



SAP Extended Withholding tax Configuration

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INTRODUCTION

Withholding tax is applicable in few countries. Some of the countries which have withholding tax are United Kingdom, Slovakia, Turkey, Argentina, Brazil, Chile, Colombia, Mexico, India, Philippines, Thailand and South Korea. SAP has given an excellent solution to map the withholding tax scenario.

What is a withholding tax?

Withholding tax is an Income tax which is deducted at the source of the revenue. The party that is subject to tax does not remit the withholding tax to the tax authorities himself.

In any business transaction there are 2 parties involved. One is the customer and another is the vendor. A customer is authorized to deduct withholding tax for services rendered by the vendor. When the vendor raises the invoice on the customer, the customer deducts the withholding tax as per the rates specified by the tax authorities and pays the balance money to the vendor.

The tax deducted by the vendor is remitted to the tax authorities on specified due dates. The vendor gives a Withholding tax certificate to the customer for the withholding tax deducted.

The customer can claim this withholding tax (as advance income tax paid) in his annual returns to Income tax authorities.

In some countries (like India) the withholding tax is deducted on Invoice or payment whichever is earlier. Thus when an advance is paid to the vendor the customer is required to deduct withholding tax on the advance payment.

When the Vendor submits an Invoice the customer is now required to deduct tax on the Invoice amount reduced by the advance amount.

To calculate pay and report the withholding tax, the SAP system provides two functions:-

- Classic Withholding tax
- Extended Withholding tax

Extended Withholding tax includes all the functions of classic withholding tax; **SAP therefore recommends** the use of extended withholding tax.

We will cover the Extended withholding tax functionality in this e-book.

We will try to cover the broad configuration aspects of extended withholding tax, without getting into each country specifics. Since each country has its own forms and different reporting requirements.

With Extended Withholding tax, we can process withholding tax from both the vendor and customer view.

From the Accounts Payable perspective, the vendor is the person subject to tax and the company code is obligated to deduct withholding tax and pay to tax authorities.

From the Accounts Receivable perspective the company code itself is subject to tax and the customers that do business with the company deduct withholding tax and pay to the tax authorities.

Generally the Accounts Payable perspective is used by majority of the implementing companies.


Let us proceed for the configuration.

1. Basic Settings

1.1 Check Withholding Tax Countries

For configuration we use the following path on the SAP application screen:-

SAP Menu → Tools → Customizing → IMG → SPRO – Edit Project →

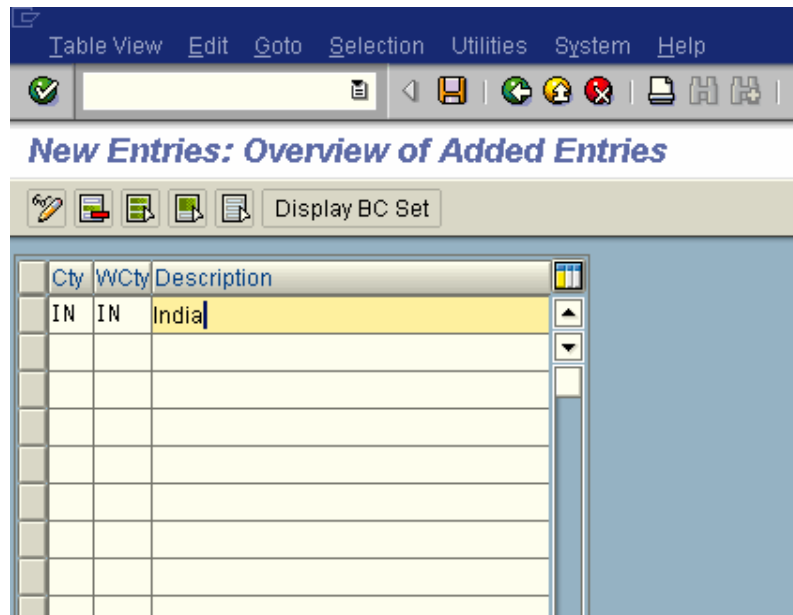
 SAP Reference IMG

IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Basic Settings → Check Withholding Tax Countries

The withholding tax country is needed for printing the withholding tax form and also for maintaining the tax codes in the vendor master and customer master

Update the withholding tax country.

Click on 



Click on 

1.2 Define Official Withholding Tax Codes

IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Basic Settings → Define Official Withholding Tax Codes

If the national tax authorities use official withholding tax keys to identify the different withholding tax types, you can define these official names for your tax codes here.

Here we configure the various tax keys which are applicable in different scenarios.

For example:-

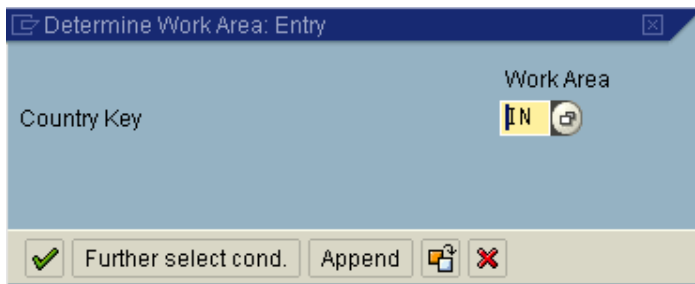
Withholding tax code on Contractors,

Withholding tax code on Commission and brokerage

Withholding tax code on Professional & Technical service

Withholding tax is also called TDS (Tax deducted at source) in some countries.

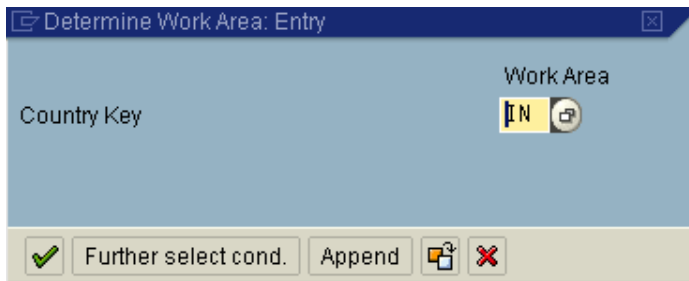
Update the following:-



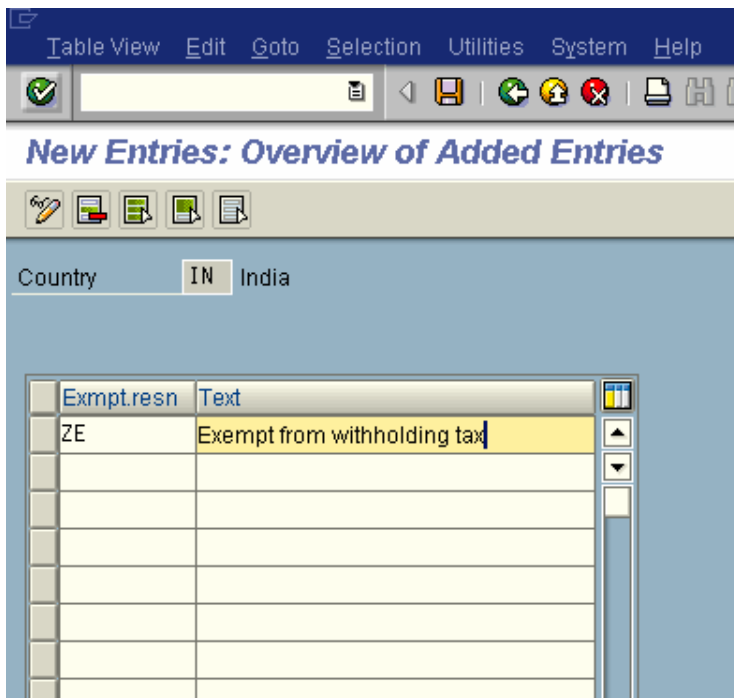
1.3 Define Reasons for Exemption

IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Basic Settings → Define Reasons for Exemption

Here we define reasons for exemption from withholding tax. This indicator can be entered in the vendor master record or in the company code withholding tax master record information.



Click on 



Click on 

1.4 Check Recipient Types

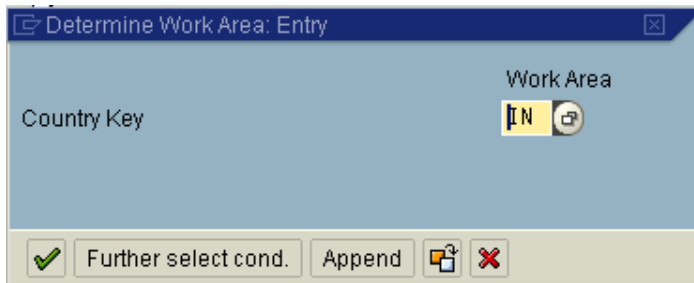
IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Basic Settings → Check Recipient Types

This is required to categorize the vendor.

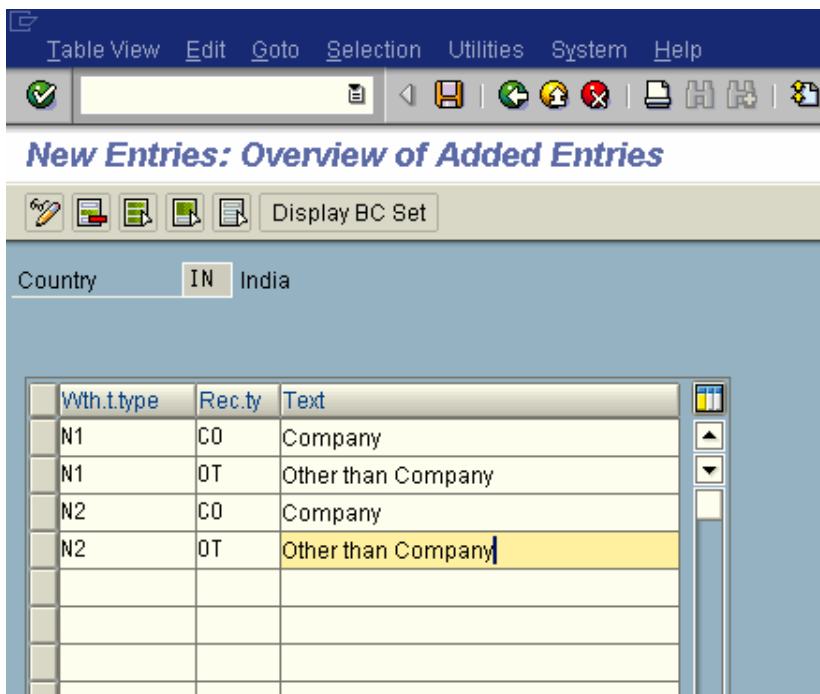
For example:-

If the vendor is a company or,
Other than a company.

This configuration can be done after step number 2.1.2



Click on



Click on 

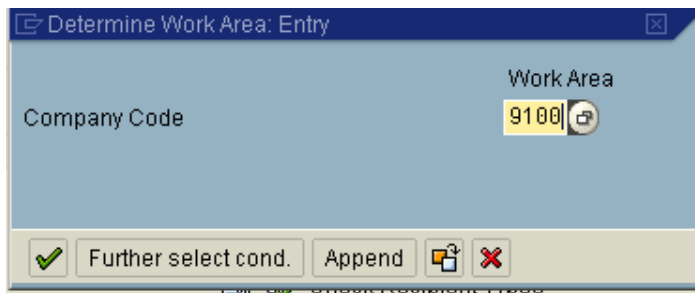
1.5 Define Business Places

IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Basic Settings → India → Define Business Places

Business places are the location where tax is deducted. A company has various offices at Head Office, Regional offices etc. Tax can be deducted at any of these places. Withholding tax tracking is thus done based on business places. The use of business places is mandatory.

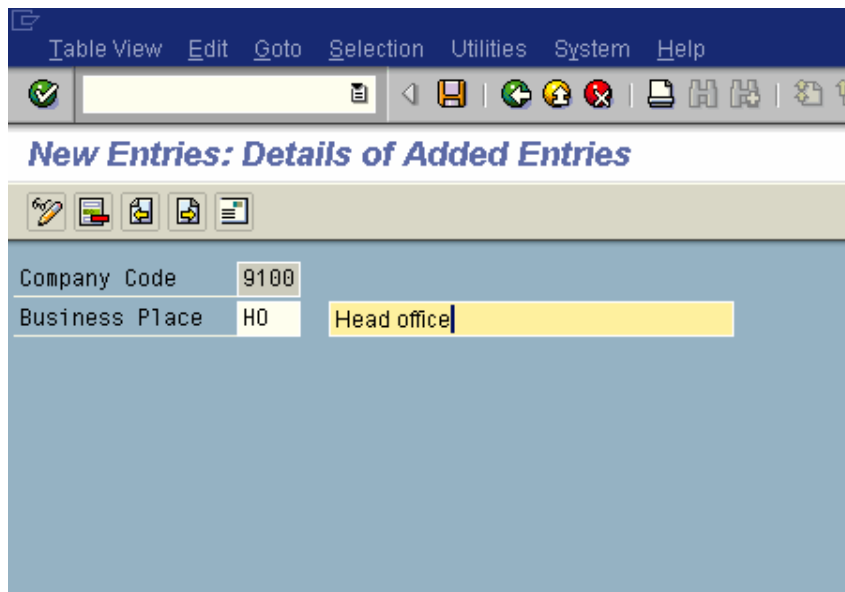
Create a business place for each tax deduction account number (TAN) that your company has.

