generate a batch of vendor payments and print them in the Bordero report. The Bordero report is sent to the bank that is responsible to pay the bills listed in the report.

One check

You can generate one check for multiple vendors.

Check layout

You can create different check layouts for different banks in Brazil.

Multiple methods of payment

You can set up multiple methods of payment in the same payment journal for Accounts payable and Accounts receivable for Brazil. Generating payments must be performed per a specific method of payment.

Bridging account

The use of bridging accounts at the time of payments booking is now available for Brazil.

Print management

You can define the destination printer to print the original and copy of the purchase documents, sales documents, and checks.

Note: The following change for this feature is in Microsoft Dynamics AX 2009:

- Changes due to changes in standard print management

Day book

You can generate a Day book report to record day-to-day transactions. The Juntas Comercias states that this report should record day-to-day transactions in different volumes, and each volume should not be more than 500 pages. The volumes and the page numbers of the report should be in sequential order. For example, Volume I would include Pages 1-500, and Volume II would include Pages 501-1000.

Analytical ledger

In Brazil, the companies that are taxed on a real profit basis are required to maintain an analytical ledger report that is sent to the Agency of Board of trade for verification. This report provides detailed information about the transactions recorded in all the accounts for a specific date range. This report provides details about accounts from the Day book report.

Trial balance summary

You can generate a summarized trial balance report for a specific period. The report includes the details for a ledger account number, the account name, the previous or the opening balance, and the current or the closing balance.

Absorption costs

According to the Brazilian legislation, it is mandatory to calculate and post the direct and indirect costs incurred in the production orders for a financial period. The manufacturing real costs are known at the end of a financial period. The absorption cost method involves distributing the total manufacturing costs among the products manufactured during the financial period.

Adjust taxes per item

When you post an invoice, you can adjust the taxes on a per tax code basis. According to legislation in Brazil, tax adjustments are calculated and presented in the Nota Fiscal document on a per item basis.

Changes to journals for Brazilian taxes

Journals are modified to add fields for tax calculations and transaction invoicing. In addition to entering invoices when you create purchase orders, you now can enter invoices in the **General journal**, **Vendor invoice journal**, **Vendor invoice register**, and **Invoice pool excl. posting** forms that have Brazilian tax calculations. This is useful when you need to enter invoices that are not part of a purchase order process, such as additional purchase expenses, or when you enter standard invoices that do not need approval or might have a direct debit payment, such as the purchase of a utility like electricity.

Invoices that are entered in the General journal are not automatically integrated to fiscal books.

New options for Summary update

You can select to have information on reports and invoices for sales orders and purchase orders summarized according to the data that is selected in the sales order and purchase order summary parameters forms.

Electronic invoice for São Paulo City

NF-e for services applied to São Paulo City is mandatory for all service companies that had revenue equal or greater than 240.000 BRL in 2005. These companies must issue a fiscal notification, through the city hall government Web site, to notify the government fiscal departments about the flow of their company earnings and payments in São Paulo city jurisdiction.

Tax codes and other SPED information

SPED Fiscal is a monthly report that is sent to the Brazilian government by magnetic media. The report contains the following tax and accounting information related to company:

- Purchase and sales invoices
- Customer, vendor, and item master data
- Chart of account master data and general ledger vouchers
- Fixed asset purchases and depreciation
- Customer and vendor payments
- Tax summaries for the period

According to Brazilian legislations Ato Cotepe 35/2005 and 70/2005, specific file layouts are required for fiscal reporting purposes. Because the file formats must be generated by using third-party software, additional fields are added to Microsoft Dynamics AX, and some fields are modified to accommodate how taxes are set up and calculated for the Brazilian requirements. The **Tax Situation Code (CST)**, **ICMS fiscal value**, and **IPI fiscal value** fields in the **Purchase order** and **Sales order** forms were removed for the item line for orders, and the new **Taxation origin**, **Taxation code**, and **Fiscal value** fields were added. The fiscal value information that was previously used only for IPI and ICMS taxes has been extended to include additional tax codes. You can specify which tax type will require taxation code setup, and you can define the taxation code and fiscal value information individually for each tax that is applied to each item. You can also define the **Fiscal operations of services code (CFPS)** at the header level for orders.

Fiscal book information

According Brazilian law, companies must report information about the following fiscal obligations to the Brazilian government:

- Sales and purchase invoices posted
- Inventory transactions
- Fixed assets purchase and depreciation
- Accounting information
- Tax calculations and information
- Customer, vendor, and item information

This information is presented to the government by using two kinds of medias:

Paper – There are several fiscal books that have fiscal content, depending on the information that is included in the book.

Files – There are several electronic files that also contain fiscal content to be sent to the Brazilian government.

An integration that you can use for the books and files to be sent to the Brazilian government is available from a third-party fiscal software vendor, and includes the property layout that is required by the government. To accommodate the information that is added by the additional software for the fiscal requirements, some modifications were made in Microsoft Dynamics AX, such as increasing the length of fields so that you can set up the information that is required for fiscal reporting.

