



Brexit Transition and Beyond

December 17th 2020

PUBLIC

Disclaimer

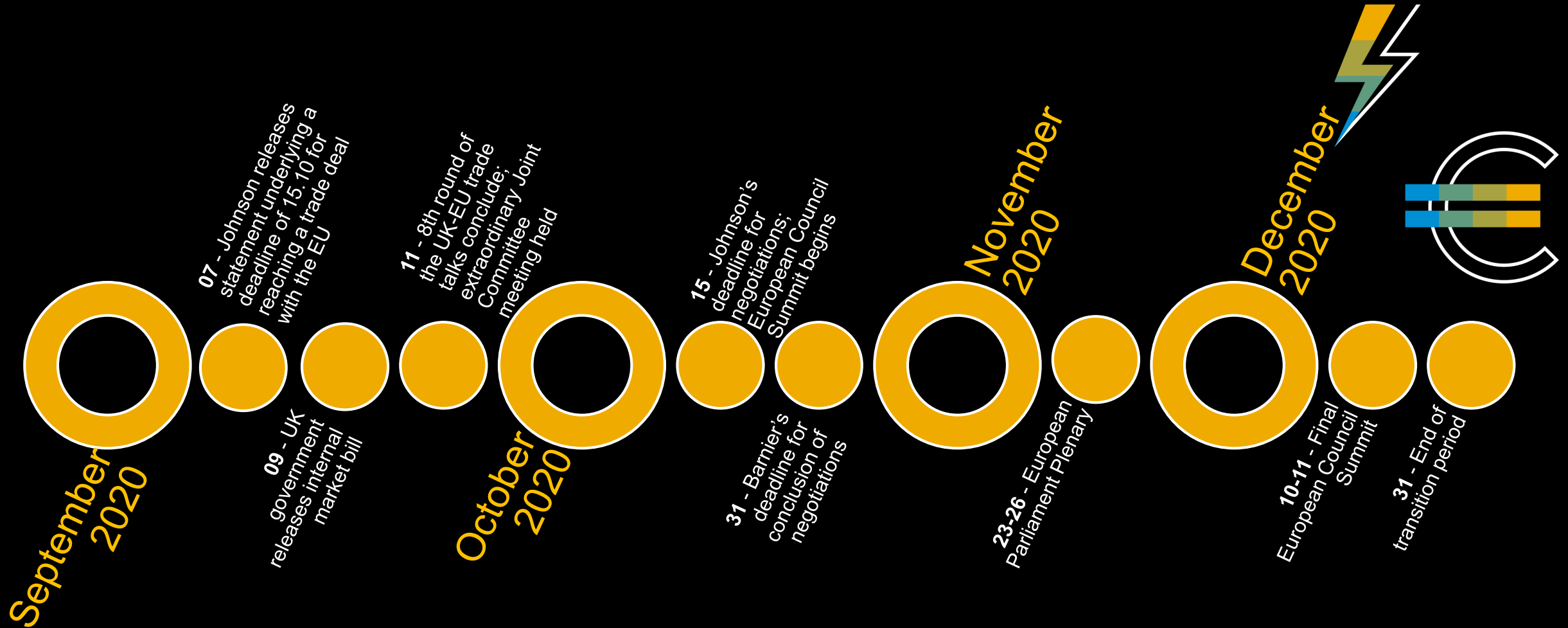
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Introduction

BREXIT – Where are we?



BREXIT – Impact on Customs & International Trade



UK becomes a 3rd country.