Update the following:-



Click on 

Update the following:-



Click 

Edit address: H0

Name	
Title	<input type="text"/>
Name	Head Office
	Bandra

Search terms

Search term 1/2	H0	<input type="text"/>
-----------------	----	----------------------

Street address

Street/House number	Linking Road	<input type="text"/>
Postal code/City	400077	Mumbai - Bandra
Country	IN	India
	Region	<input type="text"/>

PO box address

PO Box	<input type="text"/>
Postal Code	<input type="text"/>
Company postal code	<input type="text"/>


Communication

Language	EN English	<input type="text"/>	Other communication...
Telephone	<input type="text"/>	Extension	<input type="text"/>
Fax	<input type="text"/>	Extension	<input type="text"/>
E-Mail	<input type="text"/>		
Standard Comm.Method	<input type="text"/>		

Comments

Preview International Versions

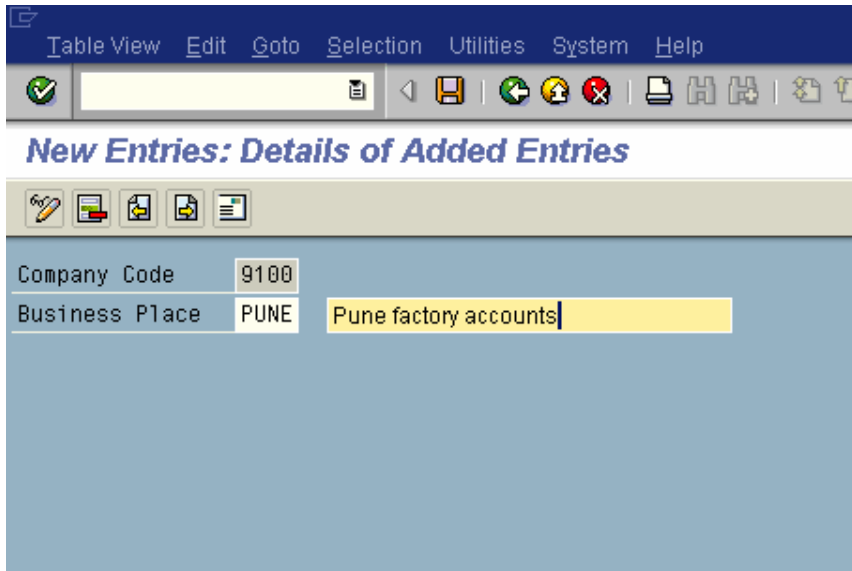
Click 

Click on 

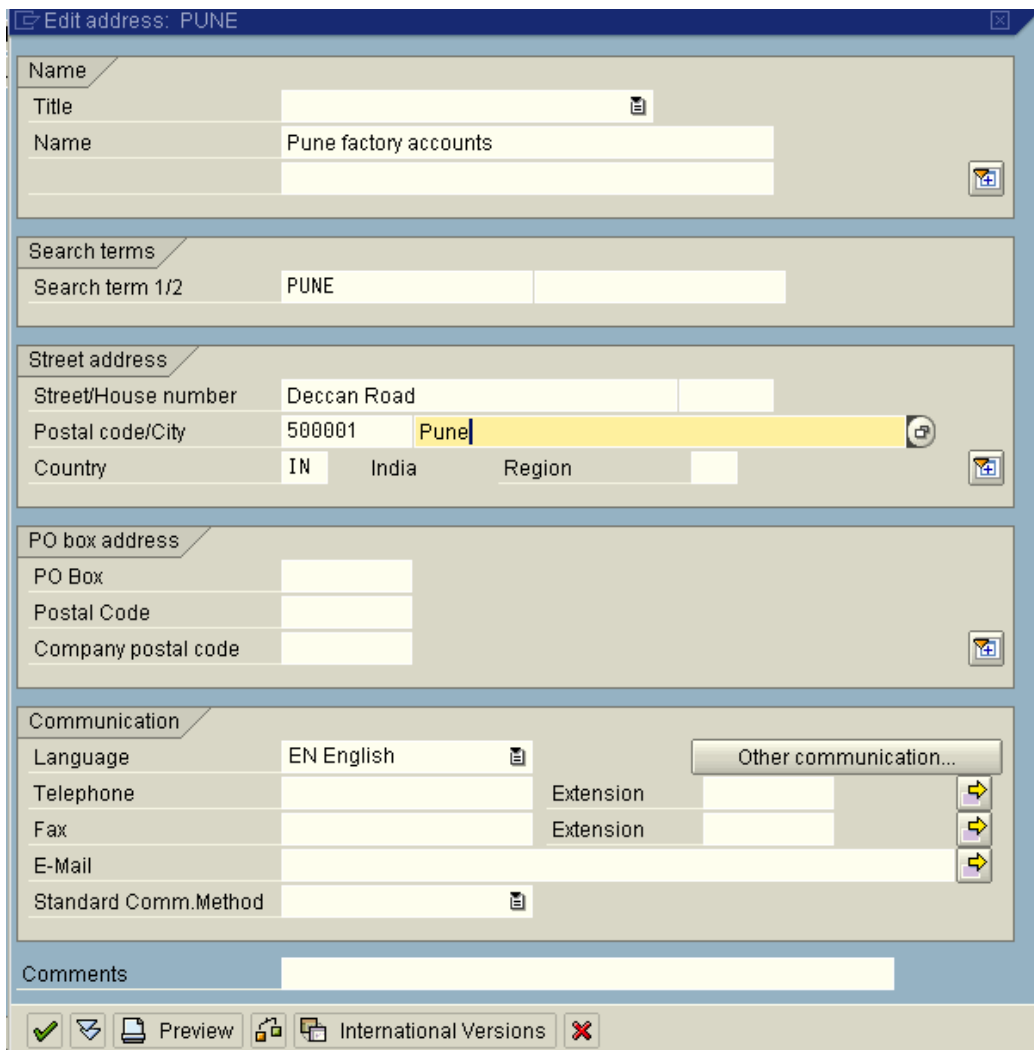
Click 

Click on


Update the following:-



Click 



Click 

Click on 

2. Calculation

2.1 Withholding Tax Type

The withholding tax type controls the essential calculation options for extended withholding tax.

While the withholding tax code only controls the percentage rate of the withholding tax.

You must enter the withholding tax type in the customer/vendor withholding tax master data and in the company code master data.

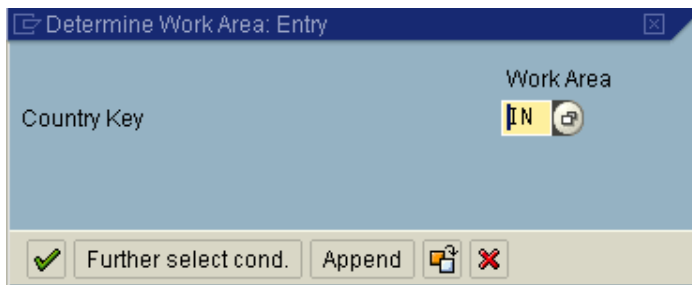
2.1.1 Define Withholding Tax Type for Invoice Posting

IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Calculation → Withholding Tax Type → Define Withholding Tax Type for Invoice Posting

Here you define the withholding tax type for the posting at the time of entering an invoice. This withholding tax type does not have any effect on the payment.

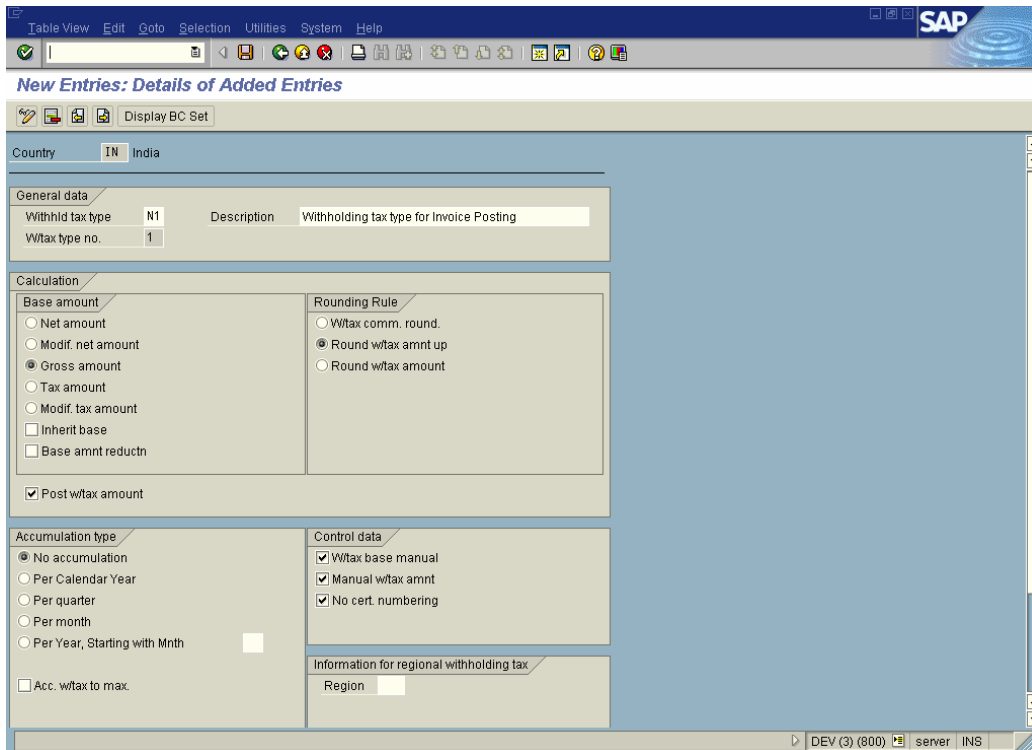
All calculations for extended withholding tax are made in the first local currency of the respective company code.

Update the following:-



Click on **New Entries**

Update the following:-



Here we want the base amount for calculation of the tax as the Gross amount.

Rounding rules can be selected based on 3 options available above.

We do not want any accumulation of the base amount for calculation of the withholding tax. This is particularly important if the withholding tax is to be deducted only if the gross amount on accumulation reaches a specified figure.

Click 

Table View Edit Goto Selection Utilities System Help

Display BC Set

Calculation

Base amount

Net amount
 Modif. net amount
 Gross amount
 Tax amount
 Modif. tax amount
 Inherit base
 Base amnt reductn

Rounding Rule

W/tax comm. round.
 Round w/tax amnt up
 Round w/tax amount

Post w/tax amount

Accumulation type

No accumulation
 Per Calendar Year
 Per quarter
 Per month
 Per Year, Starting with Mnth

Acc. w/tax to max.

Control data

W/tax base manual
 Manual w/tax amnt
 No cert. numbering

Information for regional withholding tax

Region

Define minimum/maximum amounts

Base amount


W/tax code level
 Type level

Withholding tax amount

W/tax code level
 Type level

We can define the minimum and maximum amounts for the calculation either at the withholding tax code level or the withholding tax type level.

We will define it at the withholding tax code level.

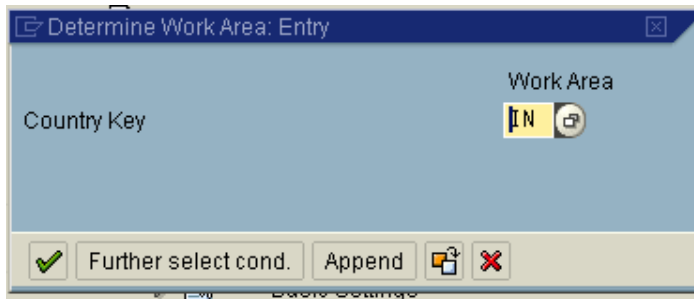
Click on 

2.1.2 Define Withholding Tax Type for Payment Posting

IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Calculation → Withholding Tax Type → Define Withholding Tax Type for Payment Posting

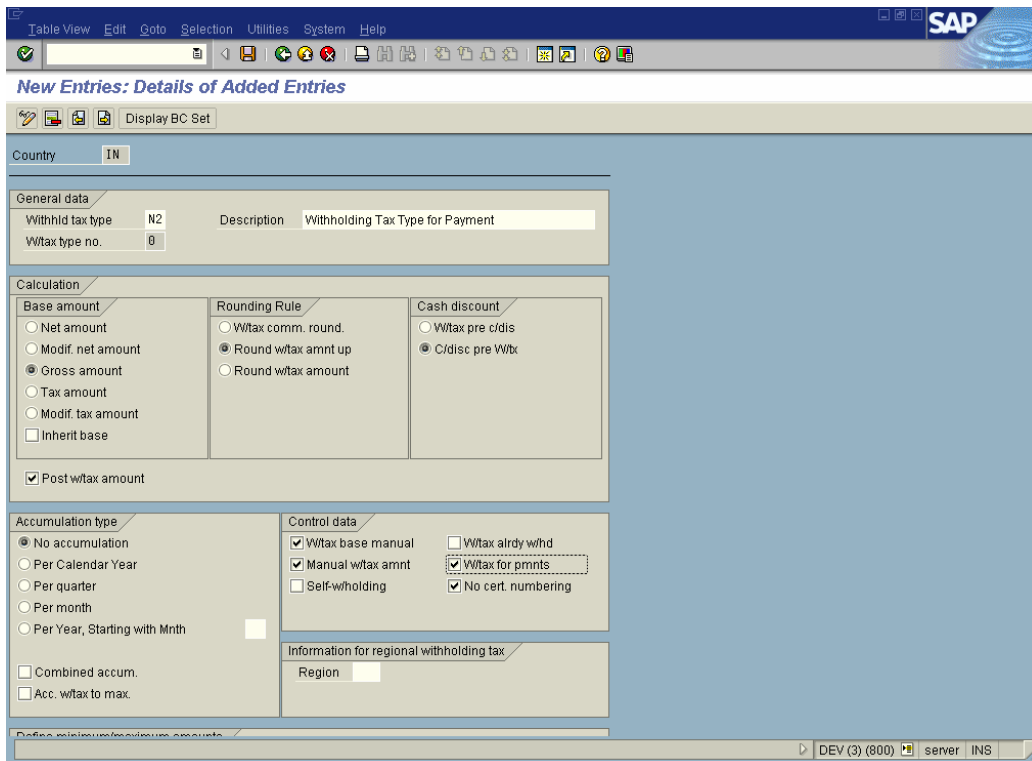
Here we define the withholding tax type for posting at the time of payment. We also have to enter the withholding tax information when entering the document for this withholding tax type.