Discontinued features for Brazil

Hierarchical structure of accounts

Discontinued, and no XPO will be available.

Tax Situation Code (CST)

Discontinued due to the new setup for Ato Cotepe/SPED fiscal. No XPO will be available.

Multisite feature

Multisite is not available for Brazilian companies because a site is not considered a legal entity, and Brazilian taxes are not applied to the Brazilian level.

Branch dimension

In accordance with the Brazilian fiscal regulations, companies with more than one branch can maintain either decentralised accounts or centralised accounts. Companies that follow the decentralised system can consolidate the accounts that are maintained in each branch and present them as a single set of accounts for the company. The companies can present their fiscal reports by branch. Companies with branches that maintain a centralised accounting system within the same company cannot use this system. A new dimension titled **Branch** can be added to meet this requirement.

In Microsoft Dynamics AX 2009, a site feature is added that represents any physical address from company, which can be a factory, a distribution center, or a branch. The site is linked to a core financial dimension that is selected in all financial dimensions that are available in Microsoft Dynamics AX 2009 (Department, Cost Center or Purpose). However, this option is available only if the multisite feature is activated.

Optionally, it is possible to add a new dimension to keep the branch information, but if that dimension is applied, it is considered a customization.

Note: The XPO is available only to upgrade users for Microsoft Dynamics AX 2009.

Increase EDT name from 60 to 80

The EDT name is increased from 60 to 80. After the increase is applied, it is considered a customization.

Note: The XPO is delivered only to avoid upgrade issues for Microsoft Dynamics AX 2009.

Increase EDT transaction text from 25 to 60

The EDT transaction text is increased from 25 to 60. After the increase is applied, it is considered a customization.

Note: The XPO is delivered only to avoid upgrade issues for Microsoft Dynamics AX 2009.

China

Note: There are no new parameters or configuration keys for China, and no features have been merged into the SYS layer.

New and modified parameters for China

The following table displays the new and modified parameters in Microsoft Dynamics AX 2009 for China.

| Feature name | Parameter | When introduced | Description of change |
|--|--|----------------------------|--|
| Extended Customer/Vendor Balance Inquiry | Extended Customer/Vendor Balance Inquiry | Microsoft Dynamics AX SP 2 | N/A |
| Chinese legal reports | Asian legal report | Microsoft Dynamics AX SP 2 | Label text is changed to Asian legal report |

Consolidated features for China

The following descriptions are for the features that were originally developed for China and included in the consolidated GLS layer of Microsoft Dynamics AX 2009. Some label text and short help text are changed because of the consolidation of the GLS layers.

Note: Unless otherwise noted, there are no changes to the previous features in Microsoft Dynamics AX.

Chinese user interface change

The name and address of a person must be entered and displayed in Chinese characters in a specific manner. For example, Chinese names formatted as **Last First** do not have middle names and the address format should display the entire address on a single line.

You can enter the names, addresses, and numbers in Chinese characters. The use of Chinese special symbols and characters is also supported.

Note: The name sequence format that was introduced in Microsoft Dynamics AX SP2 is discontinued in Microsoft Dynamics AX 2009. You can set a name sequence to **Last name - First name - Middle name** in the directory, but only the last name and first name are used, and middle name is blank.

Account tree structure

In accordance with Chinese legal requirements, all business enterprises are required to display the accounts in a tree structure by setting up the levels, length, and control for the chart of accounts. All business enterprises are required to display the both account number and the account name in the journals, inquiry forms, and on reports. You can use the account tree structure to set up the chart of accounts according to the Chinese Accounting Standards (CAS).

Chinese voucher system

In accordance with Chinese legal requirements, you must create a voucher document for every posted journal, and the documents must be kept for 15 years. You can print a paper voucher, and also a posted journal. You can use booking vouchers to enter receipt, payment and transfer types of transactions.

Show negative debits and credits

In accordance with the Chinese ASBFS (Accounting Software Basic Function Specification), the debit amount and credit amount fields must be displayed in two separate columns, and reversing entries must be entered in negative amounts and displayed in red.

Vendor/customer multiple control accounts

In China, there should be at least four first-level ledger accounts categorized for a customer and a vendor. These are control accounts, and all of the journal transactions for customers and vendors are posted to them.

Copy and reverse a voucher

You can copy transactions for an existing voucher and reverse the voucher transactions of an incorrectly posted voucher.

You can complete the following two actions:

- Copy the voucher transactions of a posted voucher to a new voucher.
- Copy and reverse the voucher transactions of an incorrectly posted voucher to a new voucher.

Journal approval

Journal vouchers must be approved by another user before posting. You cannot approve a journal that you have created.

Monthly closing (validity check)

Business enterprises can have only one accounting period open, but it is possible to open a period after it has been closed to make necessary manual entries in the journals in the period. You can complete validity checks before ending or closing an accounting period.