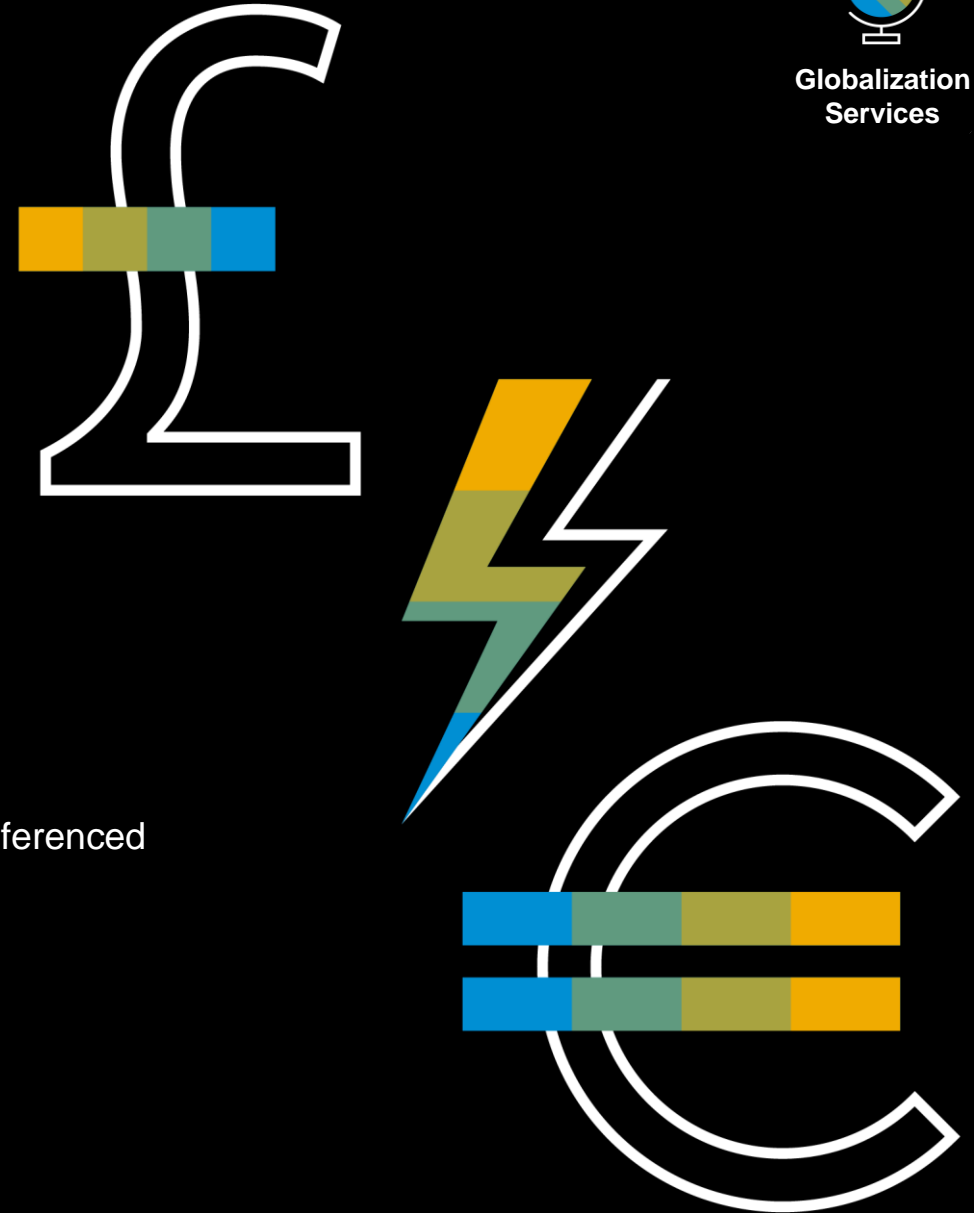
Deactivate the EU-flag for GB in country table T005 at 24:00 CET
at the last day of the transition period



BREXIT Latest Requirements

Where to go?

- Look at the SAP ONE Support Launchpad
<https://launchpad.support.sap.com/#/legalchangenotification>
 - See the list of upcoming legal changes
 - Central SAP Note (2885225) across solutions and countries
 - Further SAP Notes and Knowledge Based Articles will be published and referenced within the central note.



BREXIT Latest Requirements



UK Withdrawal from the European Union (Brexit)

Country/Region: **United Kingdom (GB)**

Planned Delivery Date:

Company Status: **New**

Component: **XX-CSC-GB**

SAP Note: [In Analysis](#)

Manual Activity:

Complexity:

BASIC

PREREQUISITE NOTES

Introduction

<

[In a referendum held on June 23, 2016, the majority of people voted in favour of the United Kingdom leaving the European Union \(EU, a union of 28 European member countries\).](#)

The subsequent process of withdrawal of the UK from the EU is commonly referred to as Brexit. The process of separation was started by the UK government invoking Article 50 of the Treaty on the European Union on March 29, 2017.

The details of the new relationship between the UK and the EU are currently under discussion and so are subject to complex negotiations. According to Article 50, the process of Brexit was scheduled to conclude at the end of March 2019. Following many changes to the political situation and two General Elections the UK have now left the EU and entered the 'Transition Period'

During the transition period the UK's trading relationship with the EU will remain the same.