Update the following:-

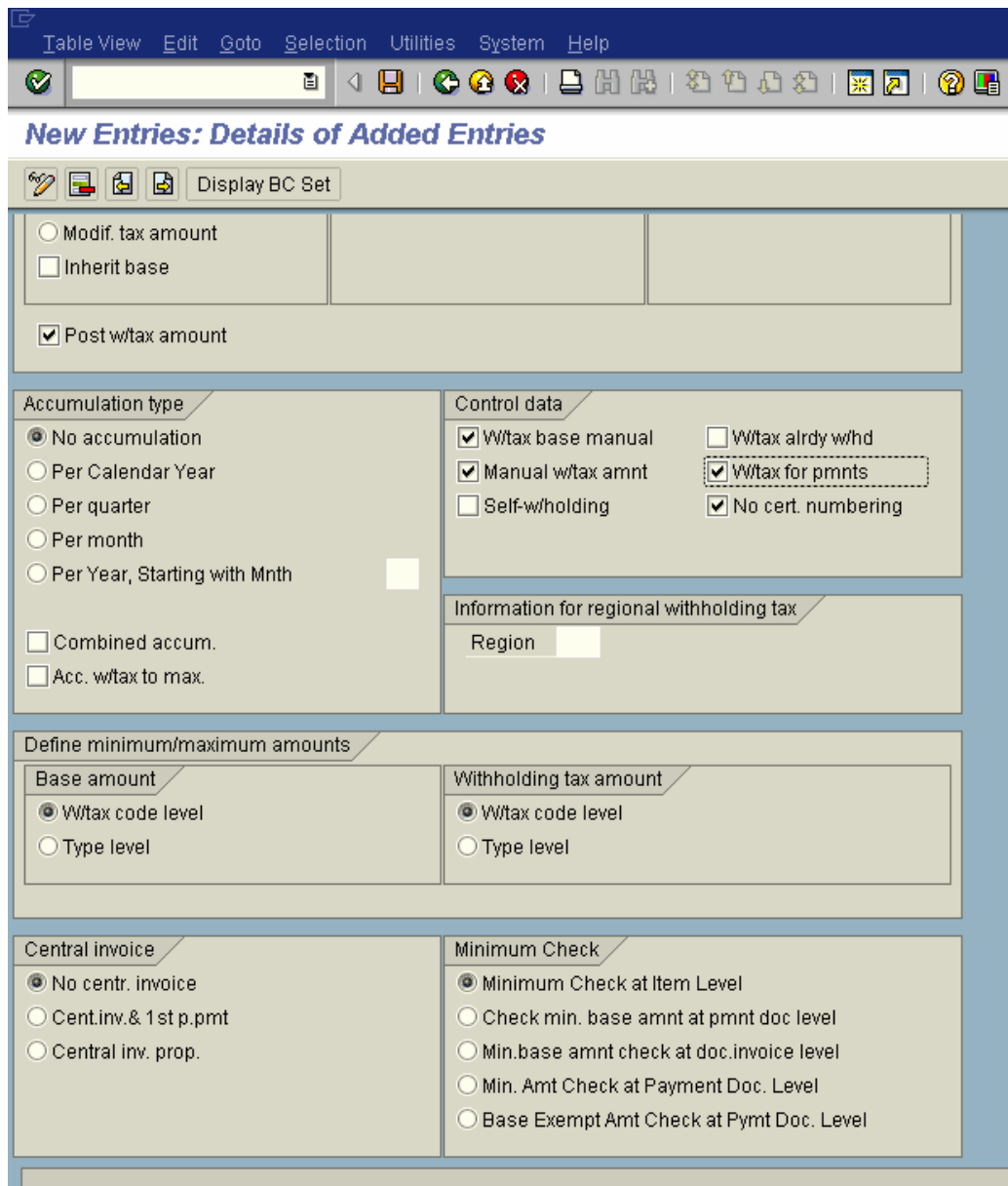


Click on **New Entries**

Update the following:-



Click 



The screenshot shows the SAP 'New Entries: Details of Added Entries' configuration screen. The interface includes a menu bar (Table View, Edit, Goto, Selection, Utilities, System, Help) and a toolbar with various icons. The main configuration area is divided into several sections:

- Display BC Set**: Includes radio buttons for 'Modif. tax amount' and 'Inherit base', and a checked checkbox for 'Post w/tax amount'.
- Accumulation type**: Radio buttons for 'No accumulation' (selected), 'Per Calendar Year', 'Per quarter', 'Per month', and 'Per Year, Starting with Mnth'. There are also checkboxes for 'Combined accum.' and 'Acc. w/tax to max.'.
- Control data**: Includes checked checkboxes for 'W/tax base manual', 'Manual w/tax amnt', and 'No cert. numbering'. There are also checkboxes for 'W/tax alrdy w/hd' and 'W/tax for pmnts' (which is selected).
- Information for regional withholding tax**: A dropdown menu for 'Region'.
- Define minimum/maximum amounts**:
 - Base amount**: Radio buttons for 'W/tax code level' (selected) and 'Type level'.
 - Withholding tax amount**: Radio buttons for 'W/tax code level' (selected) and 'Type level'.
- Central invoice**: Radio buttons for 'No centr. invoice' (selected), 'Cent. inv. & 1st p.pmt', and 'Central inv. prop.'.
- Minimum Check**: Radio buttons for 'Minimum Check at Item Level' (selected), 'Check min. base amnt at pmnt doc level', 'Min. base amnt check at doc. invoice level', 'Min. Amt Check at Payment Doc. Level', and 'Base Exempt Amt Check at Pymt Doc. Level'.

Click on 

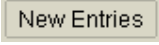
2.1.3 Define Exchange Rate Type for Withholding Tax Type

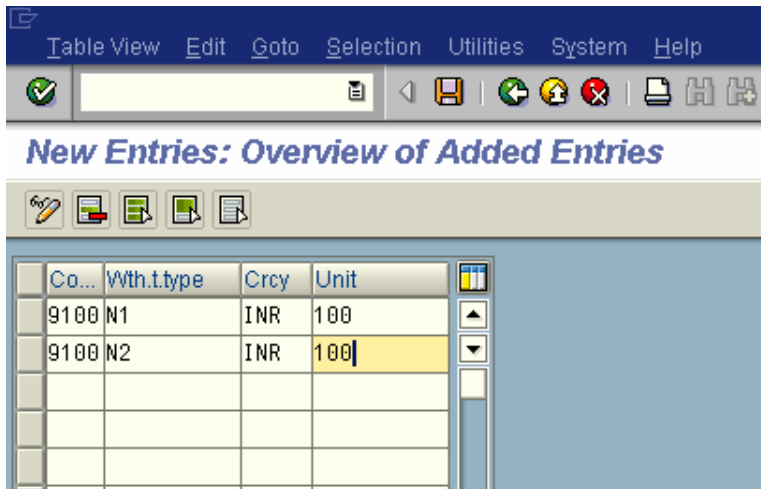
IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Calculation → Withholding Tax Type → Define Exchange Rate Type for Withholding Tax Type

2.1.4 Define Rounding Rule for Withholding Tax Type

IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Calculation → Withholding Tax Type → Define Rounding Rule for Withholding Tax Type

Here we define rounding rules for the individual withholding tax types.

Click on 



Click on 

2.2 Withholding Tax Codes

The withholding tax code determines the withholding tax percentage.

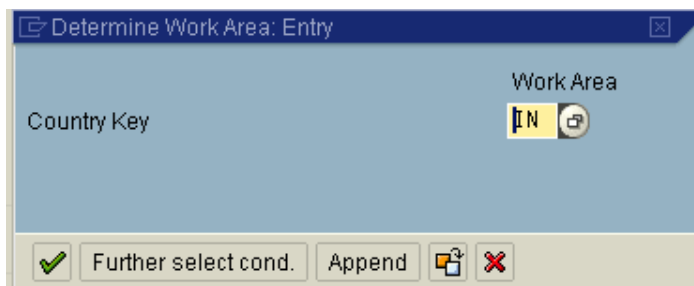
2.2.1 Define Withholding Tax Codes

IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Calculation → Withholding Tax Codes → Define Withholding Tax Codes

Currently the withholding tax rate is same for company and a firm which is not a company. But in future the rates will differ; therefore we create the 2 codes one for company and another for other than company

Let us create 2 withholding tax codes for Contractors (Companies & other than companies) for Invoice posting and 2 tax codes for Payment posting (Companies & other than companies)

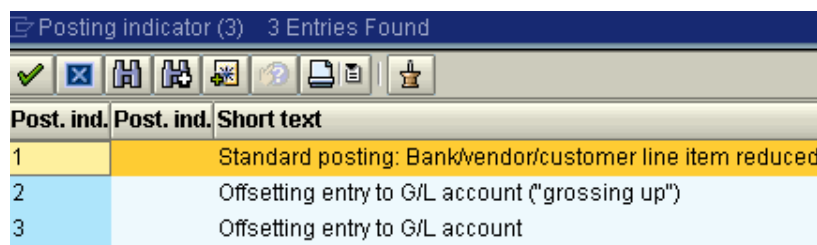
Let us create 2 withholding tax codes for Professional & Technical services for Invoice posting (Companies & other than companies)



Click on

Update the following:-

Take a drop down in the field Post. Indic



Post. ind.	Post. ind.	Short text
1		Standard posting: Bank/vendor/customer line item reduced
2		Offsetting entry to G/L account ("grossing up")
3		Offsetting entry to G/L account

Select 1

Table View Edit Goto Selection Utilities System Help

Display BC Set

Country IN

General data

Withhd tax type N1

W/tax code I1 Off. W/Tax Key 194C

Description 194C 2.24% TDS on Inv Contractors CO

Base amount

Percentage subject to tax 100.00 %

Postings

Post.indic. 1

Calculation

With/tax rate 2.2400 %

With/tax rate (fraction) /

W.tax form.

Reporting information

Region

Prov.tax code

Income type

Click on 

Click on

Update the following:-

Table View Edit Goto Selection Utilities System Help

Display BC Set


Country IN

General data

Withhd tax type	N1	Off. W/Tax Key	194C
W/tax code	I2	Description	
		194C 2.24% TDS on Inv Contractors OT	

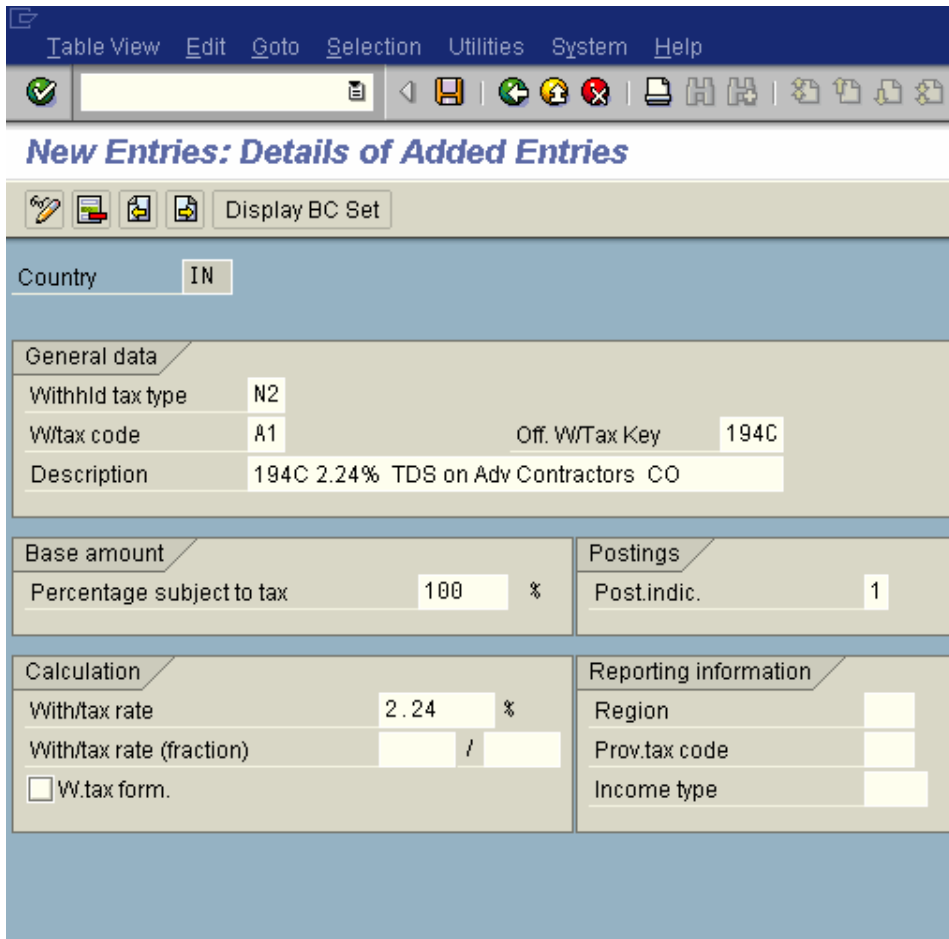
Base amount	Postings
Percentage subject to tax	Post.indic.
100 %	1

Calculation	Reporting information
With/tax rate	Region
2.24 %	Prov.tax code
With/tax rate (fraction)	Income type
/	
<input type="checkbox"/> W.tax form.	

Click on 

Click on 

Update the following:-




The screenshot shows the SAP 'New Entries: Details of Added Entries' window. The menu bar includes 'Table View', 'Edit', 'Goto', 'Selection', 'Utilities', 'System', and 'Help'. The title bar contains standard window controls and icons. The main area is titled 'New Entries: Details of Added Entries' and includes a 'Display BC Set' button. The 'Country' is set to 'IN'. The 'General data' section contains: 'Withhld tax type' (N2), 'W/tax code' (A1), 'Off. W/Tax Key' (194C), and 'Description' (194C 2.24% TDS on Adv Contractors CO). The 'Base amount' section shows 'Percentage subject to tax' (100 %). The 'Postings' section shows 'Post.indic.' (1). The 'Calculation' section shows 'With/tax rate' (2.24 %), 'With/tax rate (fraction)' (empty), and a checkbox for 'W.tax form.' (unchecked). The 'Reporting information' section has 'Region', 'Prov.tax code', and 'Income type' (all empty).

General data	
Withhld tax type	N2
W/tax code	A1
Off. W/Tax Key	194C
Description	194C 2.24% TDS on Adv Contractors CO

Base amount	Postings
Percentage subject to tax	Post.indic.
100 %	1

Calculation	Reporting information
With/tax rate	Region
2.24 %	Prov.tax code
With/tax rate (fraction)	Income type
/	
<input type="checkbox"/> W.tax form.	

Click on 

Click on 

Table View Edit Goto Selection Utilities System Help

Display BC Set

Country IN

General data

Withhd tax type	N2	Off. W/Tax Key	194C
W/tax code	A2	Description 194C 2.24% TDS on Adv Contractors OT	

Base amount

Percentage subject to tax	100 %
---------------------------	-------

Postings


Post.indic.	1
-------------	---

Calculation

With/tax rate	2.24
With/tax rate (fraction)	/
<input type="checkbox"/> W.tax form.	

