Singapore

Release 4.6C

SAP™

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Singapore

Functions

The R/3 System offers a number of features that are specifically designed to cover Singaporean legal requirements and business practices, mainly relating to accounting and human resources. They include:

- Capital allowance

    Users can post and run reports on capital allowance, the Singaporean form of depreciation.

- Advance return for taxes on sales/purchases

    A SAPscript form is available for the quarterly advance return for taxes on sales/purchases, GST F5.

- Posting of line items net of sales/purchases tax

    This allows system to calculate and post VAT tax automatically by multiplying tax codes with G/L line items.

- Creation of customer invoices from *Accounts Receivable* (FI-AR)

    You can issue customer invoices for miscellaneous sales from FI-AR, using a special correspondence type, so that you do not have to use the *Sales and Distribution* component.

- Singaporean version of the standard Vendor Payment History Report

- Singaporean version of the *Payroll* component

Customizing

To allow you to customize your system more quickly, a template is supplied for setting up Singapore company codes and the accompanying Customizing parameters. This template is created by running the Country Installation Program (RSCICO02).

Financials

General Information

Posting Line Items Net of Sales/Purchases Tax

Use

When you post documents in *Financial Accounting* (FI), you can enter them net or gross of sales/purchases tax. The system then calculates the tax accordingly.

Assume you want to issue a customer with an invoice for SGD 1,030, inclusive of SGD 30 tax, which would result in the following postings:

Customer account

1,030

Sales revenue

1,000

Output tax

30

You could post the document using either the net approach or the gross approach. If you use the **net approach,** you enter SGD 1,000 in the G/L line item. The system then automatically calculates the tax by multiplying the dollar amount by the tax percentage rate (here, 3%) and fills out the tax line items and customer line items automatically. Using the **gross approach,** on the other hand, you enter SGD 1,030 in the customer line item. The system then calculates the tax by dividing 1,030 by (1 + 3%), and fills out the tax line items.

Prerequisites

Before you can enter line items net of tax, you must set up the user editing options accordingly. You can do so at user master level or at document level.

User Master Level

In the user master editing options [Ext.], select the following:

- *Calculate taxes on net amount*

    The system will calculate tax using the net approach in all FI documents that this user posts.

- *Propose final amount*

    This ensures that the system updates the customer or vendor line items based on the total amount of G/L line items.

Document Level

To activate the net approach only on the document level, proceed as follows:

1. In the user master editing options [Ext.], select *Propose final amount.*

2. On the *Enter Customer Invoice* screen, on the *Tax* tab, choose *Net proposal* for every document that you want to post using the net approach.

Procedure

To post items net of taxes, follow the following procedure:

1. In the *Items* group box, fill out the fields as follows:

    −   *G/L acct* (G/L account): `800000`

    −   *Amount in doc. curr.* (Amount in document currency): `1000`

    −   *Tax code:* `S1`

    −   *Profit center:* `Dummy`

2. On the *Basic data* tab, enter data as follows:

    −   In the *Customer* field, enter `1000`

    −   In the *Invoice date* field, enter `29/11/2001`

    ⚠️

    Leave the *Amount* field empty.

3. On the *Tax* tab, choose 🖩 *Net proposal.*

    You will see that the tax amount is calculated as SGD 30.

4. Post the document.

Closing and Reporting

Goods and Services Tax Return

Use

In Singapore, businesses are required to submit a goods and services tax return (GST F5 form) to the tax authorities every quarter. This is a preprinted form given by government with predefined data, including the name and address of the company and the GST registration number. The following data needs to be filled out before submitting it:

- Total accounts receivable

- Total accounts payable

- Total input taxes

- Total output taxes

- Goods and service tax to be paid or refunded

You can print out the tax return using SAPscript form F_RFUVSG_01.