Financial ledger inquiries

The major ledger inquiries also are called account books. According to Chinese Accounting System and the Account Archived Management Principle, all account books must be printed in a specific format and must be stored for 15 years, along with the vouchers and reports. In accordance with the CBAJS (Chinese Basic Accounting Job Specification), an account book must have links to connect to other account books.

Extended Customer/Vendor Balance Inquiry

Customer and vendor balance inquiries include the following changes:

- You can display or hide foreign currency and subtotals in report layouts.
- You can drill down on inquiry functions, for example, from balance to detail transaction.
- The reporting layout is changed. The grid is added to the outline and unnecessary columns in the previous report are removed.

Financial reports

In accordance with the Chinese Accounting Standards (CAS), there are four major external financial statements that are used by the business enterprises in China—Balance sheet, Profit and Loss statement, Tax report, and Cash flow statement. Different industries use different layouts to generate these financial statements.

Note: The **Chinese legal reports** parameter in General ledger that was added in Microsoft Dynamics AX SP 1 has been changed in Microsoft Dynamics AX 2009 to **Asian legal reports**, so that the feature is also available to installations for Japan.

Bank reconciliation

You must complete bank reconciliation for your company on a daily or weekly basis. Many of the banks in China provide electronic reconciliation reports to their customers. You can import the electronic bank statements into Microsoft Dynamics AX and complete the bank reconciliation both manually and automatically.

Integration with tax system

You can select individual invoices or batch invoices to export to a single output file that can be either XML or text. An invoice can be exported only once unless it is canceled. This avoids creating duplicate invoices, and it also integrates the ERP system into the tax system.

Discontinued features

Chinese user interface change, Name sequence and Address format

Discontinued, and no XPO will be available.

Japan

Note: There are no configuration keys for Japan, no features have been merged into the SYS layer, and no features have been discontinued.

New and modified parameters for Japan

The following table displays the new and modified parameters in Microsoft Dynamics AX 2009 for Japan.

| Feature name | Parameter | When introduced | Description of change |
|--|--|----------------------------|---|
| Consumption tax report | Consumption tax reports | Microsoft Dynamics AX SP 2 | The parameter is moved to Tax tab in the General ledger parameters form (TaxParameters table) |
| Financial statement | Asian legal report | Microsoft Dynamics AX SP 2 | Label text is changed to Asian legal report |
| Consolidated invoice for shipping-based transactions | Use consolidated invoice for shipping-based transactions | Microsoft Dynamics AX 2009 | The parameter is new for Dynamics AX 2009 and located on the Accounts receivable parameters form. |
| Payment term and due date control | Use holiday calendar | Microsoft Dynamics AX 2009 | The parameter is new for Dynamics AX 2009 and located on the Company information form. |
| Payment term and due date control | Holiday due date control | Microsoft Dynamics AX 2009 | The parameter is new for Dynamics AX 2009 and is located on the Accounts receivable parameters form. |

Consolidated features for Japan

The following descriptions are for the features that were originally developed for Japan and included in the consolidated GLS layer of Microsoft Dynamics AX 2009. Some label text and short help text are changed because of the consolidation of the GLS layers.

Note: Unless otherwise noted, there are no changes to the previous features in Microsoft Dynamics AX.

Japanese Era

The Japanese era represents the name of the reigning emperor with the total year or years of his reign and the kanji character for the year, followed by the month and date. The Japanese date is displayed in the YYMMDD format. This feature adds new global functions: date2JapaneseEra and japaneseEraStr2Date.

Import Zip/Postal code

You can download the latest postal code files from the Web site of the Japanese postal authority. You can save the file, and then import the ZIP/postal codes to Microsoft Dynamics AX.

Kana fields

Kanji names are Japanese characters that originate from Chinese characters and Kana is the phonetic guide that is used to understand the Kanji names. You can define the Kana fields for the Kanji names for companies, customers, vendors, employees, and contact persons on Microsoft Dynamics AX.

Note: In Microsoft Dynamics AX 2009, Kana fields are also displayed on the new **Global address book** form.

Japanese Bankers Association bank format (JBA bank format)

The Japanese Bankers Association (JBA) bank format is used by many banks in Japan for Electronic Funds Transfer (EFT). You can import and export data from any bank in Japan that uses this format.

Note: If you use the centralised payment feature in Microsoft Dynamics AX 2009, the following restrictions apply:

- Importing a file can be done only for a single company, so one payment journal will be created. You can use the lines to settle transactions associated with multiple companies.
- Even if payment lines in a payment journal are associated with multiple companies, the bank file will be exported in a way that the payer will be the company that the payment journal is being created for.

Allow only positive debit and credit amount

You can restrict the input of negative values and allow only positive debit and credit amounts in the General journal.

T-Account journal

You can enter credit amounts and debit amounts in the T-Account journal in a single line. There can be different debit and credit lines for a same transaction. The format for the T-Account journal is only activated for the General journal.