Reporting information

Region	
Prov.tax code	
Income type	

Click on 

Let us now create withholding tax code for Professional services

Click on

Update the following:-

Table View Edit Goto Selection Utilities System Help

Display BC Set


Country IN

General data

Withhd tax type	N1	Off. W/Tax Key	194J
W/tax code	I3		
Description	194J -5.61% Fees for Prof/ Tech Serv. CO		

Base amount	Postings
Percentage subject to tax 100.00 %	Post.indic. 1

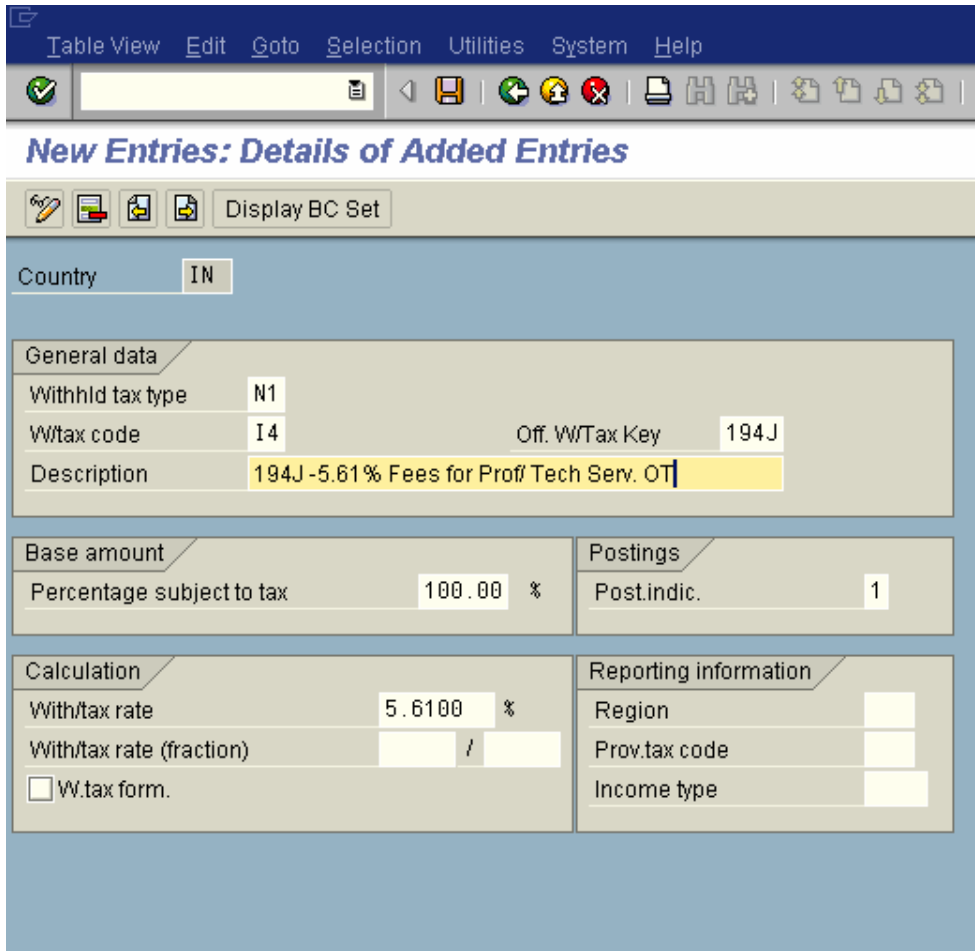
Calculation	Reporting information
With/tax rate 5.6100 %	Region
With/tax rate (fraction) /	Prov.tax code
<input type="checkbox"/> W.tax form.	Income type

Click on 

Click 

Click on

Update the following:-



New Entries: Details of Added Entries

Country: IN

General data

Withheld tax type	N1	Off. W/Tax Key	194J
W/tax code	I4		
Description	194J-5.61% Fees for Prof/ Tech Serv. OT		

Base amount

Percentage subject to tax	100.00 %
---------------------------	----------

Postings

Post.indic.	1
-------------	---

Calculation

With/tax rate	5.6100 %
With/tax rate (fraction)	/
<input type="checkbox"/> W.tax form.	

Reporting information

Region	
Prov.tax code	
Income type	

Click on 

Similarly you can create codes A3 and A4 for Prof Services for Advance payments

2.2.2 Define Formulas for Calculating Withholding Tax

IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Calculation → Withholding Tax Codes → Define Formulas for Calculating Withholding Tax

Here you define formulas (scales) for calculating withholding tax. This formulas are used where the calculation is quite complex.

Our calculation is quite simple; therefore we do not configure anything here.

2.3 Withholding Tax Base Amount

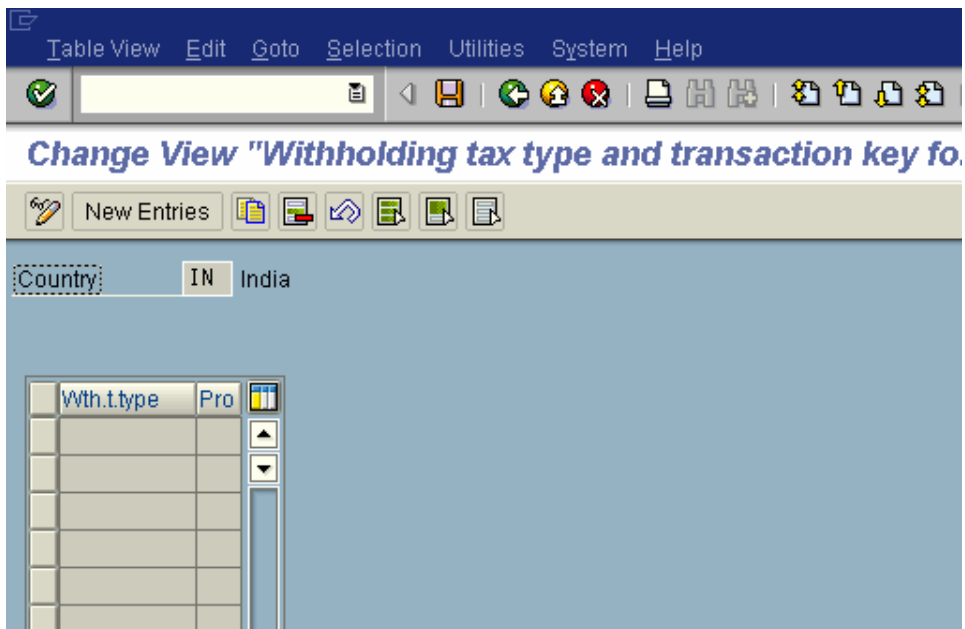
2.3.1 Define Processing Key for Modified Net Amount

IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Calculation → Withholding Tax Base Amount → Define Processing Key for Modified Net Amount

Here we define the transaction keys for calculating the modified net amount. Modified - means an extra amount is added to the net amount.

This extra amount is determined using one or more transaction keys which we define here.

This configuration is not relevant for us.

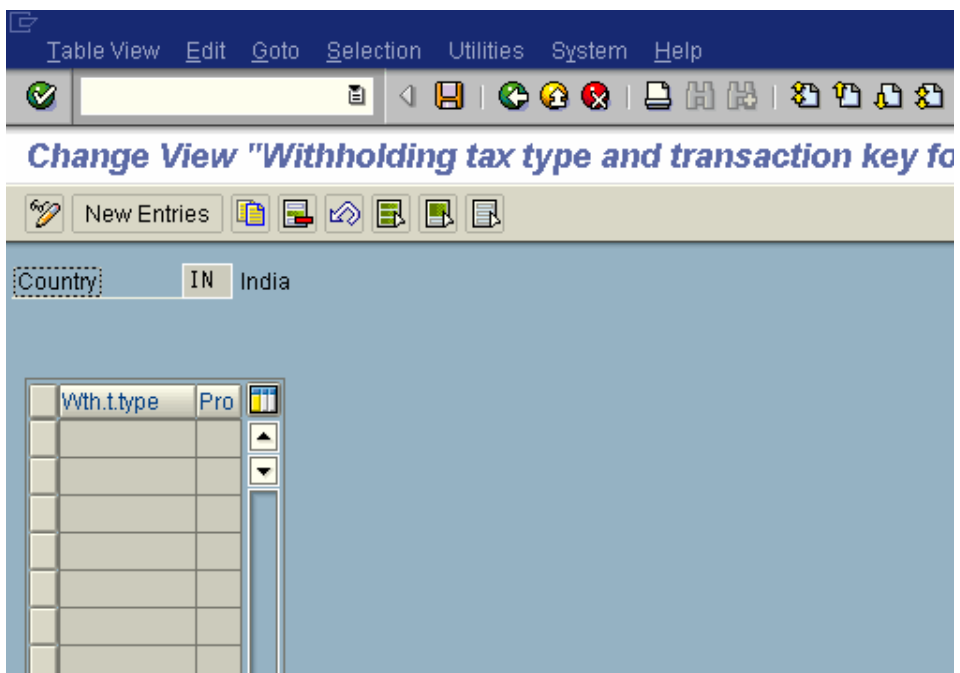


2.3.2 Define Processing Key for Modified Tax Amount

IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Calculation → Withholding Tax Base Amount → Define Processing Key for Modified Tax Amount

Here we maintain the transaction keys for calculating the tax base amount based on the modified tax amount.

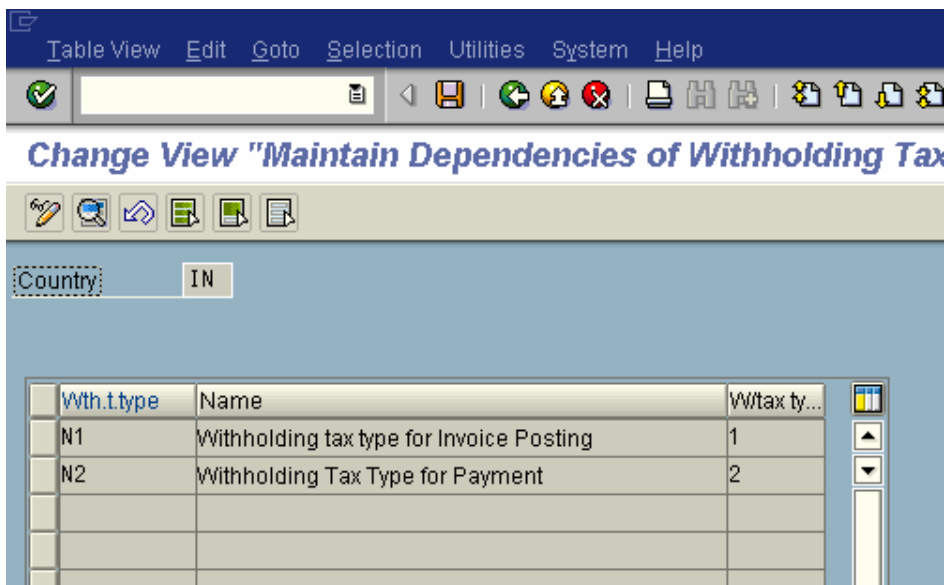
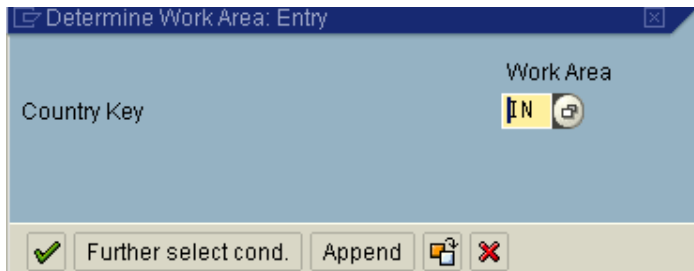
This configuration is not relevant for us.



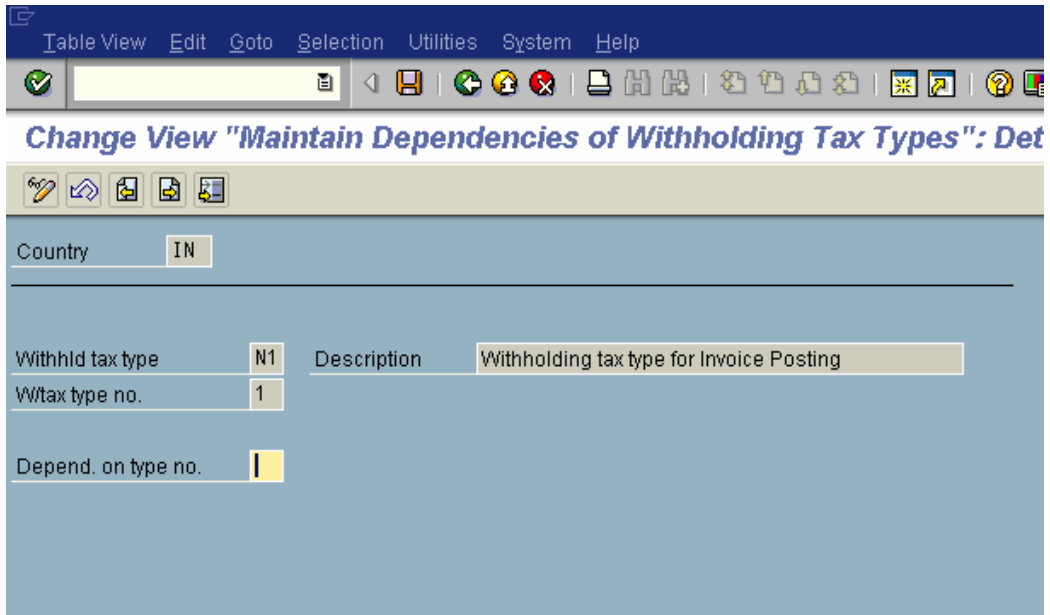
2.2.3 Portray Dependencies between Withholding Tax Types

IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Calculation → Withholding Tax Base Amount → Portray Dependencies between Withholding Tax Types

Here we can represent dependencies between withholding tax categories.



Double click



We do not want any dependency between the withholding tax types.

2.4 Minimum and Maximum Amounts

Here we define the minimum and maximum amounts for the withholding tax or for the withholding tax base amount.

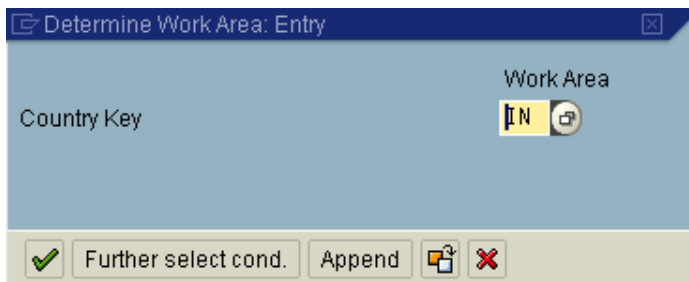
In withholding tax type **Customizing step 2.1.1** we define whether we want to maintain the minimums and maximums at withholding tax type level or at withholding tax code level.

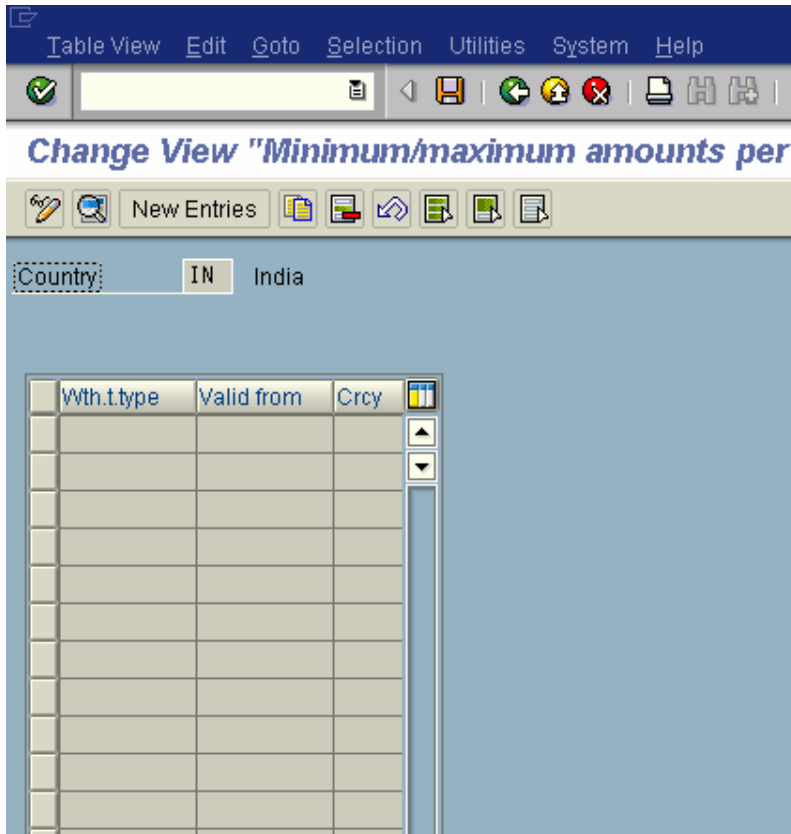
At **withholding tax type level**, the minimums and maximums are chosen independently of the specific withholding tax code of the relevant line item.