Prerequisites

Before you can prepare a tax return, you must make the following Customizing settings. Note that the system makes these settings automatically when you create a company code using the template for Singapore [Ext.]:

1. Input and output tax codes, including:

    - P0 (0% tax on purchases)

    - P1 (3% tax on purchases)

    - PO (exemption from tax on purchases)

    - S0 (0% tax on sales)

    - S1 (3% tax on sales)

    - SO (exemption from tax on sales)

2. Define tax grouping version SG01 and assign it to form F_RFUVSG_01 in Customizing for *Financial Accounting,* under *General Ledger Accounting → Business Transactions → Closing → Reporting → Sales/Purchases Tax Returns → Define Tax on Sales/Purchases Groups.*

3. Assign tax grouping version SG01 to company code SG01 in Customizing for *Financial Accounting,* under *General Ledger Accounting → Business Transactions → Closing → Reporting → Sales/Purchases Tax Returns → Assign Company Codes to Tax on Sales/Purchases.*

4. Define the tax base amount grouping, which position the accounts receivable and accounts payable fields in F5 form in Customizing for *Financial Accounting,* under *General Ledger Accounting → Business Transactions → Closing → Reporting → Sales/Purchases Tax Returns → Group Tax Base Balances.*

5. Define tax balances grouping, which position the following fields in the F5 form: total input taxes, total output taxes, GST to be claimed or refund from the government.

Goods and Services Tax Return

Activities

To generate the form, proceed as follows:

1. Run the Advance Return for Tax on Sales and Purchases [Ext.] report.

2. Run print program RFUVDE00.

Accounts Payable and Accounts Receivable

Vendor Payment History

Use

In Singapore, you use this report to display a list of your open vendor items (liabilities), grouped according to how many days there are from today (or any other date that you want) until the items' **due dates** (for example, those that are due within the next 20, 40, 80, or 100 days). Similarly, it also groups them according to how many days are due before the **cash discount date;** and according to how many days have elapsed since the **document date.** A fourth grouping, which covers overdue items, groups them by the number of **days overdue.**

This report is a Singaporean version of the standard Vendor Payment History report, RFKOPR00.

Features

When you run the report, the system displays a list of vendors, and from this list, you can display a list of each vendor's line items.

Selection

1. From the *SAP Easy Access* menu, choose *Accounting → Financial Accounting → Accounts Payable → Reporting → Singapore → Vendor Payment History.*

2. Enter data as required, including:

   − *Vendor account*

     The vendors whose open items you want to display.

   − *Open items at key date*

     The date from which the system calculates the number of days; it is set to today's date by default.

   − *Sorted list of open items*

     In these five fields, enter the number of days that you want to group the items by. For example, if you enter `0|20|40|80|100`, the system would calculate, for example, the total amounts due immediately, in the next 20 days, in 21–40 days, in 41–80 days, in 80–100 days, and in over 100 days' time.

3. Choose ⏱.

Output

Tree

The output list is divided into three parts. On the left-hand side, there is a list of all the selected vendors, grouped by accounting clerk and then company code. To display the open items assigned to any of the vendors in the tree – grouped as described above – drag the vendor across to the *Open items (grouped)* table. (You can also do the same for accounting clerks and company codes.) For a simple list of all your items for a given vendor, drag the vendor to the *Open items (details)* list instead.

Open Items (Grouped)

This table has four rows. Each row shows the open items that you have selected, grouped according to one of the criteria specified above, and shown in the *Grouping* column as follows:

Grouping	Meaning
Net	Number of days to due date
Dsc	Number of days to cash discount date
Old	Number of days elapsed since document date
Ovr	Number of days overdue (where applicable)

The following column, *Immed.* (Immediately), shows how much is due with immediate effect; the next five columns show the items grouped according to the number of days that you entered in the *Sorted list of open items* field on the selection screen.

Open Items (Details)

This table itemizes the open items for the vendors that you have selected.

The lists are formatted using the SAP List Viewer [Ext.]: see this documentation for more information about navigating and formatting options within the list.