Endorsement of BOE from customers for payment to a vendor

You can use bills of exchange (BOE) from a customer to make payments for goods and services to a vendor.

Consumption tax report

The Japanese taxation authority requires all businesses to file a consumption tax report that consists of an official consumption tax form and a worksheet. You can print the official tax form and use the calculation sheet to calculate the values that are required for the official tax form.

Note: To activate this feature for Microsoft Dynamics AX 2009, you must select the **Consumption tax reports** check box on the **Tax** tab in the **General ledger parameters** form. This parameter had been added to the **General** tab in Microsoft Dynamics AX SP2, but has now been moved to the **Tax** tab.

Financial statement

To create balance sheets for Japan by customizing Microsoft Dynamics AX, users must be allowed to print Liability on the left hand side and Asset and Capital on the right hand side.

Note: This feature was available in Microsoft Dynamics AX SP1, and the Japanese financial statement parameter was added to the **General** tab of the **General ledger parameters** form in Microsoft Dynamics AX SP2.

In Microsoft Dynamics AX 2009, the parameter field is renamed to **Asian legal report** to share this feature with China.

Consolidated invoices

You can consolidate more than one sales order that the packing slips are posted for into one invoice, based on a consolidation date. You must set up the date to consolidate sales orders that the packing slips are posted for into one sales invoice for customers.

Note: To activate this feature, you must select the **Consolidated invoice** check box on the **General tab** in the **Accounts receivable parameters** form.

In Microsoft Dynamics AX 2009, a design change now requires that you set up a consolidation day on the **Posting invoice** form first. Previously, the day was set as a criterion on the **Sales update** form that was displayed after you clicked the **Select** button.

Consolidated invoice for shipping-based transactions

Sales orders for accounts receivable and cost of goods sold (COGS) should be recorded on the ship date (shipping based sales recognition) and posted as invoices on the ship date. However, paper-based invoices for such transactions will be sent to customers regularly, usually on a monthly basis. You can print a monthly invoice for more than one shipping-based sales order, based on a consolidation date. You must set up the date to create an invoice and select which posted invoices should be printed on the invoice.

Note: To activate this feature, you must select the **Consolidated invoice** check box and the **Use consolidated invoice for shipping based transactions** check box on the **General tab** in the **Accounts receivable parameters** form.

Payment term and Due date control

You can set a specific cut-off date on the **Payment term** form to use to calculate the due date. In previous versions, you could only use the invoice date (Net) or the end of the month, quarter, or year. You also can set a holiday calendar to include non-working days, bank holidays, and national holidays to set actual due dates to previous or next working days.

Note: To activate this feature, you must select the **Use holiday calendar** check box on the **Other** tab in the **Company information** form, and the **Holiday due date control** check box on the **General tab** in the **Account receivable parameters** form.

Thailand

New and modified parameters for Thailand

The following table displays the new and modified parameters in Microsoft Dynamics AX 2009 for Thailand.

| Feature name | Parameter | When introduced | Description of change |
|-----------------------|-----------------------|----------------------------|--|
| Unrealized tax fields | Unrealized tax | Microsoft Dynamics AX 2009 | The Unrealized tax field on the General tab of the Tax code form has been separated into two fields, which are Unrealized tax payable and Unrealized tax receivable . |

Consolidated features for Thailand

The following descriptions are for the features that were originally developed for Thailand and included in the consolidated GLS layer of Microsoft Dynamics AX 2009. Some label text and short help text are changed because of the consolidation of the GLS layers.

Note: Unless otherwise noted, there are no changes to the previous features in Microsoft Dynamics AX.

Withholding tax

Businesses are required to calculate withholding tax in Thailand. The withholding tax reports must be generated and sent to the government tax authority periodically. You must set up item withholding tax groups and attach them to service items to calculate the withholding tax. You must set up the ledger posting groups to define the ledger accounts to post the withholding tax transactions

Note: To activate this feature you must select the **Calculate on item** check box on the **Withholding tax** tab in the **General ledger parameters** form.

Thailand features that are merged into the SYS layer

The following features that were developed for Thailand have been merged into the SYS layer of Microsoft Dynamics AX.

Unrealized Value Added Tax

Value Added Tax (VAT) is realized for goods and services at different stages of a transaction in Thailand. A tax invoice is generated for the VAT, along with the standard invoice. The realization of VAT for goods and services takes place in the following conditions:

- **Goods** – VAT is realized when you post a sales or purchase invoice for an item or BOM type of item and a tax invoice is generated. A VAT entry is generated when you post the invoice.
- **Services** – VAT is not realized when you post a sales or purchase invoice for a service type of item, so a tax invoice is not generated. A tax invoice is generated when the payment is made or received for the services. The realized VAT entry is posted at the payment stage.

If the VAT is realized in the same month for service type of items or at the stage of invoicing for items or BOM type of items for transactions in foreign currency, no adjustment of VAT is required using the exchange rate that is prescribed by the Bank of Thailand.