At **withholding tax code level**, we can adapt the minimums and maximums independently to meet our individual requirements for each combination of withholding tax type and withholding tax code.

2.4.1 Define Min/Max Amounts for Withholding Tax Types

IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Calculation → Minimum and Maximum Amounts → Define Min/Max Amounts for Withholding Tax Types



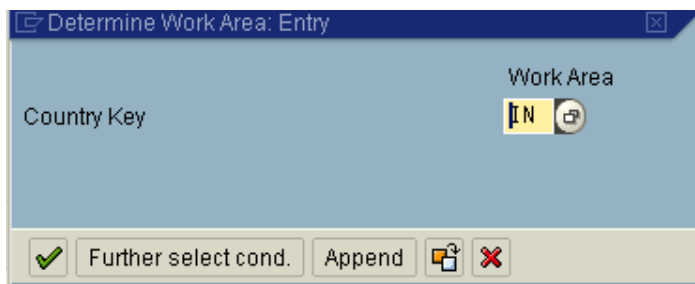


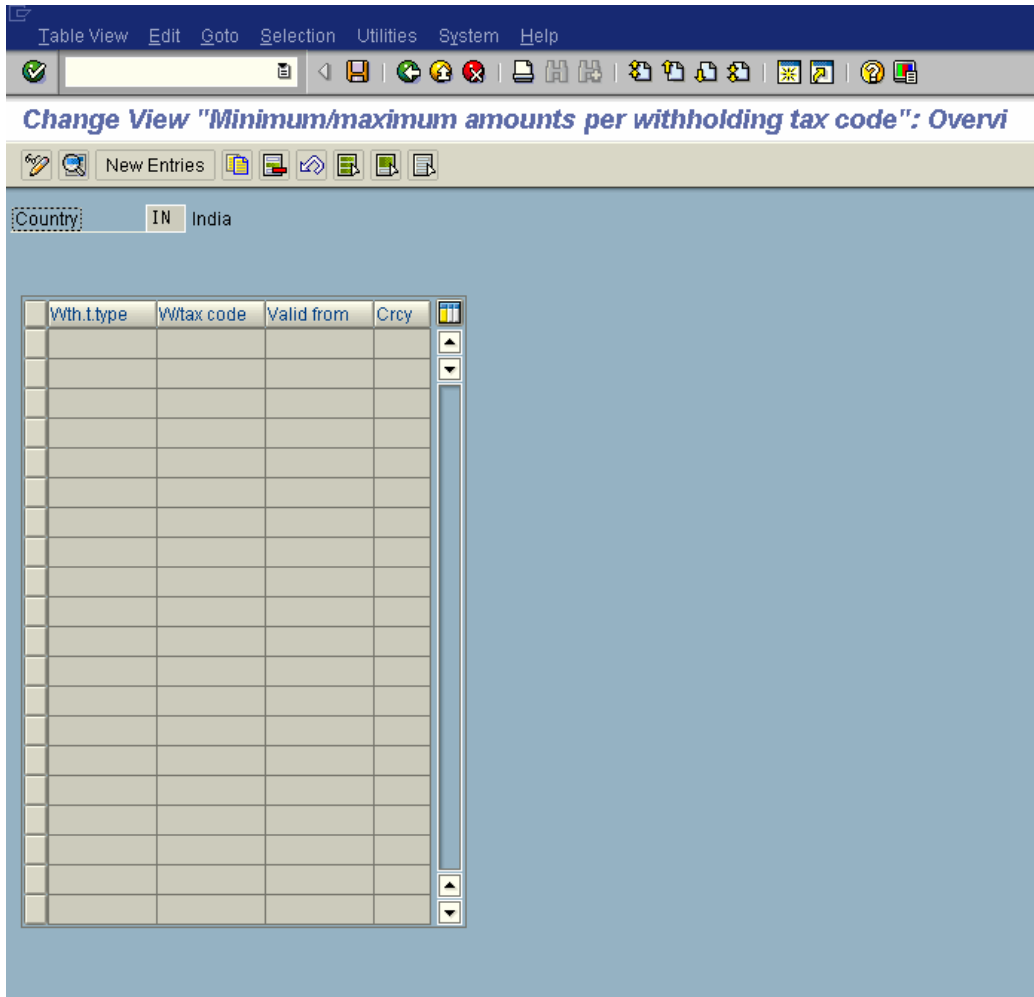
We do not want any minimum or maximum amount therefore the configuration is not relevant for us.

2.2.2 Define Min/Max Amounts for Withholding Tax Codes

IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Calculation → Minimum and Maximum Amounts → Define Min/Max Amounts for Withholding Tax Codes

Here we define minimum and maximum amounts for withholding tax codes.





This configuration is also not relevant for us.

3. Company Code

3.1 Assign Withholding Tax Types to Company Codes

IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Company Code → Assign Withholding Tax Types to Company Codes


Here we assign the withholding tax types to the company code.

Click on

Update the following:-

The screenshot shows the SAP 'New Entries: Details of Added Entries' form. The form is titled 'New Entries: Details of Added Entries' and has a 'Display BC Set' button. The form is divided into several sections:

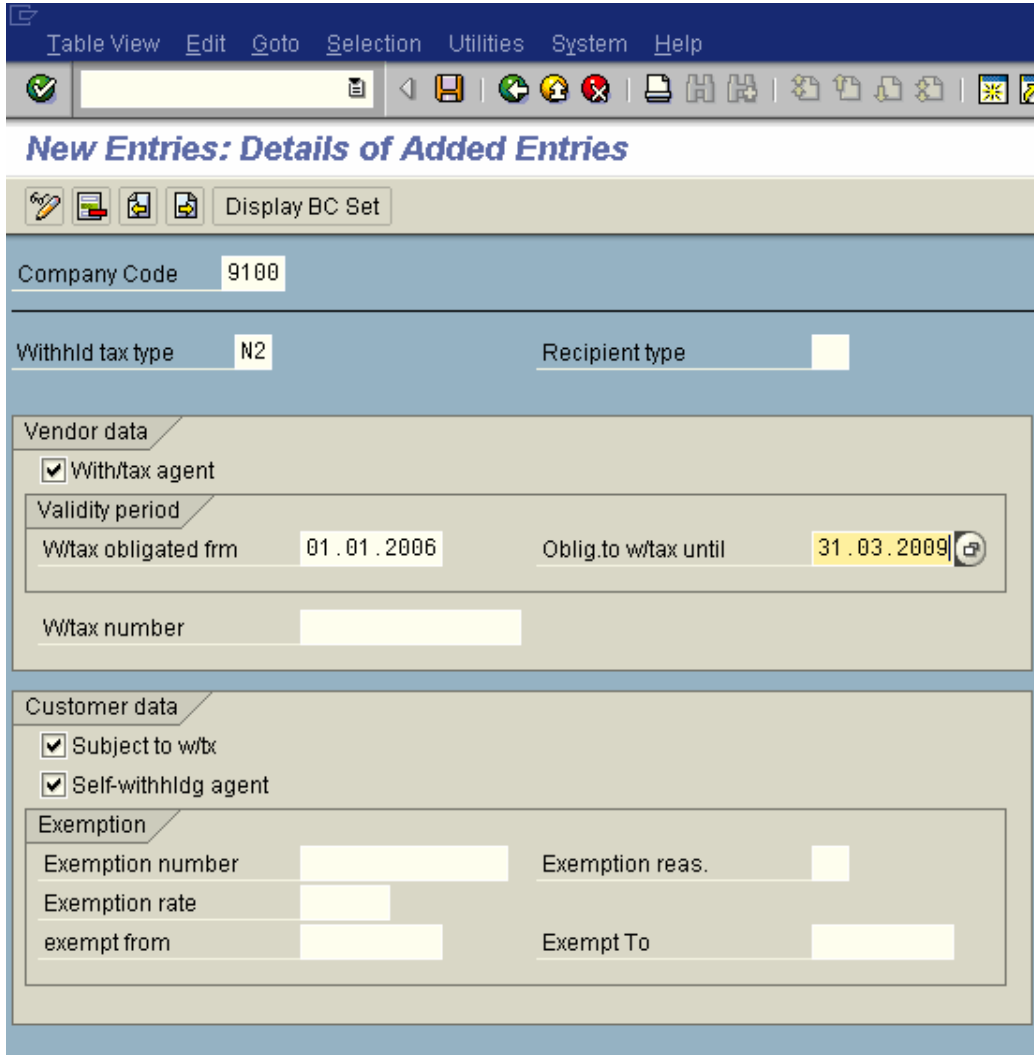
- Company Code:** 9100
- Withhld tax type:** N1
- Recipient type:**
- Vendor data:**
 - With/tax agent
 - Validity period:**
 - W/tax obligated frm: 01.01.2006
 - Oblig.to w/tax until: 31.03.2009
 - W/tax number:
- Customer data:**
 - Subject to w/tax
 - Self-withhldg agent
 - Exemption:**
 - Exemption number:
 - Exemption reas.:
 - Exemption rate:
 - exempt from:
 - Exempt To:

Click on 

Click 


Click on 

Update the following:-



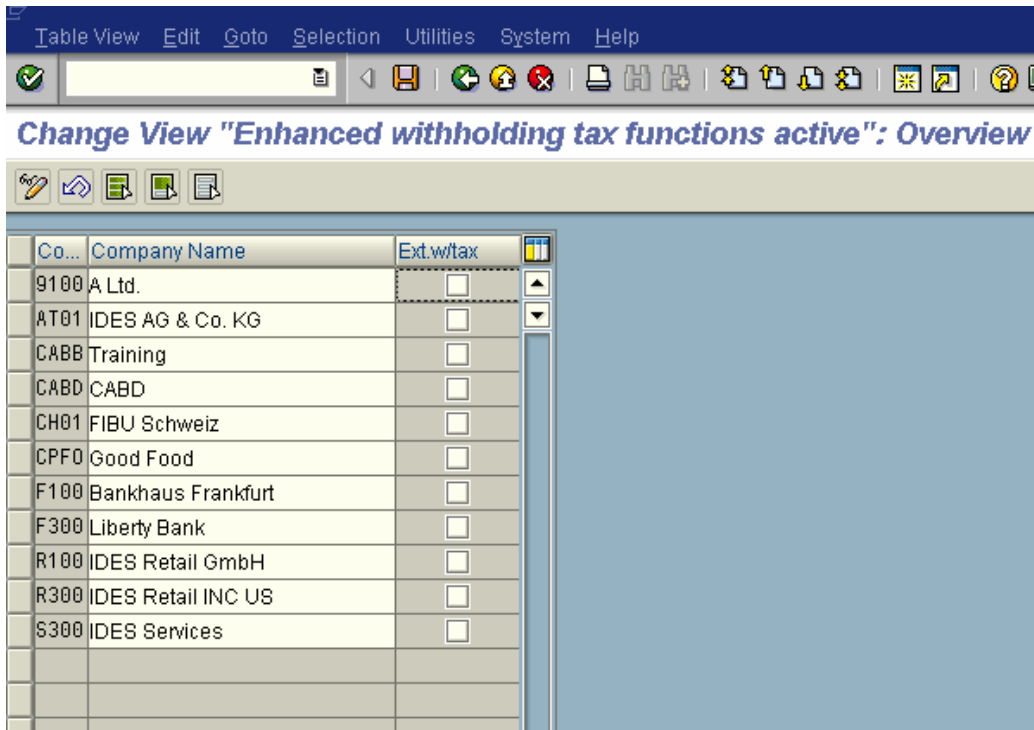
The screenshot shows the SAP 'New Entries: Details of Added Entries' form. The menu bar includes 'Table View', 'Edit', 'Goto', 'Selection', 'Utilities', 'System', and 'Help'. The toolbar contains various icons for navigation and actions. The form fields are as follows:

- Company Code:** 9100
- Withhd tax type:** N2
- Recipient type:** [Blank]
- Vendor data:**
 - With/tax agent
 - Validity period:**
 - W/tax obligated frm:** 01.01.2006
 - Oblig.to w/tax until:** 31.03.2009
 - W/tax number:** [Blank]
- Customer data:**
 - Subject to w/tx
 - Self-withldg agent
 - Exemption:**
 - Exemption number:** [Blank]
 - Exemption reas.:** [Blank]
 - Exemption rate:** [Blank]
 - exempt from:** [Blank]
 - Exempt To:** [Blank]

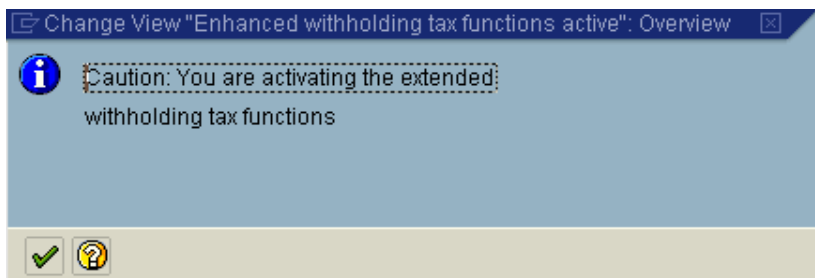
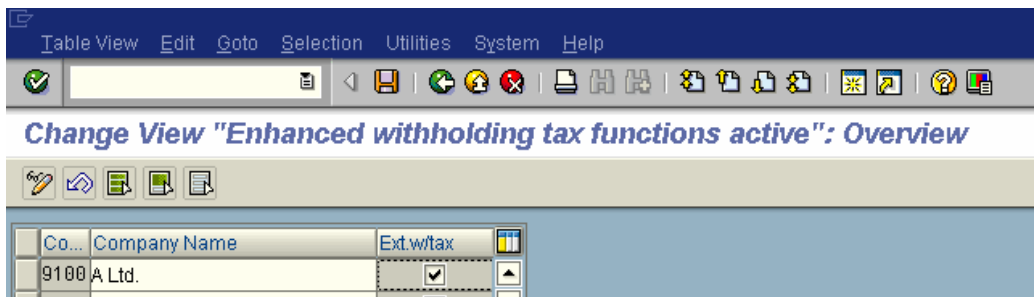
Click on 