Printout of Invoices (Accounts Receivable)

Use

The *Sales and Distribution* (SD) component allows you to generate invoices from billing documents. However, if you use *Accounts Receivable* (FI-AR) functions for miscellaneous sales, or you do not use SD, you may need to generate invoices straight away in FI-AR. To do so, you can use the correspondence function [Ext.], for which purposes you can use the sample correspondence type SAPS1 and SAPscript form F140_INT_SING_01.

Asset Accounting

Chart of Depreciation

Definition

See Chart of Depreciation [Ext.].

Use

When you create a company code using the template for Singapore [Ext.], the system assigns it chart of depreciation 1SG, which follows Singaporean accounting requirements.

Structure

Chart of Depreciation

Depreciation Area	Use	Currency
01	Book depreciation	Local
15	Capital allowance	Local
18	Deferred income tax	Local
20	Cost accounting area	Local
30	Consolidation area	Local
31	Consolidation area	Group
32	Book depreciation	Group

The system uses depreciation area 01 to calculate ordinary depreciation. The depreciation is then posted to G/L accounts.

In area 15, you can calculate the capital allowance [Page 20] (using the standard depreciation report [Ext.]) as stipulated in sections 14–21 of the Singaporean Income Tax Act. In the standard system, postings in this area are made to G/L accounts, but you can also use the this area for reporting purposes only.

Once you have calculated the capital allowance, you can run the Capital Allowance Report [Page 25] to display the capital allowance for qualified assets or investment projects. By running the Balancing Adjustment Report [Page 26], you can display the balancing adjustments in the tax area on sales of fixed assets.

Depreciation area 18 is used to calculate the depreciation that is the basis for calculating deferred income tax. This area derives the depreciation key from area 01 and the depreciation base amount (see Posting Qualifying Costs [Page 22]) posted in area 15. Depreciation in area 18 is not posted to the G/L accounts but is used only for reporting purposes. By running the Depreciation Comparison [Page 27] report, you can calculate the differences between the depreciation in areas 01 and 18.

Capital Allowance

Use

In Singapore, capital allowance is the term used for tax depreciation on fixed assets such as plant and equipment, motor vehicles, commercial buildings, and so forth.

In the R/3 System, you calculate capital allowance using the standard depreciation functions. Unlike standard depreciation, however, the Singapore Income Tax Act stipulates that capital allowance always be calculated and claimed in the year when **expenditure is incurred.** Therefore, capital allowance also extends to assets under construction. And, if an asset under construction is capitalized – that is, settled to a receiver asset – during its useful life, you continue to calculate capital allowance until the end of the receiver asset's useful life.

Activities

There are special procedures to observe for posting and reporting assets that you can claim capital allowance for. When you **post** assets, you must follow the procedures described under Calculation of Capital Allowance [Page 20]. For **reporting purposes,** you calculate capital allowance using the standard depreciation report [Ext.], but to display what capital allowance is due to you, you use the Capital Allowance Report [Page 25]. You also use the Balancing Adjustment Report [Page 26] to display the capital allowance in the event of the sale of any assets before the end of their tax life. Finally, to calculate the deferred income tax (the difference between book depreciation and capital allowance), use the Depreciation Comparison [Page 27] report.

Calculation of Capital Allowance

Purpose

This process tells you:

- How to post assets under construction so that you can calculate capital allowance on them

- What to do with assets partway through their useful life (known in Singapore as the tax life) when you capitalize an investment measure

- How to denote additional acquisitions posted in different fiscal years for the same project, you use asset sub-numbers

  This ensures depreciation is staggered during the correct useful life. The reason for using sub-numbers is because in standard R/3 depreciation parameters are stored, at the lowest, at asset master level only.

Prerequisites

When you capitalize an asset under construction, you have to ensure that the depreciation start date is transferred to the receiver asset along with all the other data. To do so, in Customizing for *Financial Accounting,* choose *Asset Accounting → Transactions → Capitalization of Assets Under Construction → Define Transaction Types.* For each transaction type used for the settlement of assets under construction (in the standard system, transaction types 340, 341, 345, and 346), select *Transfer adopting dep. start date* (Transfer adopting depreciation start date).