If a trade deal is ready in time, the UK's new relationship with the EU can begin immediately after the transition. If not, the UK faces the prospect of having to trade with no agreement in force. This would mean checks and tariffs on UK goods travelling to the EU.

Changes resulting from Brexit, with potential impacts on SAP, can be expected in the areas of tax, reporting, employment rights and goods movement among many others. SAP recognizes these potential changes and is closely monitoring the situation and analyzing the impact for SAP customers and partners, primarily those using the current United Kingdom / Ireland localizations.

SAP will continue to monitor the governments negotiations and will deliver patches only for selected updates and releases at its own discretion, based on the business impact and the complexity of the implementation.

Updates that are to be supported related to Brexit will be notified using the [Announcement of Legal Changes Service]<https://launchpad.support.sap.com/#/legalchangenotification> via the SAP Support Portal in the normal way.

Further updates will be shared under the "United Kingdom" option of the website for [Globalization news and documents](#). For any further questions, please visit the [SAP Support Portal](#).

[2749671 - BREXIT: Guidelines in case of "no deal"](#)

[2546068 - GB_UK Withdrawal from the European Union \(Brexit\)"](#)

[2885225 - BREXIT: Through the Transition Period and Beyond "](#)

BREXIT Central SAP Note 2885225

Knowledge Base

2885225



2885225 - BREXIT: Through the Transition Period and Beyond

Version 1 from 28.01.2020 in English

Component: XX-CSC-GB

Category: Consulting

Corrections: 0

Priority: Recommendations / Additional Info

Release Status: Released for Customer

Manual Activities: 0

Prerequisites: 0

SAP Note/KBA Number

63

Description

Software Components

References

Attributes

Languages

Symptom

The UK triggered Article 50 of the Treaty of the European Union on 29 March 2017. As set out under that treaty, the UK had two years to negotiate a Withdrawal Agreement and framework for a future relationship with the EU.

The Withdrawal Bill was passed by the UK Parliament, has received Royal Ascent and became law on the 23rd January. On the 24th of January it was also ratified by the EU leaders. This means that Article 50 can no longer be revoked and the UK will leave the EU on 31st January 2020 with the withdrawal agreement.

But that will not be the end of the Brexit story.

The UK will enter a transition period until 31 December 2020.

The purpose of the transition period is to enable a new wave of UK-EU negotiations to take place. These talks will determine what the future relationship will eventually look like.

2885225 - BREXIT: Through the Transition Period and Beyond

Version 1 from 28.01.2020 in English

Description

Software Components

References

Attributes

Languages

This document refers to

Number	Title
2768412	Recommendations for Brexit in FI

This document is referenced by

Number	Title
2930447	SAP S/4HANA Cloud 2008: Release Information Note
2901936	SAP S/4HANA Cloud 2005: Release Information Note
2912027	SAP GTS: UK leaving the EU (Brexit) - recommendation for action for transitional period and time thereafter
2868297	SAP S/4HANA Cloud 2002: Release Information Note
2799915	SAP S/4HANA Cloud 1908: Release Information Note
2754659	Recommendations for an unregulated hard (no deal) Brexit in SD:
2954754	SAP S/4HANA Cloud 2011: Release Information Note

BREXIT Central SAP Note for S/4HANA Cloud



SAP note 2999933

2999933 - BREXIT: Preparation in your S/4 HANA Cloud system Version 5 from 16.12.2020 in English

Component: XX-CSC-GB

Category: Consulting

Corrections: 0

SAP Note/KBA /

Priority: Recommendations / Additional Info

Release Status: Released for Customer

Manual Activities: 0

Prerequisites: 0

Description Software Components References Attributes Languages

Symptom

The UK triggered Article 50 of the Treaty of the European Union on 29 March 2017. As set out under that treaty, the UK had two years to negotiate the withdrawal agreement.

The Withdrawal Bill was passed by the UK Parliament, has received Royal Assent and became law on the 23rd January 2020. On the 24th of January 2020, the UK formally notified the EU of its intention to withdraw from the EU on 31st January 2020 with the withdrawal agreement.

But that is not the end of the Brexit story.

Until 31st December 2020 we enter into a transition period.

