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Objectives Slide



At the end of this lesson, you will be able to:

- Understand general information about SAP in Ukraine
- Explain key Ukrainian localization features for SAP ERP in Financials and Logistic areas.

After completing this lesson you will be able to:

- Outline the general concepts behind SAP Country Version Ukraine
- Explain the scope of localization delivered by SAP for Ukraine
- Explain the key localization features for SAP ERP in the areas of Financials and Logistics, and
- Find related information

Agenda

- ▣ **Introducing Country Version Ukraine**
- ▣ **Starting up with Country Version Ukraine**
- ▣ **SAP ERP Financials and Operations for Ukraine**
- ▣ **Information**



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- Over the next 30 minutes I'll give you an introduction to Country Version Ukraine, starting with a general overview of the concepts behind the country version for Ukraine and Ukrainian legislation. This will provide the background for understanding the complexity of the Ukrainian market.
- I'll then focus on general questions, such as the delivery model for Ukrainian localization and how to align Country Version Ukraine with the global template
- Following this, I'll present the Ukrainian localization solution map for SAP ERP Financials and Operations in detail
- Finally, I'll show the information resources that are available for Ukrainian localization


Introducing the Ukrainian Country Version

***60.9%**
Market share in Ukraine

100+
Employees

250+
Customers

13
Channel & Service partners



Logos of partner companies: METHIBECT, MTC, ArcelorMittal, DTEK, ФАРМАК, UKRSIBBANK, Аспіриум, lifecell, NOVUS, FRUNZE, and others.

*Source: IDC, 2014, based on 2013 data

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- SAP has a well-established infrastructure and business in Ukraine. This is not a startup but rather a stable business with very high potential.
- In 1995, SAP appeared on the Ukrainian market and had a representative office until 2003. As of 2003, we have a fully operational local subsidiary in Kiev.
- It has a customer network of over 250 companies
- More than 100 employees and
- 13 local partners
- SAP has a dominated position, with over 60% of the annual share of the entire Ukrainian market



The reason for SAP to establish the solid country-version development infrastructure is a complexity of Ukrainian legislation in accounting and taxation area.

The key difference between Ukrainian and other countries is located in the deepness of legal regulations – all steps in accounting processes are regulated by the legislation and require from SAP to provide corresponding functionality in country version to help customers to be legally compliant.

At first, Ukrainian legislation specific is a difference in financial and tax accounting approaches **starting from transactional level for the same transaction**. It means, that reflection of these transaction in financial accounting and for tax accounting purposes can be different. For example, asset can be fully depreciated for tax accounting purposes, but still has a value for financial reporting. As a consequence of such difference in financials and tax accounting principles, company should process a keeping of differences between these accountings on a regular basis for audit purposes.

On transactional level, all company activities, all accounting-relevant transactions, have to be confirmed via printing of primary documents forms on paper or electronic formats. Form layouts are different for different transaction types and regulated by the legislation. For any kind of transaction, like tax invoice, delivery notes, inventory control, etc. you can find corresponding layout in Ukrainian legislation. At the same time tax authorities required reporting and some primary documents (tax invoices and corrections) in xml form.

Postings to General Ledger are regulated by the law as well and in some cases is different from international rules. Moreover, Ukraine has special General Ledger posting principle, co-called account correspondence, which is a basis for legal journals and financial reporting preparation.

Then, company is obliged to cumulate all transactional information into legally regulated journals with pre-defined layout, which should be printed and kept on a periodical basis for audit purposes.

And only then, final period-end closing reporting for tax and financial accounting areas can be prepared by company. The object of corporate income taxation is the profit which is determined by adjusting (increasing or decreasing) the financial result in the differences established by the legislation. Tax declarations and financial reports should be delivered to authorities in XML format, but in any case, printed, signed and stamped hard-copy of all reporting should be kept in company's bookkeeping department for audit and reconciliation purposes. Printing and XML layouts of all tax declarations and financial statements are predefined and regulated by the law.

Such complex legislation structure supposes high frequency of legal changes.