Process Flow

The process flow is illustrated by means of the following example, a project that qualifies for capital allowance, and for which two acquisitions are made, one in 2001 and one in 2002. In order to be able to calculate staggered tax depreciation, you use an investment order for the overall project, and assets under construction for the acquisitions.

Capital Allowance Process Flow
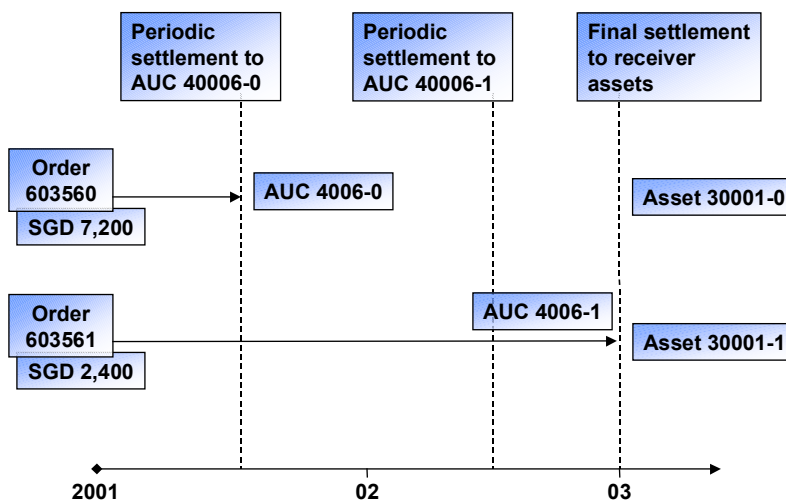
The process is as follows:

1. You create an investment measure, internal order 603560, and create an asset under construction 40006-0 directly from the order master. The asset's useful life is three years, and it is depreciated using the straight-line method is assigned to the asset master.

   You also create a receiver asset, 30001-0, directly from the internal order, assigning it a three-year useful life and the straight-line depreciation method, the same as the asset under construction. This asset will be used to continue depreciation once the asset under construction has been settled, and will be effectively an extension of the asset under construction. Until then, however, it is not required.

2. You post the first acquisition, worth SGD 7,200, to the internal order using *Financial Accounting* (FI) in January 2001.

3. In July, you settle the costs from the order to asset under construction.

4. At year-end, you calculate a full year's depreciation for the asset under construction.

5. You repeat steps 1 through 4 for the second acquisition, in 2002, creating a second asset under construction and a corresponding receiver asset, 40006-1 and 30001-1 respectively. There is a second acquisition, this time worth SGD 2,400.

   After the depreciation run at the end of 2002, the first asset under construction still has one year's useful life left, and the second asset under construction has two.

6. At the start of the next year, 2003, the project is commissioned. To this end, you run a full settlement to transfer both assets under construction to the receiver assets.

   Because the project is commissioned before tax depreciation is finished, you settle the assets under costs to the two receiver assets. This allows you to in order to continue the staggered depreciation after the asset under construction stage.

9. In table ANLC, check the receiver assets in the *Expired useful life, Depreciation st. date,* and *Proportional ordinary depreciation due to transfer to settlement* fields. Given these values you can continue depreciation for the targeted assets till the end of the useful life.

Posting Acquisition and Production Costs

Use

Under the Singapore Income Tax Act, not all acquisition and production costs can be used as a base for tax depreciation. This holds true for commercial buildings in particular. You can customize the way the system determines the base amount in the Implementation Guide. However, the base amount is not stored in any table and is calculated only at runtime, for example, when you execute a depreciation run. This will affect system performance adversely while running asset reports relevant to capital allowance [Page 20]. To improve system performance, you can store the costs directly in the acquisition costs field when you post an acquisition. How you do so depends on whether you settle the costs from investment measures, or directly, in *Asset Accounting* (FI-AA).

Settlement of Costs from Investment Measures

When you settle acquisition and production costs to assets by means of investment measures, you use the capitalization key to post partial acquisition costs to different depreciation areas (for more information, see Periodic Settlement to an Asset under Construction [Ext.]).