3.2 Activate Extended Withholding Tax

IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Company Code → Activate Extended Withholding Tax



Select



Click 

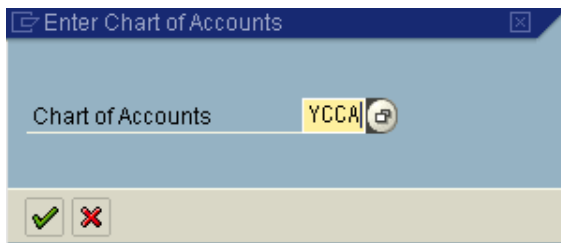
Click on 

4. Postings

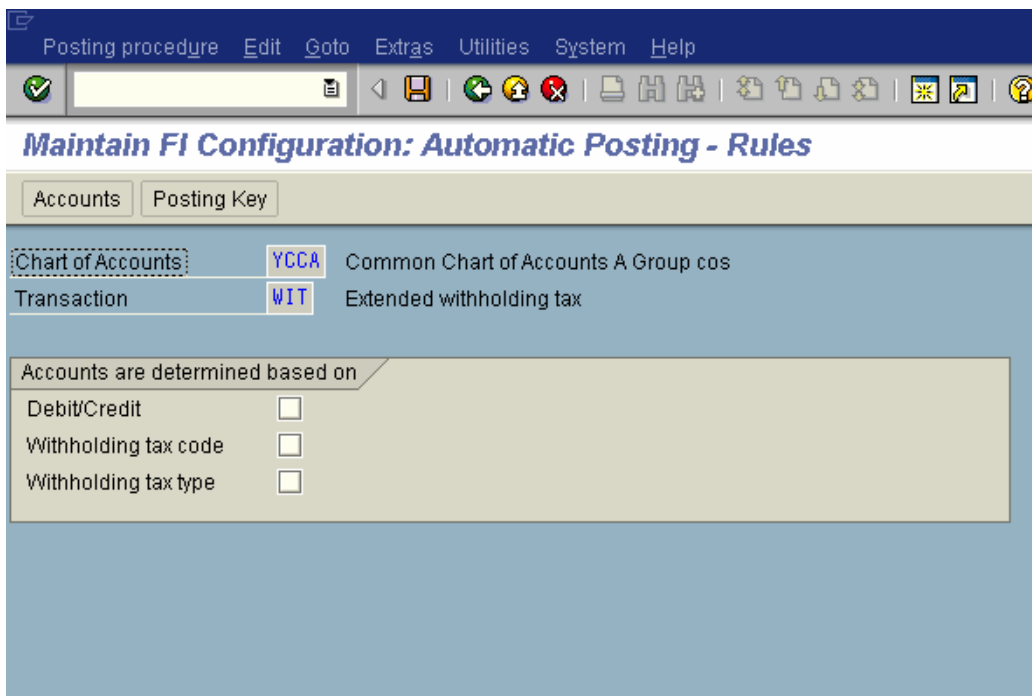
4.1 Define Accounts for Withholding Tax to be Paid Over

IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Postings → Accounts for Withholding Tax → Define Accounts for Withholding Tax to be Paid Over

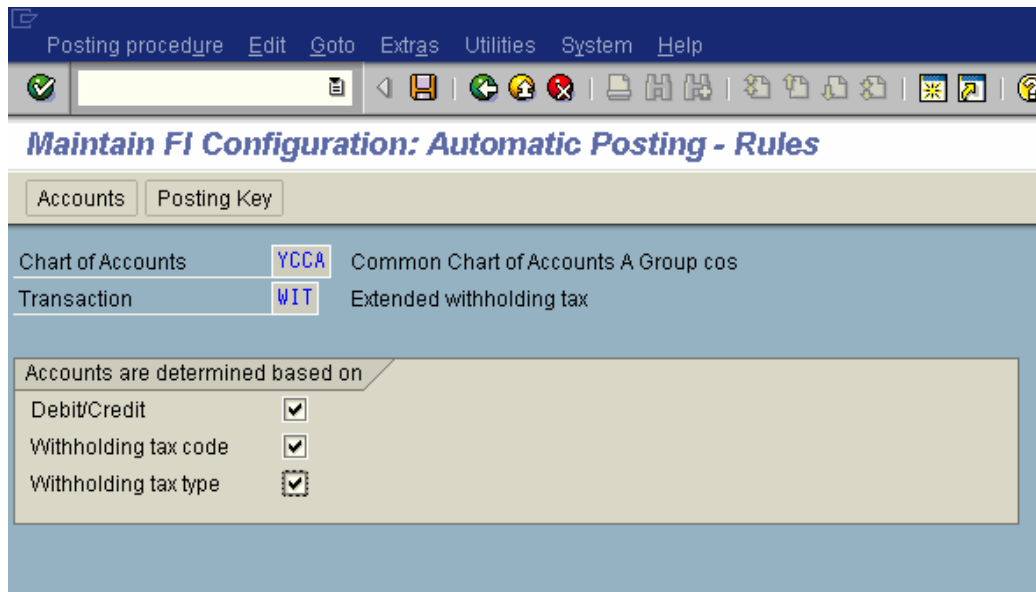
Update the following:-



Click 

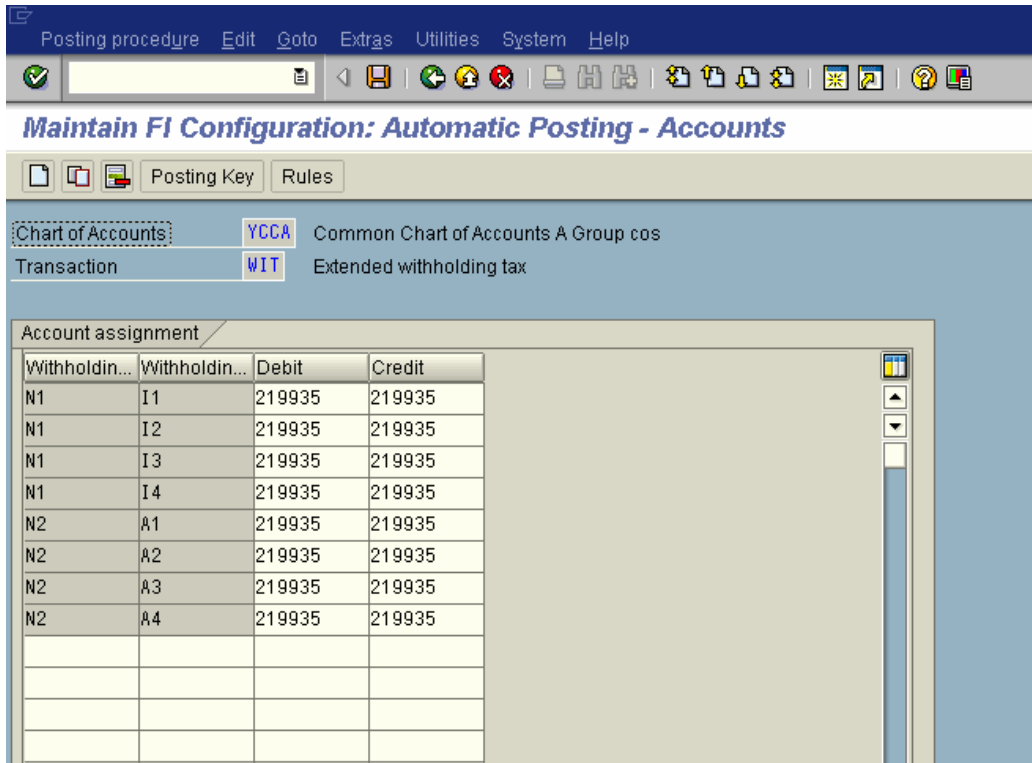


Update the following:-



Click on 

Update the following:-



Click on 

5. Generic Withholding Tax Reporting

The following configuration steps are not applicable for India. For India there exists separate configuration step for meeting their local reporting requirements.

5.1 Define Output Groups

IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Generic Withholding Tax Reporting → Define Output Groups

Here we define output groups for the Generic Withholding Tax Reporting program.

For each output group, specify what lists, printouts, and files it covers, and which accounting documents the program is to read the withholding tax items from (accounts payable, accounts receivable, or both).

Double click

STD WITHHOLDING TAX REPORTS

Table View Edit Goto Selection Utilities System Help

Change View "Define Output Groups": Details

New Entries

Process Type STD
Output Group

Define Output Groups

Ctry-sp.w/hld name WITHHOLDING TAX REPORTS

Header 1 NAME OF THE WITHHOLDING TAX SCHEME IN YOUR COUNTRY

Header 2 ADDITIONAL NAME FOR THE OUTPUT GROUP CURRENTLY DES...

Read Withholding Tax Items From

1 Vendor Invoices, Credit Memos, and Open Down Payments

Exclude Sales Tax Data Include Open Items

Exclude Exemption Data

Output List: Section Headers

Error List	ERRORS AND WARNINGS
Company Codes	COMPANY CODES
Tax Per Business Partner	VENDORSMWH TAX TYPES AND CODES
WH Tax Items	FI DOCUMENT LINE ITEMS

Printouts

Printout 1

Title

Smart Form

Printout 2

Title

Smart Form

Click 

5.2 Define Forms for Withholding Tax Reporting

IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Generic Withholding Tax Reporting → Printouts → Define Forms for Withholding Tax Reporting

Here we define the Smart Forms for the printouts (for example, withholding tax certificates and withholding tax returns) that we want to create using the Generic Withholding Tax Reporting program.

This can be defined as per the local reporting requirements.

Use this predefined form IDWTCERT_UK_CIS23las a template.

The screenshot shows the SAP 'Define Output Groups' configuration screen. The title bar includes 'Table View', 'Edit', 'Goto', 'Selection', 'Utilities', 'System', and 'Help'. The main window title is 'Change View "Define Output Groups": Details'. Below the title bar is a toolbar with icons for 'New Entries', 'Save', 'Print', 'Back', 'Forward', 'Home', 'Cancel', 'Refresh', 'Zoom In', 'Zoom Out', and 'Help'. The configuration area is divided into several sections:

- Process Type:** STD
- Output Group:** (empty field)
- Define Output Groups:**
 - Ctry-sp.w/hld name:** WITHHOLDING TAX REPORTS
 - Header 1:** NAME OF THE WITHHOLDING TAX SCHEME IN YOUR COUNTRY
 - Header 2:** ADDITIONAL NAME FOR THE OUTPUT GROUP CURRENTLY DES...
- Read Withholding Tax Items From:**
 - 1 Vendor Invoices, Credit Memos, and Open Down Payments
 - Exclude Sales Tax Data
 - Exclude Exemption Data
 - Include Open Items
- Output List: Section Headers:**

Error List	ERRORS AND WARNINGS
Company Codes	COMPANY CODES
Tax Per Business Partner	VENDORSWH TAX TYPES AND CODES
WH Tax Items	FI DOCUMENT LINE ITEMS
- Printouts:**
 - Printout 1:**
 - Title: (empty field)
 - Smart Form: (empty field)
 - Printout 2:**
 - Title: (empty field)
 - Smart Form: (empty field)

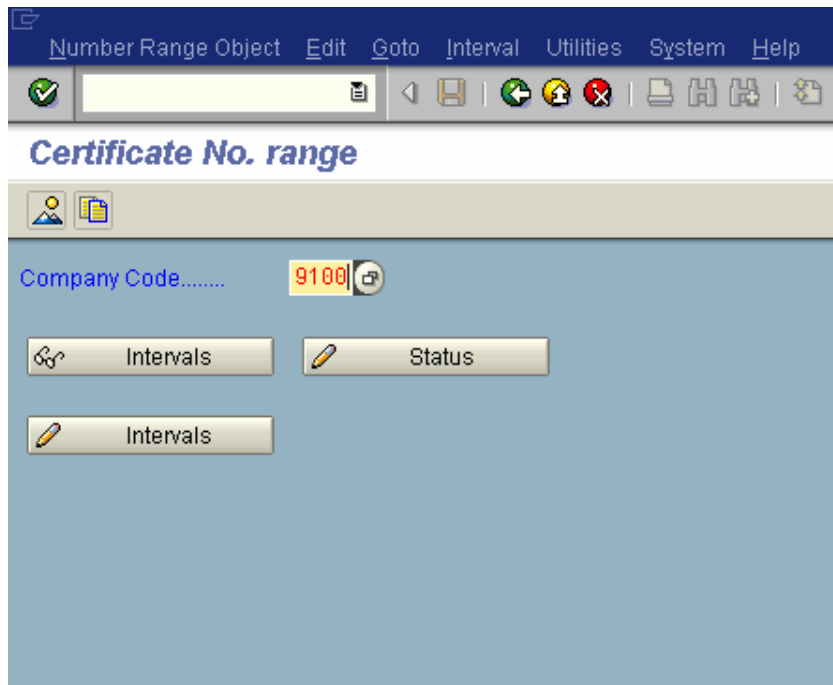
This forms needs to be assigned in the output group in printout 1 Smart form field.


5.3 Define Certificate Numbering for Extended Withholding Tax

IMG → Financial Accounting → Financial Accounting Global Settings → Withholding Tax → Extended Withholding Tax → Generic Withholding Tax Reporting → Printouts → Define Forms for Withholding Tax Reporting

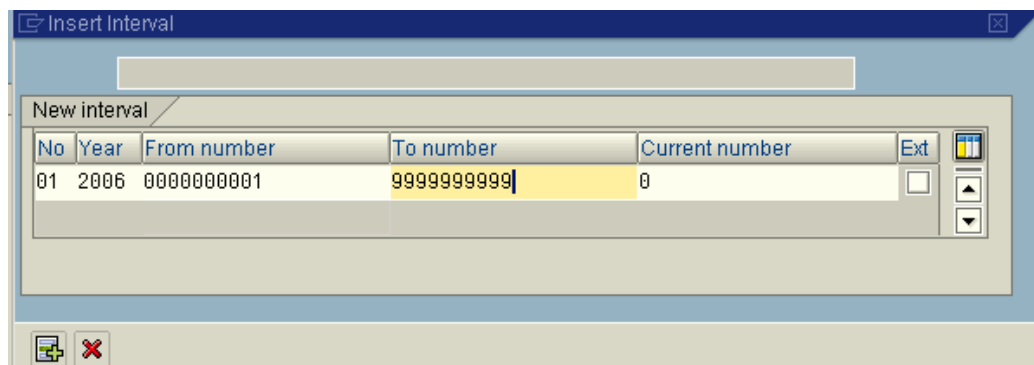
Here we define the number ranges for your withholding tax certificates. We define the company code and fiscal year for each number range. This only applies to the withholding tax certificates created periodically.