General characteristic of the country version

- ✓ 1998 - appearance of Ukraine in the version 4.5B
- ✓ 1999 - Add-on FI/LO for versions 4.X
- ✓ 2001 – all new customers run Ukrainian Add-on
- ✓ 2002 – Ukrainian solution is a part of C-CIS Add-on (version 4.6)
- ✓ 2004 – Ukrainian solution is a part of SAP CORE CEE add-on (since version 4.7)
- ✓ 2007 – Ukrainian language delivered in standard solution
- ✓ 2016 – Ukrainian localization is a part of the core product

Country version Ukraine was delivered as an add-on that have been developed on top of the standard SAP software since 1998.

Before version 4.7 Ukrainian version was part of CIS Add-on.

Since 2004 it is a part of SAP CORE CEE (Central and Eastern Europe Add-on).

Since 2016 Country Version Ukraine is delivered with the core product starting from SAP enhancement package 8 for SAP ERP 6.0 (SAP Note 520991)

Starting with Ukrainian Localization

Compatibility of Ukrainian localization With Global Templates

Use of Country Version Ukraine in multinational companies

Main
account numbers

Supported account numbering

- ▣ Ukrainian Chart of accounts use **main** account numbers
- ▣ Ukrainian Chart of accounts use **alternative** account numbers

Alternative
Account numbers

Companies with a global chart of account template can use Ukrainian localization, retaining the global account number as the main account number. The Ukrainian account number can be retained as an alternative number

Special Ledgers

Supported General Ledger extensions:

- ▣ Special Ledgers (FI-SL)
- ▣ New General Ledger

New GL

Customers do not need to change their global template when using New General Ledger accounting and Special Ledgers. Ukrainian localization supports both General Ledger extensions.

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- For multinational companies that use Global Templates for most of the countries in which they have businesses, it is important to know that SAP designed Ukrainian localization specifically with flexibility in mind
- Companies with a global chart of accounts template can use Ukrainian localization features and retain the global account number as the main number of an account. In this case the Ukrainian account number can be retained as an alternative number
- Additionally, customers don't need to change their global template when using New General Ledger and Special Ledgers. Country Version Ukraine supports both General Ledger extensions.

SAP ERP Financials and Operations for Ukraine

Standard delivery, Best practices and Gaps

Solution map legend

Standard delivery
yellow text on blue background

Best Practices
yellow text on blue background

* Or yellow text on blue background for "withins" to standard delivery.

- Standard delivery** – The country-specific functions are integrated directly into the software, and do not constitute separate applications. All the standard functionality is maintained by SAP according to the maintenance contract with customers: bug-fixing, legal changes relevant for already delivered functionality.
- Best Practices** – the country-specific functions are available in SAP consulting as consulting SAP-notes, or as SAP CIS consulting paid services. Best practices are not supported inside of maintenance contract framework.