The purpose of the transition period is to enable a new wave of UK-EU negotiations to take place. These talks will determine what the future relationship between the UK and the EU will be.

Other Terms

Brexit, Withdrawal Bill, EU, UK Leave

Guidelines are described in this central note and in specific consulting notes from different application areas that are referenced to in this note.

Coding and content changes will be delivered via hotfix implementation.

Setting a SAP Note as “Favourite”



2885225 - BREXIT: Through the Transition Period and Beyond



2885225 - BREXIT: Through the Transition Period and Beyond ★



2999933 - BREXIT: Preparation in your S/4 HANA Cloud system ★ Version 5 from 16.12.2020 in English

Show Changes



My SAP Notes & KBAs

I Am Interested In

0

New

0

Updated

0

Favorites updated

Yesterday

New Updated Expert Search My Favorites			
SAP Component	SAP Component Name	Number	Title
XX-CSC-GB	Great Britain	2885225	BREXIT: Through the Transition Period and Beyond

BREXIT – Impact on VAT (1)



Key VAT considerations:

- i. Import VAT
- ii. EU VAT Simplifications no longer valid
- iii. Northern Ireland (NI) Protocol
- iv. Reporting and administrative requirements



BREXIT – Impact on VAT (2)



i. Import VAT



- UK Postponed Accounting for Import VAT
 - Available for all UK VAT registered companies importing goods into UK from 01.01.21
 - No payment of import VAT at the border
 - VAT can be accounted for on the VAT return
 - HMRC to provide downloadable online statements every month for the postponed import VAT
- EU postponed import VAT accounting:
 - Some EU countries operate postponed import VAT accounting, subject to meeting certain conditions.
 - Example: In Belgium a license “ET 14000” can be requested.

BREXIT – Impact on VAT (3)



ii. EU VAT Simplifications no longer valid

Simplifications such as:

- Triangulation
- Supply and install
- Distance selling
- Consignment and call-off stock

that are currently enjoyed by GB businesses will not apply in respect of GB VAT registration numbers as from 1st of January 2021



BREXIT – Impact on VAT (4)



iii. Northern Ireland (NI) Protocol



- NI = dual status within the EU VAT, Customs Union and Single Market
 - NI follows UK's VAT system as well as EU's VAT system
 - NI continues to enforce the EU's customs rules and follow its rules on product standards while the rest of the UK stops doing so
- Only valid for goods
- In place for 4 years as from 1st of January 2021
- For Northern Ireland new VAT identification numbers with prefix "XI" will be required.

BREXIT – Impact on VAT (5)



iv. Reporting and administrative requirements



Are fiscal
representatives
needed?

How to validate
the
VAT-numbers
from NI
businesses
through the
VIES?

What happens
to
Intrastat?

What happens
to
ESL reporting?

...

Northern Ireland Protocol – technical setup in a nutshell

Northern Ireland Protocol – technical setup in a nutshell



- SAP has chosen the direction of a **country + region** approach for addressing the Northern Ireland protocol.
- Creating “**artificial**” **country codes** like ‘XI’ in table T005 is **NOT intended**.
- All applications will use a **central class**, which will identify Northern Ireland business by country + region (see SAP note 3000100 – technical details in class CL_UK_NI_UTIL_ABA, method CL_UK_NI_UTIL_ABA)
- There are **two options for region setup**: CHAR2 or CHAR3 (see SAP note 2885225). Even combinations of both would work.
- Region field is a **MUST for Northern Ireland** master records, but can be blank for England, Wales + Scotland.

Guidelines from Finance perspective

BREXIT – Central FI note 2768412

The intention of this note is to outline the direction of the solution as early as possible. Several changes which are mentioned in the note and shown in this presentation are still in development and not released yet.

This is indicated in the text ("planned", "there will be") and also marked with an asterisk*. We will update this note regularly when the detailed notes get released.

SAP Note

SAP 2768412 - Recommendations for Brexit in FI

Version 22 ▾ Validity: 04.12.2020 - active Language English (Master) ▾

Content: [Summary](#) | [Header Data](#) | [Validity](#)

Technical action items:

1. Changes in general configuration
 1. Company code settings
As stated above, EU relevant tax code postings will have to be recorded after end of transition period in many scenarios. T the last relevant posting for the GB company code has been posted.
XI VAT identification numbers (for Northern Ireland) should be stored in table T001Z (parameter XIVATN). A separate SAP
System action: Update XI VAT identification numbers as soon as possible.
 2. Tax codes
As intracommunity transactions will no longer be possible after the end of the transition period some new tax codes (e.g. for company codes there will be likely new tax codes due to process changes, e.g. introduction of so called "Postponed Accounts")
System action: Check tax codes. If required, create new tax codes.