Update the following:-




Click 

Click 



Click 

Click on 

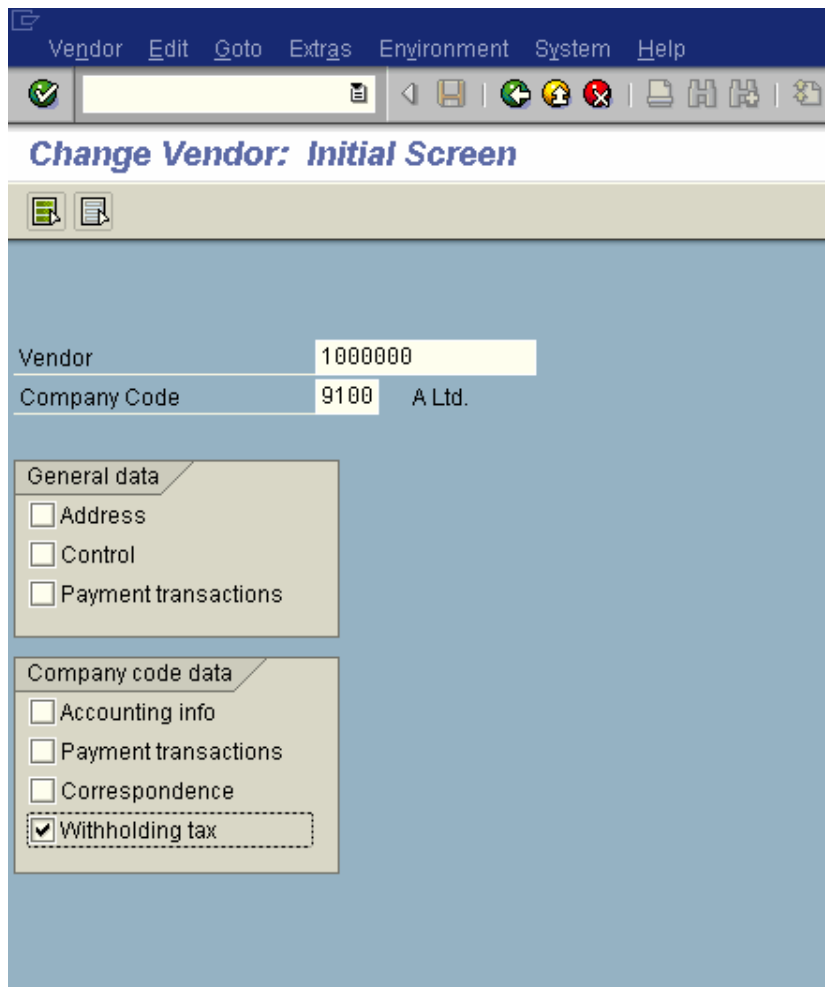
6. Vendor Master Data Maintenance

6.1 Update withholding tax codes in the vendor master

We assume that the vendor master is already created. We are changing the vendor master data with the withholding tax codes details.

Use transaction code FK02

Update the following:-



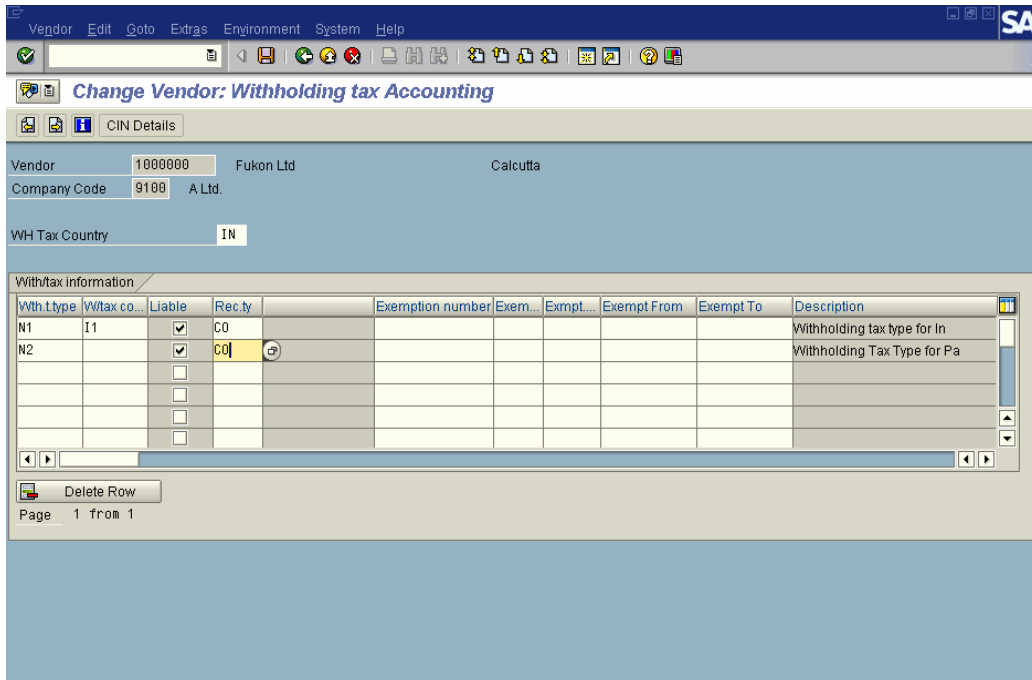
The screenshot shows the SAP 'Change Vendor: Initial Screen' interface. At the top, there is a menu bar with 'Vendor', 'Edit', 'Goto', 'Extras', 'Environment', 'System', and 'Help'. Below the menu is a toolbar with various icons. The main area displays the following information:

Vendor	1000000
Company Code	9100 A Ltd.

Below the table, there are two sections for selecting data to update:

- General data**
 - Address
 - Control
 - Payment transactions
- Company code data**
 - Accounting info
 - Payment transactions
 - Correspondence
 - Withholding tax

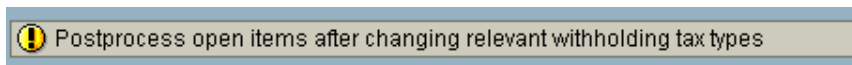
Update the following:-



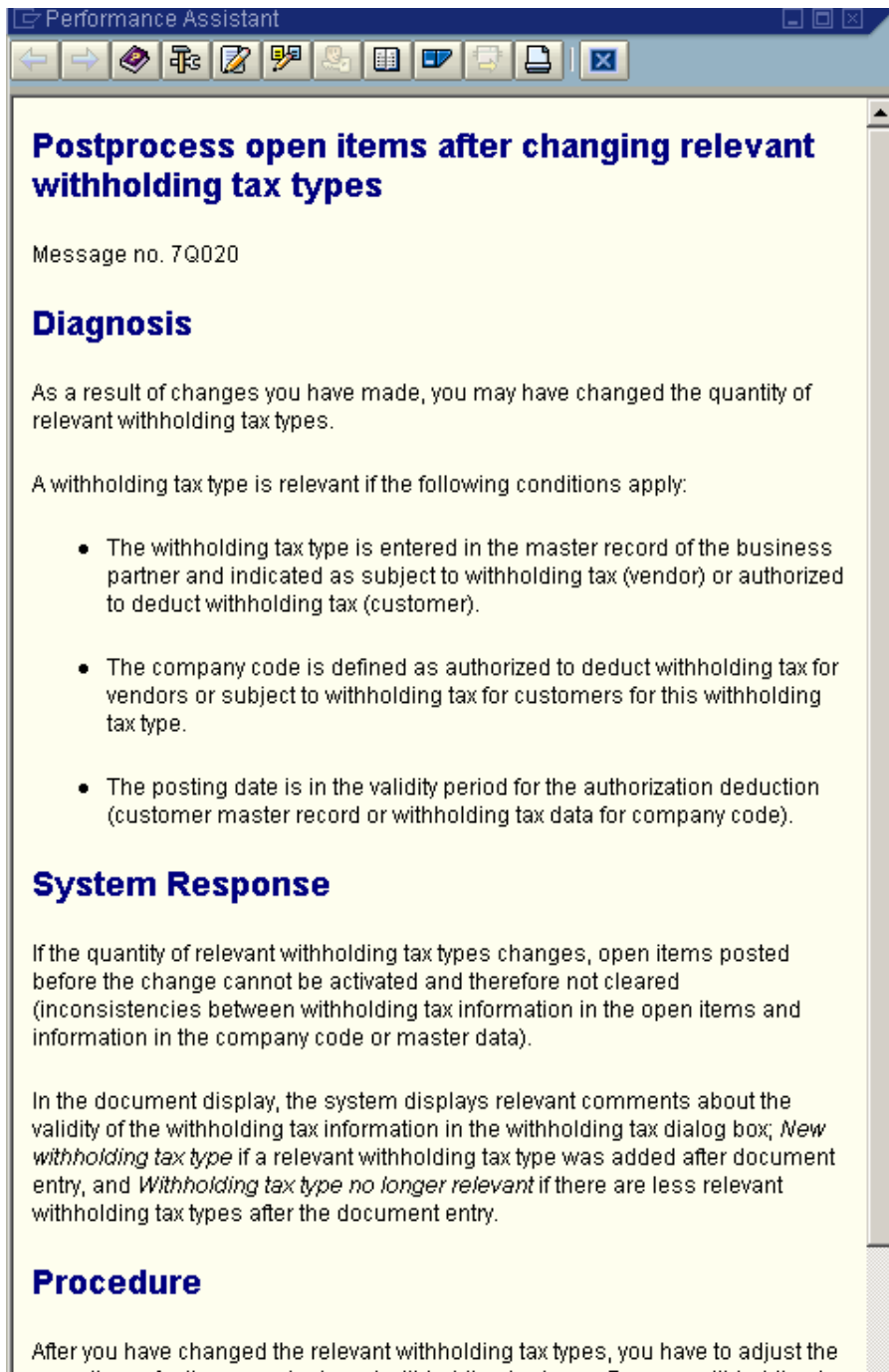
Here for payment postings we only update the withholding tax type. We must not update the withholding tax code. The reason being system always automatically calculate taxes even in the case of final payment.

Click on 

You get the following message





Double click on it to display the long text



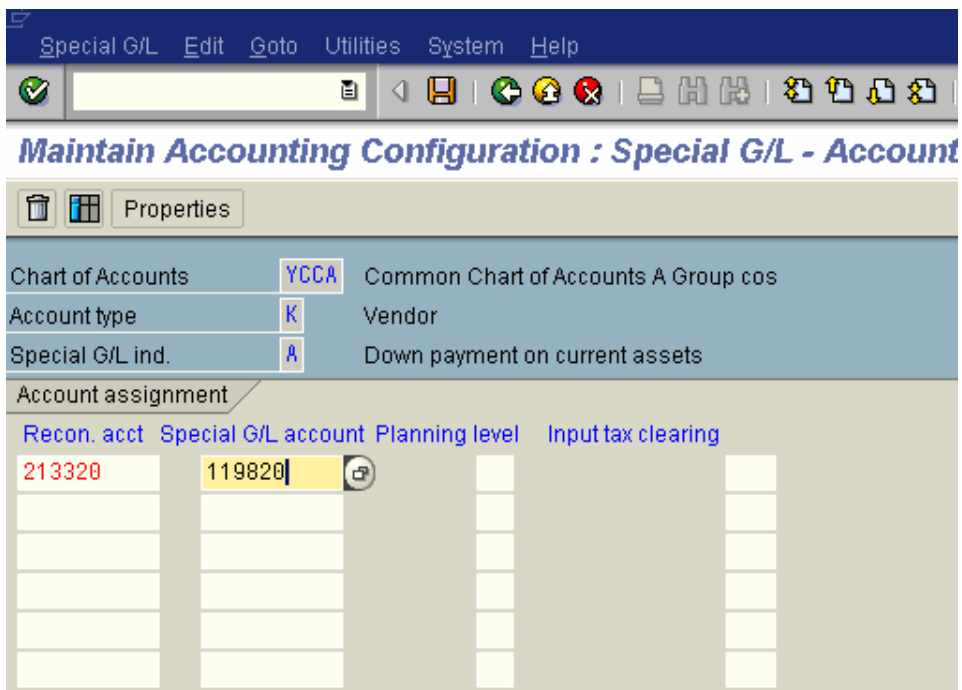
After you have changed the relevant withholding tax types, you have to adjust the open items for the current relevant withholding tax types. For new withholding tax types, new withholding tax information has to be generated and for withholding tax types that are no longer relevant, the withholding tax code must be deleted in the existing withholding tax information.

You can use report RFWT0010 to adjust the withholding tax information to the relevant withholding tax types.

Click  and Click on 

6.2 Change Field Status used in the down payment account

The down payment account for special GL indicator A is defined in the configuration which can be seen below using the transaction code OBYR



Maintain Accounting Configuration : Special G/L - Account

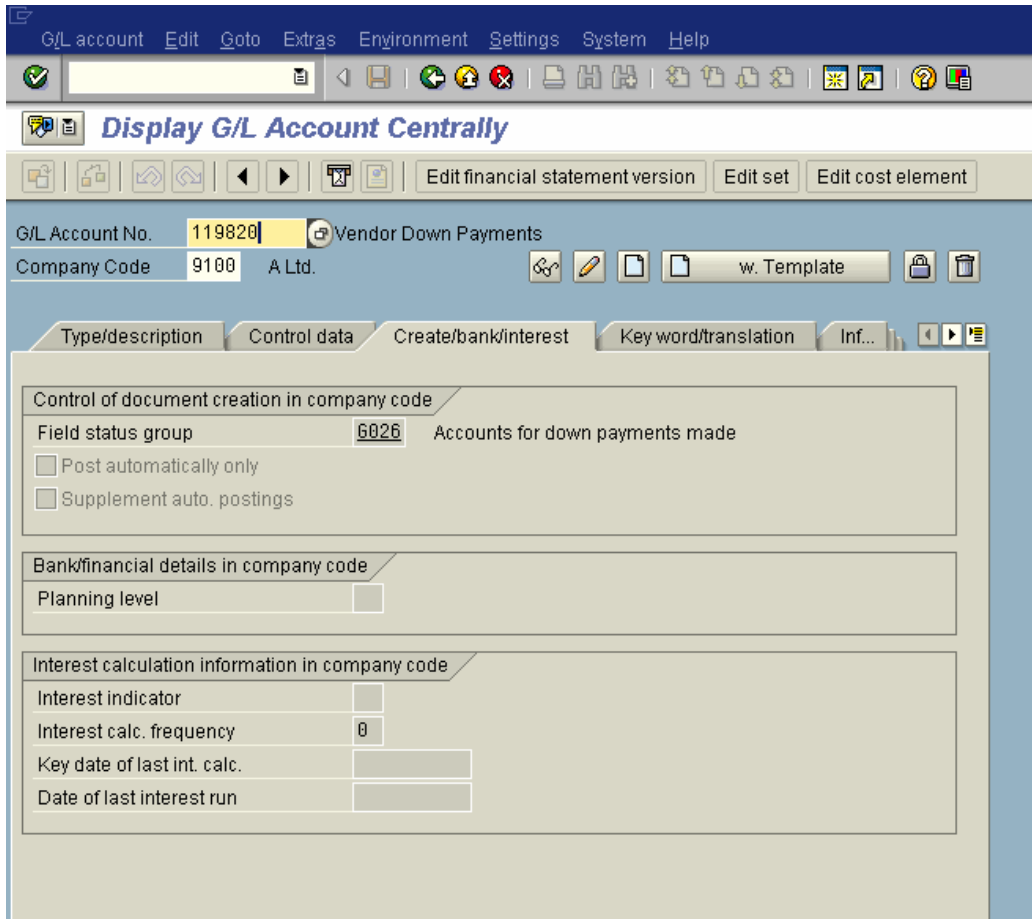
Properties

Chart of Accounts	YCCA	Common Chart of Accounts A Group cos
Account type	K	Vendor
Special G/L ind.	A	Down payment on current assets