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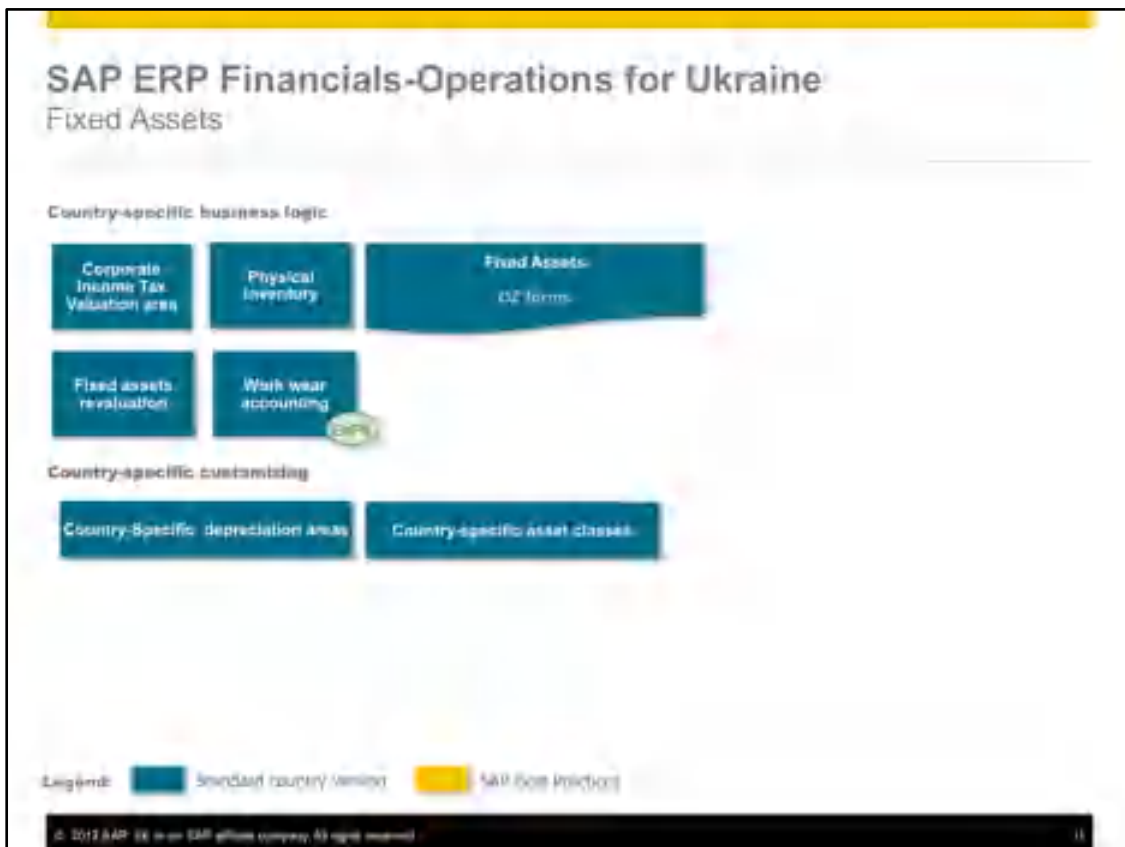
- **Before we take a deep dive into the SAP ERP FI/LO solution map, lets have a look at its legend:**
 - **With the standard delivery**, the country-specific functions are integrated directly into the software, and do not constitute separate applications. All the standard functionality is maintained by SAP according to the maintenance contract with customers: bug-fixing, legal changes relevant for already delivered functionality.
 - The country-specific functions are available in SAP consulting as consulting SAP Notes, or as SAP consulting services that are chargeable to customers. The are provided as Best Practice because the functionality is highly dependent on the customer’s business, as well as the accounting principles used by the customer, also because of the changeability of legislation in this accounting area. Best practices are not supported within the maintenance contract framework.