If the VAT is realized in a different period from the original invoice period for a transaction using the foreign currency, you must use the government exchange rate for calculation of VAT. You must run a VAT settlement exchange rate adjustment batch job to adjust the VAT amount using the government rate on a monthly basis prior to submitting the VAT returns. The batch job adjusts the exchange rate for calculation of VAT using the two methods that are approved by the Thai Revenue Department, which uses either the daily government rate or the monthly rate.

Note: To activate this feature, you must select the Unrealized tax payable and the Unrealized tax receivable check boxes on the Tax tab in the General ledger parameters form.

India

New and modified parameters for India

The following table displays the new and modified parameters in Microsoft Dynamics AX 2009 for India.

| Feature name | Parameter | When introduced | Description of change |
|---|--|--|---|
| India withholding tax on cross company payments | Apply tax on cross company payments check box | Microsoft Dynamics AX 2009 | New field is added to the General ledger parameters form to control the implication of India withholding tax on cross company and centralised payments. |
| Extended features for India | Extended features for India field group | Modified in Microsoft Dynamics AX 2009 | <p>The Activate extended features for India check box in the General ledger parameters form that was introduced in Microsoft Dynamics AX SP2 has been removed.</p> <p>In Microsoft Dynamics AX 2009, a new Extended features for India field group has been introduced, and the Miscellaneous charges and Financial statements check boxes have been created separately and placed under this field group.</p> |
| Show matched packing slips for posted invoices | Matched packing slips inquiry sub configuration key | Microsoft Dynamics AX 2009 | New sub configuration key is added to the Multiple countries/regions configuration key to allow multiple countries to use the functionality of viewing the matched packing slips for posted invoices. |
| Show matched packing slips for posted invoices | Matched packing slips inquiry check box | Microsoft Dynamics AX 2009 | New field is added to the Accounts payable parameters form and the Accounts receivable parameters form to control the display of matched packing slips for posted invoices. |

Consolidated features for India

The following descriptions are for the features that were originally developed for India and included in the consolidated GLS layer of Microsoft Dynamics AX 2009. Some label text and short help text are changed because of the consolidation of the GLS layers.

Note: Unless otherwise noted, there are no changes to the previous features in Microsoft Dynamics AX.

India tax

In India, the tax is a tax levied on the sale of a commodity. The transactions are broadly divided into two categories for the purpose of tax administration - Inter-state transactions and Intra-state transactions.

You can define the Local Sales Tax (LST) and Central Sales Tax (CST) numbers of the company, vendors, and customers in a common master form. You can create user-defined tax components and tax codes as per the legal requirements, and as applicable to the business. The tax form types can be defined for each state and the centre. The tax code values can be defined separately for each form type to meet the statutory requirements.

You can record the transit document details for transactions using the periodic process.

The Central Sales Tax (CST) liability can be settled using other tax recoverable amounts, such as VAT, as defined.

To activate this feature, you must select the **India tax** check box on the **Tax** tab in the **General ledger parameters** form.

Note: The following change for this feature is in Microsoft Dynamics AX 2009:

- Change in the UI for vendor address selection due to the modifications in the addresses feature.

Value Added Tax (VAT)

The Government of India introduced Value Added Tax (VAT) to replace the present local tax system and make the tax on sales and commodities in line with the national consensus. The VAT is levied on a dealer on the sale of goods within the state. Under the VAT Act of a state, the goods are classified into different categories or schedules and rates are defined for each category or schedule.

You can define the Tax Identification Numbers (TIN) of the company, vendors, and customers in a common master form.

You can also set the Deferment schedule for each VAT registration number as per the relevant state law applicable. You can create user-defined VAT components and VAT tax codes as per the legal requirements, and as applicable to the business. You can define VAT schedules as per the relevant state laws and link them to the VAT tax codes. Computation and financial posting of VAT can be performed on purchase and sales transactions.

You can identify a transaction item as input material or capital goods and apply the relevant tax computation. The non-recoverable usage percentage of VAT can be defined for purchase transactions and the VAT recoverable amount will be identified accordingly.

The VAT deferment schedule for capital goods and periodic transfer to the recoverable accounts is also updated to.

The VAT liability amount can be settled against the recoverable amounts of multiple tax components as defined. You can also use the VAT recoverable amount to settle multiple tax liabilities.

To activate this feature, you must select the **VAT** check box on the **Tax** tab in the **General ledger parameters** form.

Excise

The central excise duty is a federal tax that is levied on manufactured goods when they are sold or transferred from one location to another. The rules for the levy and calculation of excise duty are uniform throughout the country.

You can define the Excise Control Code (ECC) numbers of the company, vendors and customers in a common master form. You can define the excise tariff codes for the items used in the business in a master form and link them to the items. You can also create user-defined excise tax components and tax codes as per the legal requirements, and as applicable to the business. You can define tax code rates for each tariff code as per the statutory requirements.