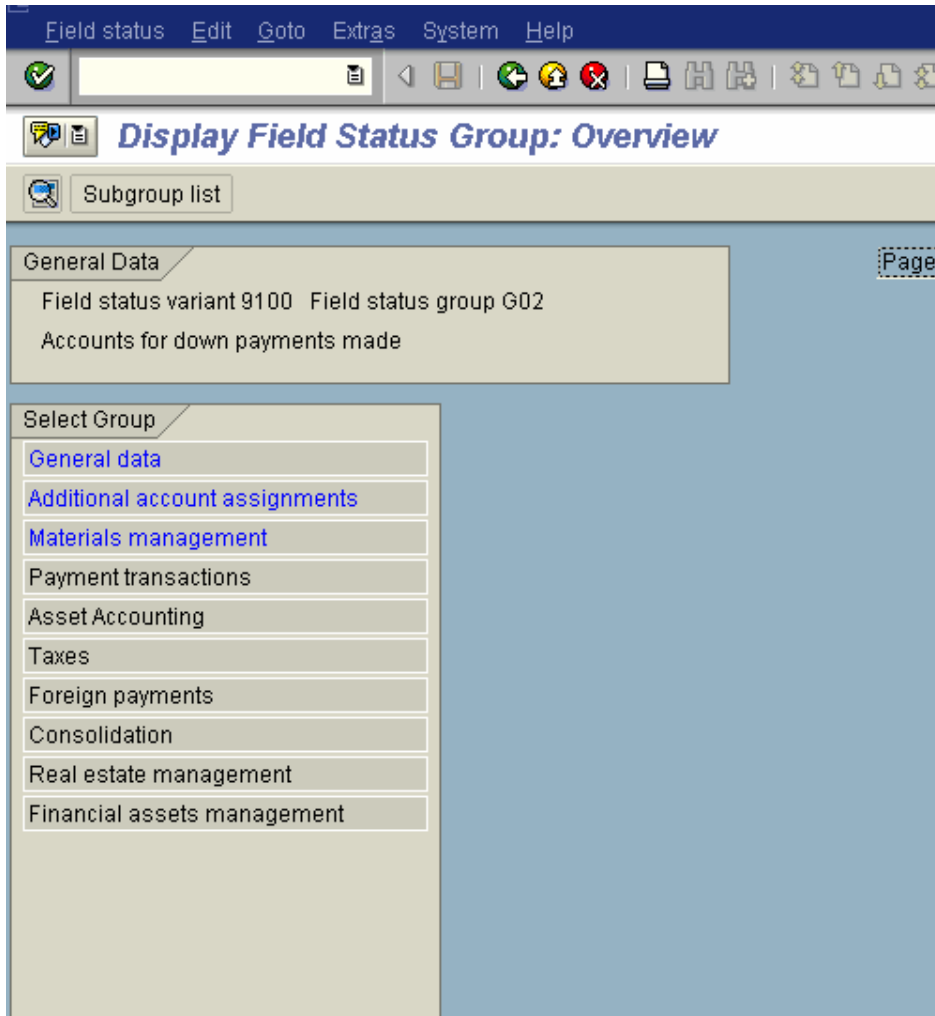
Account assignment

Recon. acct	Special G/L account	Planning level	Input tax clearing
213320	119820		

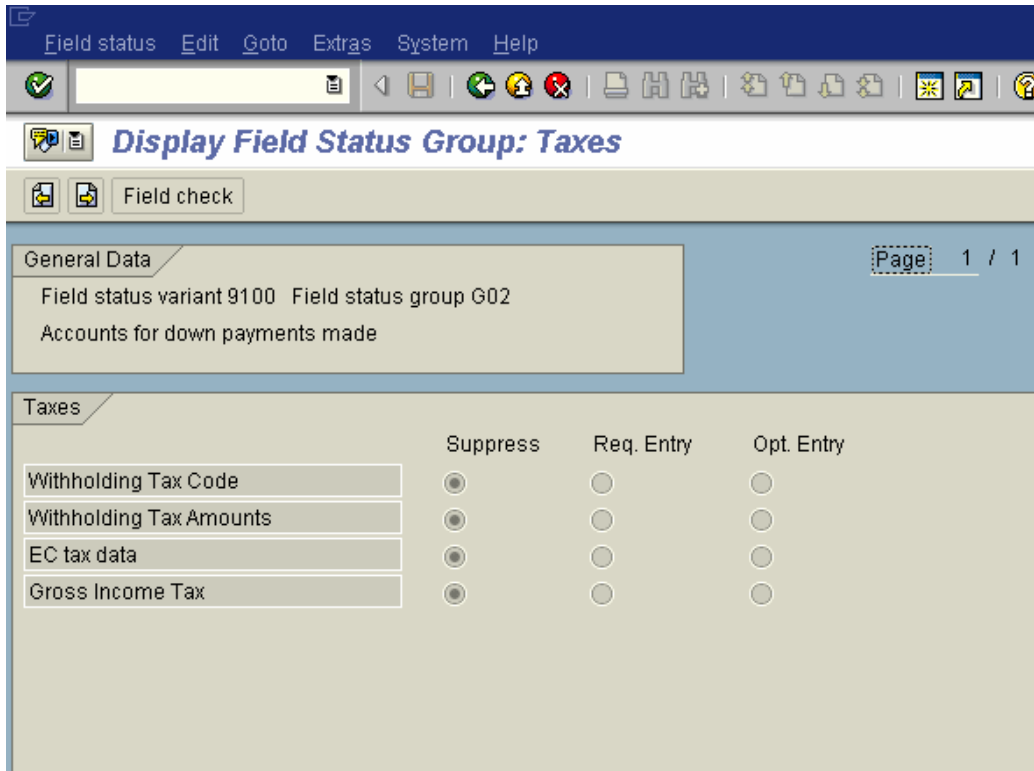
Let us see the field status maintained in the down payment account 119820 using transaction code FS00



Double click on



Double click



Withholding tax code and tax amounts are suppressed.

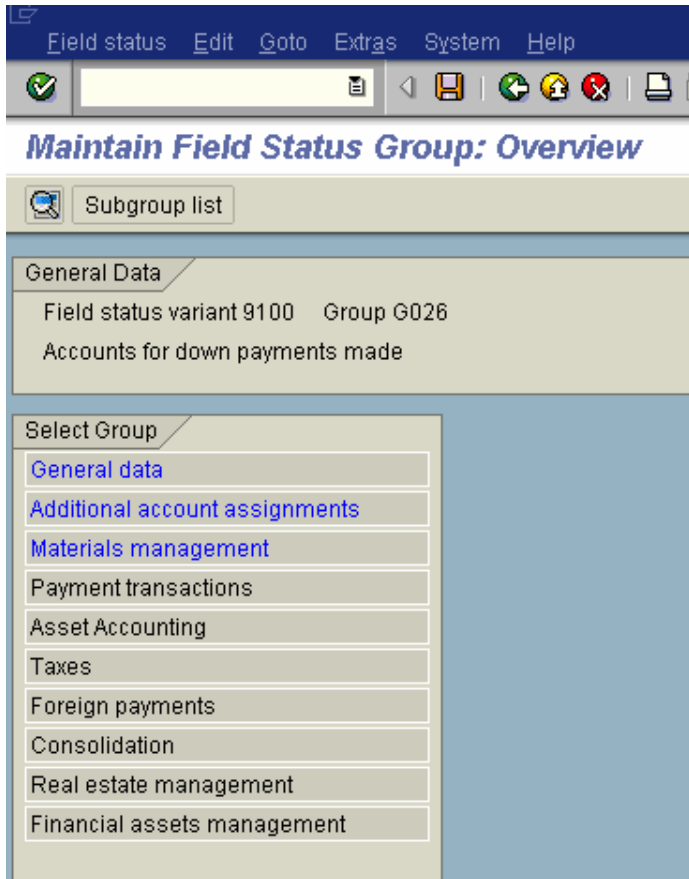
Therefore when you make a down payment system will not show you a screen for entering the withholding tax code.

IMG → Financial Accounting → Financial Accounting Global Settings → Document → Line Item → Controls → Maintain Field Status Variants

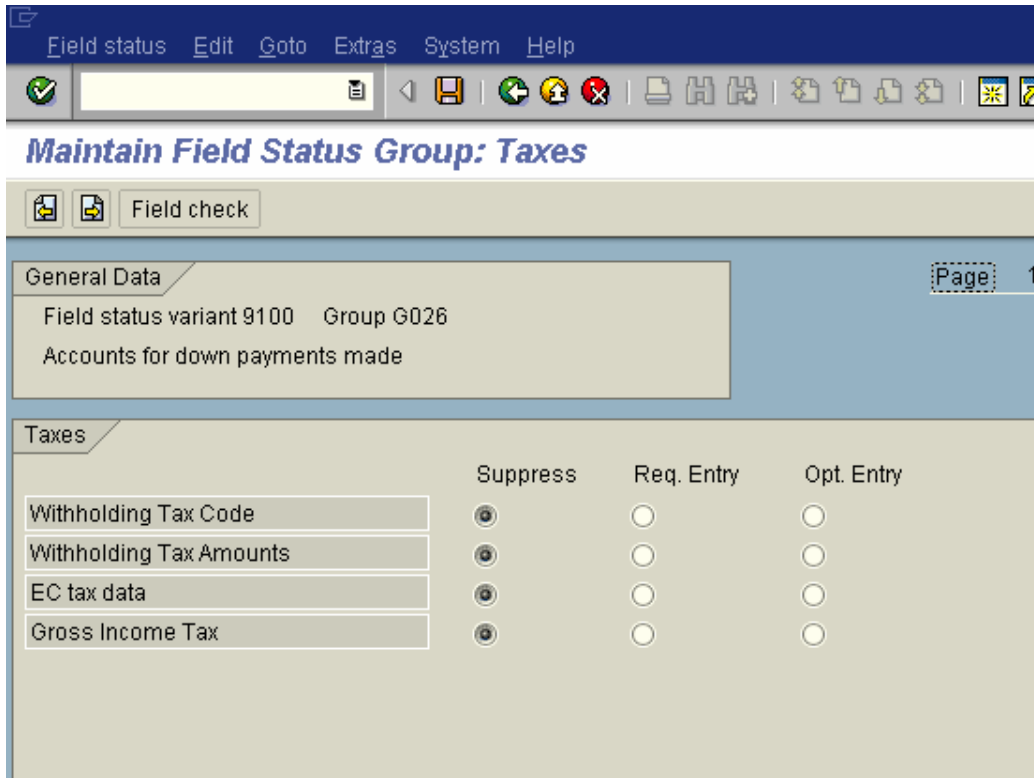
Select **9100** Field status for 9100

Double click **Field status groups**

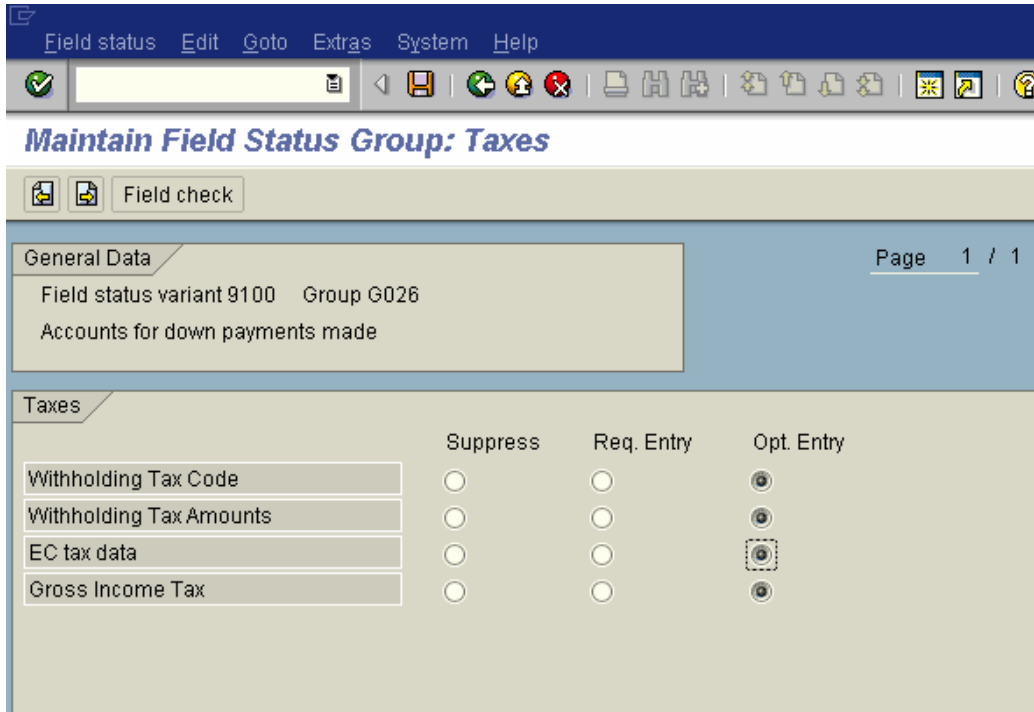
Double click **G026** Accounts for down payments made




Double click **Taxes**



Change to



Click on 

7. Go live checks when uploading Vendor Master Data and Vendor open items

1. Vendor master must be first uploaded in to the Production system without the withholding tax master data. The reason being when Vendor open items are uploaded into the production system if withholding tax information exists on the vendor master, system will calculate withholding tax for each and every item uploaded into the system.
2. Upload Vendor open items into the Production system.
3. After completely uploading vendor open items upload the withholding tax information on the vendor master in the change mode.
4. Execute report RFWT0010 using transaction code SA38 to adjust the withholding tax information on the vendor open items

If you have liked the configuration material, please circulate it to your friends and colleagues.

Further you can take hold of the entire SAP FICO (e-book) by visiting our website <http://www.sapficoconsultant.com>