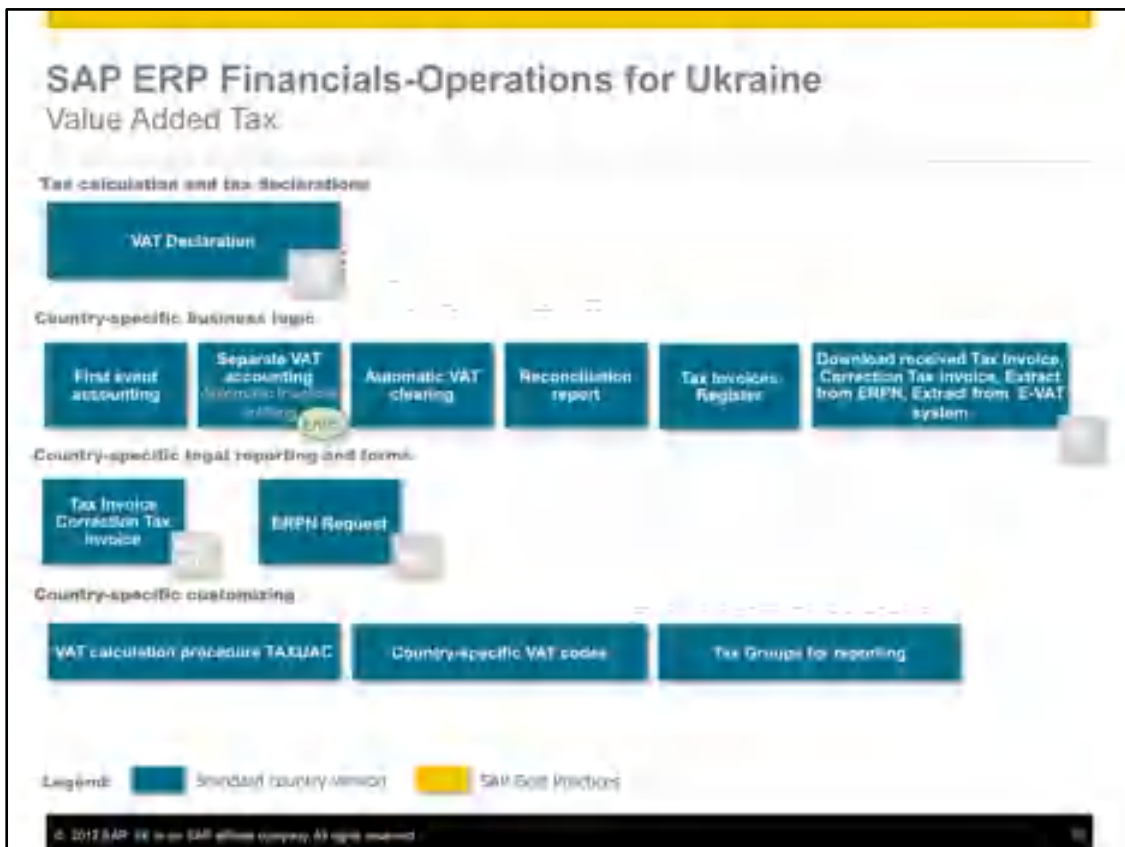
- As well as the generic SAP system functions, Country Version Ukraine comprises functions designed for laws and business practices particular to Ukraine, and a country template to help you customize the system according to local requirements. This solution map does not cover the generic functions of SAP software, and focuses only on local market requirements.
- The complexity of this solution map matches the complexity of Ukrainian legislation. It affects the Financials and Logistics components most of all. The most important areas for managing everyday business are already delivered by SAP. Most of the country-specific functions for Ukraine relate to Financials, with some additional features in Logistics as well. They include:
 - Creation of various forms in accordance with legal requirements, to confirm transactions in the system on paper;
 - Posting of accounting documents in accordance with Ukrainian accounting regulations in General Ledger Accounting;
 - Preparation of financial statements in accordance with legal requirements;
 - Tax calculation and preparation of tax declarations for major taxes, and
 - Preparation of various reports, like legal journals, in accordance with legal requirements and common business practice.
- The following slides describe the solution map in detail.



- The basis for Ukrainian localization is Financial Accounting.
- The Ukrainian chart of accounts has a strictly predefined structure – all accounts have a fixed 2 digit number plus 1 digit for sub-accounts for analytical and reporting purposes. Companies cannot change these 3-digit account prefixes, or use account numbers for purposes other than those defined in legal acts. The digits that follow on in the account number are not regulated, and can be used by a company according to its business and reporting needs. The Ukrainian Country Template contains the corresponding chart of accounts template. Ukrainian localization supports routine accountancy tasks associated with general ledger postings, cash desk and bank processing, with the legally required forms and localized payment formats.
- As I mentioned before, G/L postings in Ukraine should be done in compliance with the local accounting offsetting rule. Negative posting are allowed too, and are used instead of reversals for most corrective transactions. Ukrainian localization provides the corresponding functions for these legal requirements, to enable you to prepare financial statements, including:
 - Balance sheets
 - Profit and loss statements
 - Cash flow statements (**by direct or indirect method**) and
 - Statements of changes in stockholder equity



- Fixed asset accounting in Ukraine has country-specific functions for everyday operations and tax accounting. As I mentioned before, all transactions in Ukraine have to be confirmed by printing the corresponding forms. Country Version Ukraine contains a package of mandatory forms that need to be maintained by accountants throughout fixed asset lifecycles, from purchasing to final write-off.
- The SAP standard depreciation engine allows you to customize all country-specific rules.