Direct Posting of Costs in Asset Accounting

If you post costs directly in FI-AA, there are two ways of recording the tax depreciation base. You can either make use of a user exit, or you can use the manual posting transaction.

User Exit

If you want to post acquisition costs directly to *Asset Accounting,* we recommend that you make use of user exit AINT0004, an enhancement for changing line items. To include it, proceed as follows:

1. From the *SAP Easy Access* screen, choose *Tools → ABAP Workbench → Utilities → Enhancements → Project Management*.

2. Create a customer project.

3. Assign enhancement AINT0004 to the above project.

    Note that you can only assign the enhancement to one project.

4. Maintain and activate include ZXAPCU05.

    You can base your code on the sample [Page 23] provided.

5. Go back to the main screen and activate the project.

Manual Postings

Alternatively, you can post manually to acquisition and production cost line items upon acquisition using transaction code ABZO. Note that for these purposes you cannot use the Enjoy version of this transaction, ABZON.

Sample Code for Calculating Tax Depreciation Base

Below is an example of the code that you can use for calculating the tax depreciation base (see Posting Acquisition and Production Costs [Page 22]).

Include ZXAPCU05 is part of SAP enhancement AINT0004. In Singapore it can be used to replace the acquisition costs with the qualifying costs, the tax depreciation base amount, when you post an asset acquisition. The purpose of the sample include given below is to simplify the data retrieval procedures in assets reports relevant to capital allowance. Because this include is used together with enhancement AINT0004, the limitations and specifications stated in AINT0004 apply here as well.

The code provided here serves as an example only. You will need to modify the lines by accounting for the Customizing parameters and other specifications unique to your own requirements.

```
*---------------------------------------------------------------------*
*    INCLUDE ZXAPCU05 - Calculation of Qualifying Costs
*---------------------------------------------------------------------*
DATA l_percentage TYPE p DECIMALS 2.


1)    IF sy-mandt         = '003              "check client

    AND i_ants-bukrs    = 'SG01              "check company code

2)   AND (i_rlambu-bwasl = '100              "check transaction
type

    OR  i_rlambu-bwasl  = '120').            "check transaction
type

3)    CASE i_ants-gdlgrp.


    WHEN 'SAME'.                             "qualifying costs =
APC

     l_percentage = '100.00'.

    WHEN 'QUA90'.                            "qualifying costs =
90% APC

     l_percentage = '90.00'.

    WHEN space.                              "no value in EGF
4)    MESSAGE w000(8z) WITH

     'Eval.group field not maintained.'.

    WHEN OTHERS.                             "default other
percentage

     l_percentage = '85.00'.
```

Sample Code for Calculating Tax Depreciation Base

```
   ENDCASE.
5)     READ TABLE t_anepi WITH KEY afabe = '15'. "read amount posted


   IF sy-subrc NE 0.
   " Error handling e.g. message e001(za) with t_anepi-afabe.
  ELSE.


    m_anepi-afabe = '15'.                      "area for
capital allowance
6)  m_anepi-anbtr = t_anepi-anbtr *
    l_percentage / 100.


    APPEND m_anepi.                           "fill output structure


   ENDIF.


ENDIF.
```

Notes on the Code

1. Define which client and company code the user exit is for.

2. Define the range of transaction types or transaction type groups that trigger the exit. Failure to define a proper range will result in either too many or too few transactions being affected. The former will create extra steps for users to post a transaction; the latter will cause the system to post incorrect qualifying costs to the tax area. In this example, only transaction types 100 and 120 are specified, due to the fact that these two types are the most commonly used.

3. Calculate the qualifying costs as a percentage of acquisition costs offline. You also define qualifying costs as a percentage of acquisition costs, depending on one of the evaluation group fields in the asset master.