You can identify a vendor account as a Small Scale Industry (SSI) vendor, and define the excise code rates separately for the SSI vendors. A company address can be identified as a manufacturing location or a trading location and apply the excise calculation accordingly. Excise registers such as RG23A, RG23C, DSA and PLA are updated automatically for manufacturing locations and RG23D register updated for trading locations.

User-defined inquiry forms allow you to view and generate the excise information and balances for all of the excise registers. Direct debit to RG23A, RG23C and PLA register functionality is also provided. The display of dynamic balances of excise tax components in all the excise registers at the transaction level is the highlight of this design. The excise liability can be settled against the recoverable amounts of multiple tax components as defined. You can use the excise recoverable amount to settle multiple tax liabilities.

To activate this feature, you must select the **Excise** check box on the **Tax** tab in the **General ledger parameters** form.

Service tax

Service tax is a federal tax that is imposed on all taxable services specified in the Taxable Services chapter of the India Finance Act. You must pay service tax on all services that are provided in India to an Indian client or a foreign client.

You can define the Service Tax Code (STC) numbers of the company, vendors, and customers in a common master form. You can define the service codes for the services used in the business in a master form and link them to the service items. You can create user-defined service tax components and service tax codes as per the legal requirements, and as applicable to the business.

Computation and financial posting of service tax on a cash basis can be completed for the following types of transactions:

- On the purchase and sales transactions for service vendors
- On the purchase transactions for GTA commercial vendors
- On advance payments and receipts.

Service tax is posted to interim accounts on invoicing, and transferred to actual accounts on receipt or payment of cash. The service tax recoverable amount on transactions with GTA commercial vendors is actualized only after the tax amount is paid to the authority.

You can settle the service tax liability against the recoverable amounts of multiple tax components as defined. You can use the service tax recoverable amounts to settle multiple tax liabilities.

To activate this feature, you must select the **Service tax** check box on the **Tax** tab in the **General ledger parameters** form.

Customs

Customs duty is levied on the import and export of goods in accordance with the Indian Customs Act. The rate of duties applied on goods is defined under the Customs Tariff Act of India.

The calculation of customs duty on the import and export of goods is based on the customs exchange rate declared by customs authorities at the beginning of each month. The customs duty on imported goods is calculated, based on the assessable value. The assessable value of goods is the total of cost, which includes insurance, freight, landing charges, and other charges for valuation purpose.

You can define the Importer Exporter Code (IEC) numbers of the company in a master form, and you can define the customs import and export tariff codes for the items used in the business in a master form and link them to the items. You can create user-defined customs tax components and tax codes as per the legal requirements, and as applicable to the business. The tax code rates can be defined for each tariff code as per the statutory requirements.

The assessable value can be calculated in the order forms using the transaction amount, landing charges, and other miscellaneous charges as per the statutory requirements for customs. You can post import orders with the importer invoice details and the bill of entry details in the **Purchase order** form. You can post export orders using the **Sales order** form and update the shipping bill details separately for each export order.

To activate this feature, you must select the **Customs** check box on the **Tax** tab in the **General ledger parameters** form.

Miscellaneous charges

In accordance with the Indian legal regulations, taxes and charges must be calculated on all business transactions, such as purchase orders, sales orders, and stock transfer orders. The taxes and charges calculated on transactions determine the inventory value.

You can use the standard setup for user-defined miscellaneous charges. The tax on miscellaneous charges is automatically taken care when the charge code forms part of the Formula designer. New allocation and apportionment methods have been added for the miscellaneous charge codes to cater to the India business requirements.

Note: The following changes for this feature are in Microsoft Dynamics AX 2009:

- To activate this feature in Microsoft Dynamics AX SP2, you selected the **Activate the extended features for India** check box on the **Ledger** tab in the **General ledger parameters** form. To activate this feature in Microsoft Dynamics AX 2009, select the **Miscellaneous charges** check box on the **Ledger** tab in the **General ledger parameters** form.
- The **Method** option that was previously provided in the **Misc. charges transactions** form has been removed because in Microsoft Dynamics AX 2009 you can now modify the miscellaneous charges value specific to an invoice in the **Posting invoice** form.
- The other additional options for India in the **Misc. charges transactions** form and in the **Allocation** form are also available when you open the forms from the **Posting invoice** form.

Stock transfer

In India, the warehouses of a company are considered as separate business locations and the taxes are applied for stock transfer transactions between warehouses of the same company.

You can identify a transfer order transaction as a **Transfer order** without ledger postings in the standard Microsoft Dynamic AX application, or as a **Stock transfer** with ledger postings as per India requirements.

You can set up ledger accounts for each tax registration number to record the financial impact of stock transfer between warehouses. You can define the transfer price for items as a fixed price or as a cost plus percentage and attach taxes for an item transfer transaction. You can also generate stock transfer reports that display tax amounts, transfer prices, and other details.

To activate this feature, you must select the **Activate stock transfer** check box on the **General** tab in the **Inventory parameters** form.