Customizing: Financial Accounting (New) -> Financial Account Global Settings -> Tax on Sales/Purchases -> Calculation -> Tax Calculation Schemes
Please check tax calculation schemes used for the UK and for all remaining EU countries as well and documentation (FTX) for details.
You can deactivate tax codes to remove them from value help (F4-help). See SAP note [2074351](#) for details. But as EU relevant right now.

When: Create required new tax codes before the end of the transition period.

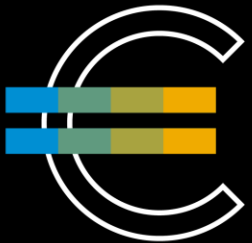
We recommend to read the English version to avoid delays due to translation



BREXIT – VAT **enable** EU related transactions after end of transition phase

After the end of the transition period new EU transactions with the UK (with the exception of the Northern Ireland protocol) will not be possible anymore.

However, in many systems postings with EU related tax codes will have be recorded after the end of transition period as **subsequent changes of tax base amounts (e.g. discounts, bonuses, price reductions, etc.)** might occur even several months or even years after the end of transition period (e.g. yearly bonus settlements). Another case are payments on receivables which had previously been derecognized (e.g. insolvency cases).



Therefore, we have to **enable** that postings with EU related tax codes are still possible even after the end of the transition period.



This also means that **VAT identification numbers for UK (starting with GB) have to remain** in the business partner/customer/vendor master data and company code master data for the time being (at least until the last EU related tax code posting has been posted).



For **Northern Ireland new VAT identification numbers with prefix "XI"** will be introduced.

BREXIT - enabling EU transactions after removing EU-Flag

Relevant notes
released in 2019

The deactivation of EU-Flag for GB in country table T005 has some technical impact in FI:

In FI postings the EU relevant fields Reporting country, VAT identification number and EU triangulation only appear in EU company codes.

Amount	1.000,00	EUR	Amt.in loc.cur.	1.000,00
Tax Code	A6		Group curr.amnt	1.000,00
Negative pstng	<input type="checkbox"/>		Glb.co.crcy amt	1.000,00
SCB Indicator	<input type="checkbox"/>		Supplying Cntry	<input type="checkbox"/>
Customer	<input type="text"/>		VAT Reg. No.	<input type="text"/>
Reporting cntry	<input type="text"/>		EU triang. deal	<input type="checkbox"/>

Furthermore identification numbers in master data can only be entered for EU countries.

SAP notes 2766031, 2770937, 2785653 enable that for GB company codes EU VAT fields still appear in posting transactions and GB VAT identification numbers can be maintained in master data.

You may deactivate this special treatment by implementing a BADI (in some months/years).
We do NOT recommend to do this in 2020/2021.

BREXIT – postponed Accounting in the UK

In order to simplify customs procedures the UK has introduced a new procedure “Postponed Accounting”.

For information about configuration see SAP note 2996657.



Northern Ireland protocol – master data changes



Lab Preview

- New parameter in additional data for company code (table T001Z) planned*

✓ Company Code

Additional Data

Additional Data

	Par.type	Parameter type description	Parameter value
<input type="checkbox"/>	XIVATN	XI VAT number	XI123456789



- New parameter/field for XI VAT number, stored separately from other VAT IDs*

- Business partner:

GB6	Northern Ireland Protocol: VAT Reg. No.	XI123456789
-----	---	-------------

- Customer/vendor master:

Tax Number 6	XI123456789
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If field Tax Number 6 is not available for entry after you have implemented SAP note 2998897 (some follow-up notes for IDocs and other topics will be released soon)*, please adjust customizing:

IMG path: Financial Accounting (New) -> Accounts Receivable and Accounts Payable -> Customer Accounts/Vendor Accounts -> Master Data -> Preparations for Creating Customer/Vendor Master Data -> Define Account Groups with Screen Layout (Customers/Vendors): In General Data – Control: set radio button for „Tax Number 6“ at least to „optional entry“ for all relevant account groups.