    In Customizing, choose one of the evaluation group fields (ANLA-ORD41 to ANLA-ORD44, or ANLA-GDLGRP) to maintain possible values, where each value stands for different percentage. You must account for one field value for use in the event of the acquisition costs being the same as the qualifying costs. Maintain the evaluation group fields in the asset masters or default them at asset class level.

    If none of the evaluation group fields are available, use user exit AIST0002 to create user-defined fields as an alternative to this step.

4. Create a separate message class for error messages.

5. Retrieve data from tax depreciation area.

6. Calculate the qualifying costs by multiplying acquisition costs by the appropriate percentage rate.

Capital Allowance Report

Use

You use this report to display basic information about capital allowance.

Prerequisites

Before you use this report, you have to have calculated the capital allowance using the standard depreciation report [Ext.] **up to and only up to** the report date that you are going to enter in the Capital Allowance Report, otherwise the data produced by the report will be incorrect. For example, if you want to display the capital allowance up to 31 December 2000, run the depreciation report up to the end of period 12 in 2000 only.

Features

This report shows the capital allowance posted during the whole life span of an asset or investment measure. In particular, it shows:

- Sender–receiver relationships between investment measures or assets under construction on the one hand and assets on the other

- An overview of capital allowance for investment measures with staggered depreciation (see Calculation of Capital Allowance [Page 20])

Selection

On the selection screen, you can type in any combination of the following values, at any point of time, to query the complete capital allowance of the whole investment project or asset:

- Internal order numbers

- WBS element numbers

- For assets under construction, asset main numbers with or without sub-numbers

- Asset main numbers, with or without sub-numbers

⚠️

In order to for the capital allowance to be displayed correctly, you must only enter the last date of any given fiscal year as the report date. For example, if your last depreciation run is for period 12 in 2001, you would enter 31 December 2001.

Activities

To access the report, from the *SAP Easy Access* screen, choose *Accounting → Financial Accounting → Fixed Assets → Info System → Reports on Asset Accounting → Explanations for P&L → Country Specifics → Singapore → Capital Allowance Report*.

Balancing Adjustment Report

Use

This report serves to fulfill the Singapore Income Tax Act, Sections 10 (4), 20 (5A), and 20 (6), regarding allowances and charges following the disposal or sale of assets. The act requires businesses to report allowances or charges associated with any disposal or sale of qualified assets in the year that the transaction was effected.

Allowances and Charges

The concept of allowances and charges is similar to that of gains and losses on the sale of fixed assets in the book area. When the tax write-down value (similar to the net book value in book area) of an asset is worth more than the proceeds from its sale, a **balancing allowance** arises, which you can claim together with the normal capital allowances. A **balancing charge,** on the other hand, occurs where the proceeds from the sale of an asset are greater than the tax write-down value.

A balancing allowance can be said to correspond to a loss on the sale of an asset, while a balancing charge refers to a gain. However, where gains are concerned, the total amount of a balancing charge is restricted to the total amount of the capital allowance already granted. To sum it, the balancing adjustment is calculated as follows:

> Balancing charges/allowances = tax write-down value – the smaller of (sales proceeds, acquisition costs/qualifying costs), where tax write-down value = acquisition costs/qualifying costs [Page 22] – total allowances granted

Activities

To access the report, from the *SAP Easy Access* screen, choose *Accounting → Financial Accounting → Fixed Assets → Info System → Reports on Asset Accounting → Day-to-Day Activities → Country Specifics → Singapore → Balancing Adjustment Report.*

Depreciation Comparison

Use

You use this standard report to display any differences between book depreciation and tax depreciation. In order to adapt this report to Singaporean tax law, run the report by comparing depreciation area 18 against area 01. Area 01 is the book depreciation area, area 18 is a derived area which uses the depreciation key from book area 01 and qualifying costs from tax area 15. Assets with differences require special reporting to the tax authorities.

Activities

To access the report, from the *SAP Easy Access* screen, choose *Accounting → Financial Accounting → Fixed Assets → Info System → Reports on Asset Accounting → Explanations for P&L → International → Depreciation Comparison.*

Human Resources