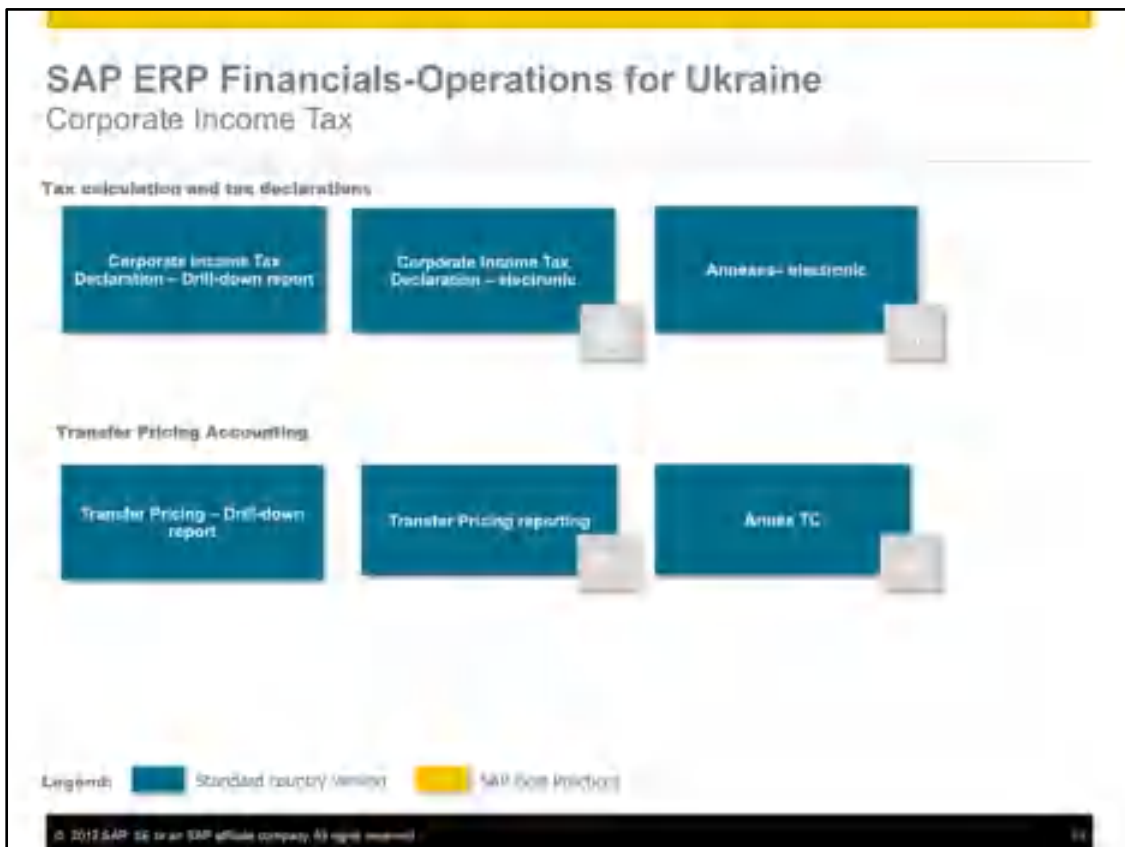
Value Added Tax is the most often and most thoroughly validated by tax authorities tax in Ukraine.

The electronic system of VAT administration (E-VAT system) was implemented from 2015.

According to (E-VAT system) tax authorities has introduced the Unified Register of Tax Invoices (ERP)

All tax invoices and corrections should be in the electronic format and should be registered in the Unified Register of Tax Invoices

Taking into account importance of the VAT, country version provides all tools to calculate and track VAT thru Financials and Logistic business processes to support legal compliance of our customers in this area.



Tax accounting has been simplified and moving closer to Financial accounting . The object of taxation is financial result adjusted for differences. List of differences is quite limited.

We propose customers to use off-balance sheet accounts to reflect differences (tax depreciation posting, differences in the accruals).