Note: The following change for this feature is in Microsoft Dynamics AX 2009:

- The display and functionality of a site dimension for a transfer order will be applicable as is, to the stock transfer option for India.

Tax Deducted at Source (TDS)

As per the Income Tax Act of India, income tax is deducted at source by the receiver of a service at the time of advance payment or accounting of credit, whichever activity takes place earlier. The person who makes the payment must deduct the tax amount and pay only the net balance to the provider of service.

You can define the Tax Account Numbers (TAN) of the company, vendors, and customers in a master form. You can create user-defined TDS tax component groups, components, and tax codes as per the legal requirements. You can set up withholding tax groups for each TDS type and define the tax computation formula using the Formula designer.

The threshold limits and exception threshold limits can be defined separately for each TDS component. The TDS calculation will be based on the threshold limit set.

Computation and financial posting of TDS can be completed for the following types of transactions:

- On purchase invoices and payments to residents and non-residents
- On advance payments and setting off the same against related invoices

To activate this feature, you must select the **Activate TDS** check box on the **Withholding tax** tab in the **General ledger parameters** form.

Tax Collected at Source (TCS)

As per the Income tax Act of India, the seller of specific commodities or the receiver of the payment must collect the tax at source from the buyer or payer, based on the assumption that the buyer of goods has taxable income. The Tax Collected at Source (TCS) is the tax amount that is collected by the seller of goods from the buyer over and above the invoice amount.

You can create user-defined TCS tax component groups, components, and tax codes as per the legal requirements. You can set up withholding tax groups for each TCS type and define the tax computation formula using the Formula designer.

Computation and financial posting of TCS can be completed for the following types of transactions:

- On sales invoices and receipts
- On advance receipts and setting off the same against related invoices

To activate this feature, you must select the **Activate TCS** check box on the **Withholding tax** tab in the **General ledger parameters** form.

Formula designer

The business scenarios in India involve the application of multiple indirect taxes and miscellaneous charges on a single transaction. The taxes must be computed in a hierarchical manner as governed by the federal and state regulations. The Formula designer ensures a standardized, flexible, and accurate process of calculating taxes without discounting the internal controls.

The Formula designer is set for the tax codes within an item tax group. You can define the formula for calculating taxes using the tax codes that are at a higher level in the hierarchy and any of the miscellaneous charge codes. The miscellaneous charge codes defined in both Accounts payable and Accounts receivable flow into the Formula designer. The basis of calculation may be defined differently for each tax code.

The taxes can be calculated on the basis of the following:

- Transaction line amount with any of the tax codes at a higher level in the hierarchy and miscellaneous charges
- Excluding transaction line amount on any of the tax codes at a higher level in the hierarchy and miscellaneous charges
- Maximum Retail Price (MRP) including any of the tax codes at a higher level in the hierarchy and miscellaneous charges
- Assessable value with any of the tax codes at a higher level in the hierarchy and miscellaneous charges

The Formula designer for the direct taxes involve the tax computation using the tax codes of the same tax type, which are at a higher level in the hierarchy, but does not include misc. charges.

To activate this feature, you must select the **India** configuration key and also the applicable tax parameters in the **General ledger parameters** form.

User-defined inquiry forms

Each of the tax types that apply to the Indian business scenario requires that you generate a variety of reports, as well. The style of reporting and the data contents vary for each tax type. The reporting requirements also vary, based on the nature of business.

To cater to a diverse business environment, user-defined tax inquiry forms are designed in such a way that the look and contents of an inquiry is for you to decide and design. You can create the visual design of the inquiry by selecting only those fields that you want to be displayed in the inquiry, and you can filter the data so that you can view only relevant information.

You can save your queries, which allows you to create and save several inquiry designs and retrieve them as needed. The design of the inquiry forms also meets many of the tax reporting requirements.

To activate this feature, you must select relevant tax parameters in the **General ledger parameters** form.

Note: The following tax-specific inquiries are available in Microsoft Dynamics AX 2009:

- India tax inquiry
- Excise inquiry
- VAT inquiry
- Service tax inquiry
- Customs inquiry

The financial dimensions are included in the inquiry designs to generate inquiry data, based on a specified financial dimension, and to cater record level security requirements.

Statutory reports for direct taxes

You can generate TDS certificates to vendors and record the information on the TDS certificates received from customers, and you can also generate TCS certificates to customers and record the information on the TCS certificates received from vendors. You can generate the certificate numbers in the required format with respect to each of the withholding tax component group.

For the Tax Deducted at Source (TDS), you can generate the quarterly e-TDS and e-TDS correction reports for Form 26Q (residents) and Form 27Q (non-residents). These reports are validated by the File Validation utility tool provided by the government authority.

For the Tax Collected at Source (TCS), you can generate the quarterly e-TCS and e-TCS correction reports for Form 27EQ. These reports are also validated by the File Validation utility tool provided by the government authority.