If the field still is not available for data entry please also check IMG activity: Define Screen Layout per Activity (Customers/Vendors).

Northern Ireland protocol – posting

Lab Preview

In FI Transaction the system does not have the information to decide automatically about the right VAT identification Number. We will enable all transactions in FI to allow the user to derive/enter the “XI” VAT identification number.

After the code changes are implemented, in FI Transactions like FB01 you have following changes:

- No default for “Reporting Country” (EGMLD) anymore if the customer is located in Northern Ireland
- No default for the “VAT identification Number” anymore if the customer is located in Northern Ireland
- If the customer is located in Northern Ireland, the user needs to decide and fill the “Reporting Country”
 - If the user enters “XI”, then the VAT identification number starting with XI* is derived and posted.
 - If the user enters “GB”, then the VAT identification number starting with GB* is derived and posted.
- In case of CPD customers: If you enter Country “GB”, the system will do the consistency checks for GB, but allows to enter a VAT identification Number starting with “XI”



FI Transactions

- Some Examples

Lab Preview

Enter Customer invoice: Correct Customer item

More data Account Model G/L item fast entry Taxes

Customer [REDACTED] G/L A/c 140000

Company Code F001

SAP A.G. F001 London

Item 1 / Invoice / 01 / Addit.Details

Amount	100,00	EUR
Amount in LC	100,00	EUR
Neg. Pstg	<input type="checkbox"/>	
CreditArea	0001	
Part. bank		
MandateRef.		
House Bank		
Instructions		
Cen.bank ind		
Rep. C/R	XI	Tri.deal
VAT Reg. No.	XI111111116	
Fund		
Sp.G/L Assgt		

Next Line Item

PstKy	Account	SGL Ind	TType	New Co.Code
-------	---------	---------	-------	-------------

Enter 'XI' before

Goto Additional Details

Customer 101434 ONE TIME CUSTOMER CN It G/L 140000

Company Code IT99 SAP Italy

Item 1 / Business partner data

Title	test	Language Key	IT
Name	test		
Street			
PO Box		PO w/o no.	
City	test	PO Box PCode	
Ctry/Reg.	GB	Postal Code	
E-Mail		Region	
Bank Key		Bank Ctry/Reg.	ES
Bank Account		Control Key	
Reference		Instruction key	
VAT Reg. No.	XI398557482	DME indicator	
Tax Number 1		Tax type	
Tax Number 2		Tax number type	
Tax Number 3		<input type="checkbox"/> Natural person	
Tax Number 4		<input type="checkbox"/> Equalizatr tax	
Tax Number 5			
Type of Business		<input type="checkbox"/> Liable for VAT	
Type of Industr		Rep's Name	

Change Document: Line Item 1

Additional Data Withholding Tax Data Create Dispute Case

Customer MAGGIE Thatcher G/L A/c 140000

CoCode F001

SAP A.G. F001 London Doc. No. 1801563414

Line Item 1 / Invoice / 01

Amount 100,00 EUR

Tax Code

Additional Details for Line Item 001

House Bank		Part.bank type	
Payment Method		Mandate Ref.	
Instructions	0 0 0 0	BoE Payt Req.	
Cred.Contr.Area	0001		
Fund			
VAT Reg. No.		Reporting C/R	Tr.deal
Blne date	01.12.2020	Transactn type	
Pytm Block		Suppl.Coun./Reg	GB Serv. Ind.
Payment Ref.		Billing Doc.	
Contract	/	Planning Date	Planning Level
Assignment			Int.Block
Text			
Specd G/L Assgt		Reason Code	
Group crcy amt	100,00	Reference Key 1	
	EUR	Reference Key 2	

Enter 'XI' (or 'GB' if it was 'XI' before)

SAP Post General Journal Entries

Header Attachments Notes Balances

Journal Entry Date: 02.12.2020 Company Code: F001 (SAP A.G. F001 Walldorf) Intercompany Transac:

Posting Date: 02.12.2020 Transaction Currency: EUR Partner Bus. Area: -

Period: 12 Ledger Group: - Header Text:

Journal Entry Type: SA (G/L Account Document) Reference: Translation Date: 02.12.2020

Line Items (2)

1	Company Code	F001	G/L Account*	200000	Debit*	100,00	EUR	Credit*	0,00	EUR
---	--------------	------	--------------	--------	--------	--------	-----	---------	------	-----

Expand

More Details

Item Text:	Assignment:	Tax Code:	Business Place:	Customer:	EU Triangular Deal:
		A0		XI001	
VAT Registration No.:	Reporting Ctry/Reg.:	Branch Code:	Purchasing Document:	Purchasing Doc. Item:	House Bank:
XI111111116	XI				
House Bank Ac.:	Reason Code:				

Derived from Customer Master

Enter 'XI'

Enter Customer

Current derivation Logic in the Accounting Interface

For postings into FI via accounting interface it is normally expected that all VAT relevant data (VAT code, VAT ID, triangulation flag) is already filled by the caller.