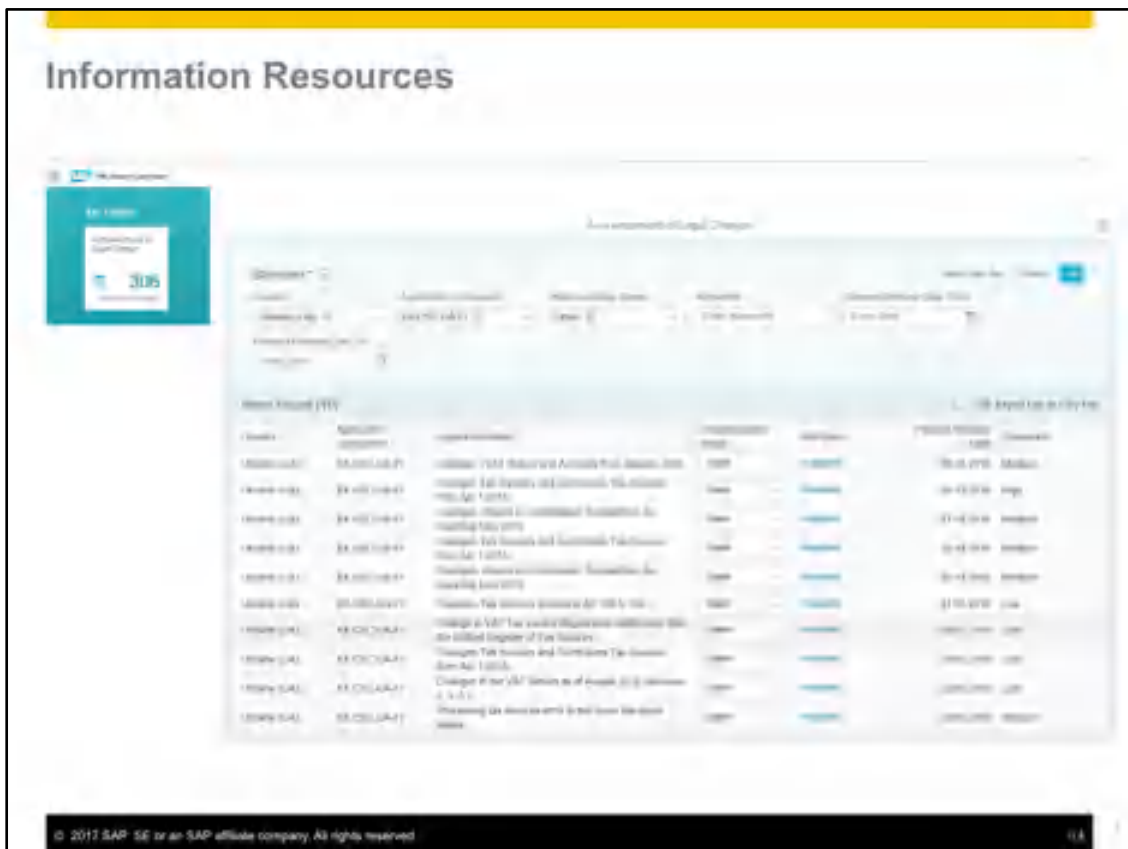
Country Version Ukraine enables you to prepare Drill-down report to evaluate and analyze statement data and create XML and PDF files in the legally required format for the Corporate Income Tax Return and Annexes.

If a company meets the criteria for controllable operations, it must account transfer pricing and submit Report on controllable transactions in the XML form for the reporting year to tax authorities.

SAP solution for Ukraine includes transactions for customizing and program for **Transfer Pricing Accounting**.

The program selects all transactions data from customer and vendor invoices based on your settings and program selection criteria and provides all necessary legislative reporting for Transfer pricing.

If the report contains the transactions of the company's purchased goods and services for the price that is higher than the standard price, or sold goods and services for the price that is lower than the standard price, then the company must submit Annex TC to the corporate tax declaration.



You can track all actual information regarding legal changes using solution called SAP One Support Launchpad. The Announcement of Legal Change application provides an overview of the upcoming legal changes. With this application, users from the customers can search for legal changes, for example, by countries or application components, specify whether the legal change is relevant to his or her business and the implementation status in the customer systems, plan corresponding activities based on information available in the application like planned release date, complexity, manual activity. Please follow link: <https://launchpad.support.sap.com/> and use section 'Announcement of Legal Change'.

Information Resources
 Ukrainian Localization @ SAP Jam <http://jamatsap.com/>

To establish a **direct connection** with our customers, **Globalization Product Management** has created Ukrainian Advisory council for FI/LO localization group on SAP JAM. Here you can share your experience with Ukrainian localization usage, ask questions to development team, get the latest information about new functionality

How to register:
 Send request for registration to pm.cis@sap.com

Literature:
 Book "Implementation of Country Versions for SAP ERP Systems"
 ISBN 978-3-86342-217-2



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- In this workspace, you'll find methodology documents, Best Practice solutions, and announcements from the Spotlight newsletter.
- You can register sending request for registration to pm.cis@sap.com



Thank You!

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