Note: The following changes for this feature are in Microsoft Dynamics AX 2009:

- Modifications are made to the Nil tax calculation requirements and the e-TDS and e-TCS file format requirements in order to cater to the enhancements announced by the Government of India about the file formats in the financial year 2008-09.
- Challan details are captured when e-payment is made to the direct tax authority using a credit card.

Financial statements

You can generate the financial statements in the format specified in Schedule VI by The Companies Act of India. The format includes the display of the schedule number for the ledger account and header and footer notes, and the alignment of the header and footer notes for each financial statement report that is generated.

To activate this feature, you must select the **Activate extended features for India** check box on the **Ledger** tab in the **General ledger parameters** form.

Note: The following change for this feature is in Microsoft Dynamics AX 2009:

- To activate this feature, you must select the **Financial statements** check box on the **Ledger** tab in the **General ledger parameters** form.

Depreciation as per Companies Act

The Companies Act of India states that the calculation of depreciation using the **Straight line** method and **Reducing balance** method must be based on the actual number of days in a year, which is 365 days or 366 days, if it is a leap year. You must calculate monthly depreciation, based on the number of days in a specific month. You must calculate the proportionate depreciation for an asset that is purchased or sold during the year.

The Indian law states that extra depreciation must be calculated for the number of days that the organization has worked for a double shift or a triple shift. The number of working days in a year is based on the following two categories:

- **Seasonal industries** - The number of days that the organization has worked during the year or 180 days, whichever is greater.
- **Non-seasonal industries** - The number of days that the factory or organization has worked during the year or 240 days, whichever is greater.

Depreciation can be calculated in Microsoft Dynamics AX as per the Indian Companies Act with the following feature highlights:

- Calculation of depreciation on fixed assets, based on the actual number of days that an asset has been used during the period.
- Calculation of depreciation on a shift basis, such as a single shift, double shift, and triple shift.
- Depreciation as per Companies Act can be applied to current layer value models.
- Minimum number of days to be applied for depreciation can be defined for seasonal industry and non-seasonal industry.
- Full depreciation can be availed on the value of an asset, if the acquisition cost of the asset is below a set value.

To activate this feature, you must select the **Companies Act depreciation** check box on the **Fixed assets** tab in the **General ledger parameters** form.

Depreciation as per Income tax Act

In accordance with the Income tax Act of India, depreciation must be calculated on the consolidated value of a block of assets. The group of assets in a class are called block of assets. The blocks are formed on the basis of depreciation rate and each block has a different rate for the calculation of depreciation.

Depreciation is calculated on the written down value of the block of assets that is derived at the end of the relevant financial year using this formula:

Written down value at the end of the previous financial year + acquisitions during the current year – sales during the current year

Depreciation is not calculated for the block of assets that have the written down value as zero

You can calculate additional depreciation—in addition to the standard depreciation—for a new piece of machinery or for a plant that has been purchased and installed in a specific year. The additional depreciation is calculated in the year that the asset is purchased and installed in, and the depreciation is deducted during the calculation of written down value in the succeeding year.

Depreciation can be calculated as per the Indian Income tax Act with the following feature highlights:

- Calculation of depreciation on the fixed asset group value for a period.
- Depreciation on a fixed asset group value can be applied for Depreciation books and Tax layer value models.
- The Acquisition and sale value of assets that forms a part of a block of assets will be adjusted to the group value.
- 50 percent—or a defined percentage—of the actual depreciation can be applied to an asset that is used for less than the minimum number of days defined for a financial year.
- Future depreciation and the net book value (balance) can be viewed for the group value of fixed asset.

To activate this feature, you must select the **Income Tax Act depreciation** check box on the **Fixed assets** tab in the **General ledger parameters** form.

Discontinued features for India

Attaching packing slips to an invoice

The India localization feature of attaching a packing slip to an invoice in the **Posting invoice** form by using the **Posted transactions** button in the **Purchase order** or **Sales order** forms has been removed, and no XPO will be available.

The same functionality is now available in Microsoft Dynamics AX 2009.

Other notes for India

Based on features and functionality that has been added to standard Microsoft Dynamics AX 2009, the following changes apply to the India localization.

- The date fields created specifically for the India localization have been integrated with the Enhancement in the Date and time zone feature.
- Attaching a packing slip to an invoice in the **Posting invoice** form have been extended for India to the Posted invoice inquiry. You can now view the details of packing slips that are attached to a posted invoice, as well.
- The India tax information and the calculation of India taxes have been provided in the **Purchase requisition** and the **Request for quote** features.

- The proper accounting of service tax and withholding tax amounts for India in the invoice company, where the services are actually received or provided, have been provided with respect to the Centralised payments and Cross company features.
- The proper accounting of India taxes have been provided in the **Check reversal journal**, **Deposit reversal journal** and the **Fixed assets transaction reversal journal**.
- The application of threshold limits for India withholding tax, when posting multiple journals, is included.
- The tax reversal entries for service tax on invoice settlements and tax settlements to authorities will be displayed in a related voucher, based on the **related vouchers** functionality.

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