But there is a fallback when VAT identification number is derived in the accounting interface:

When

- the company code country (T001-LAND1) is an EU country or 'GB' (SAP note 2766031) AND
- the VAT identification number is not filled by the sender AND
- the document contains a customer item (KOART = 'D') AND
- the customer country is different from company code country
- the document is not from SD (GLVOR = 'SD00')

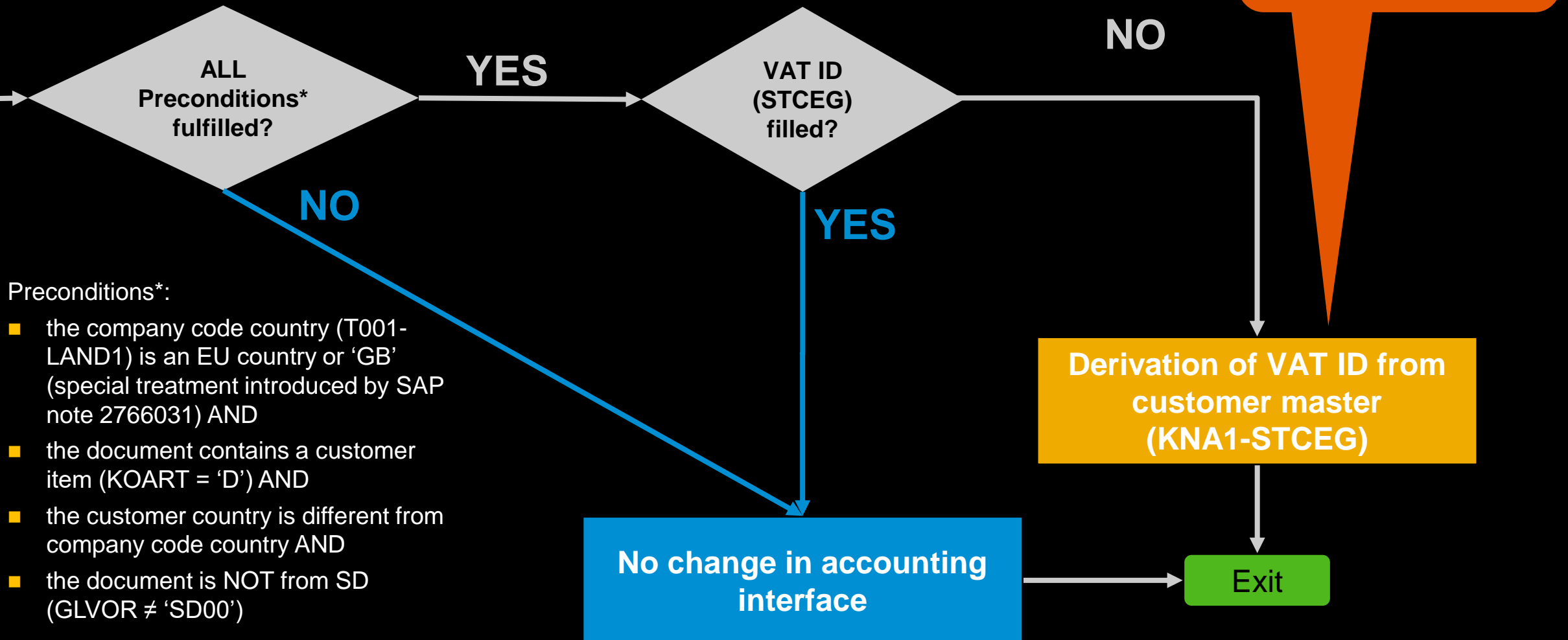
the VAT ID is derived from customer master record.

Now a **new issue** comes up:

Which VAT ID should be used for Northern Ireland customers?

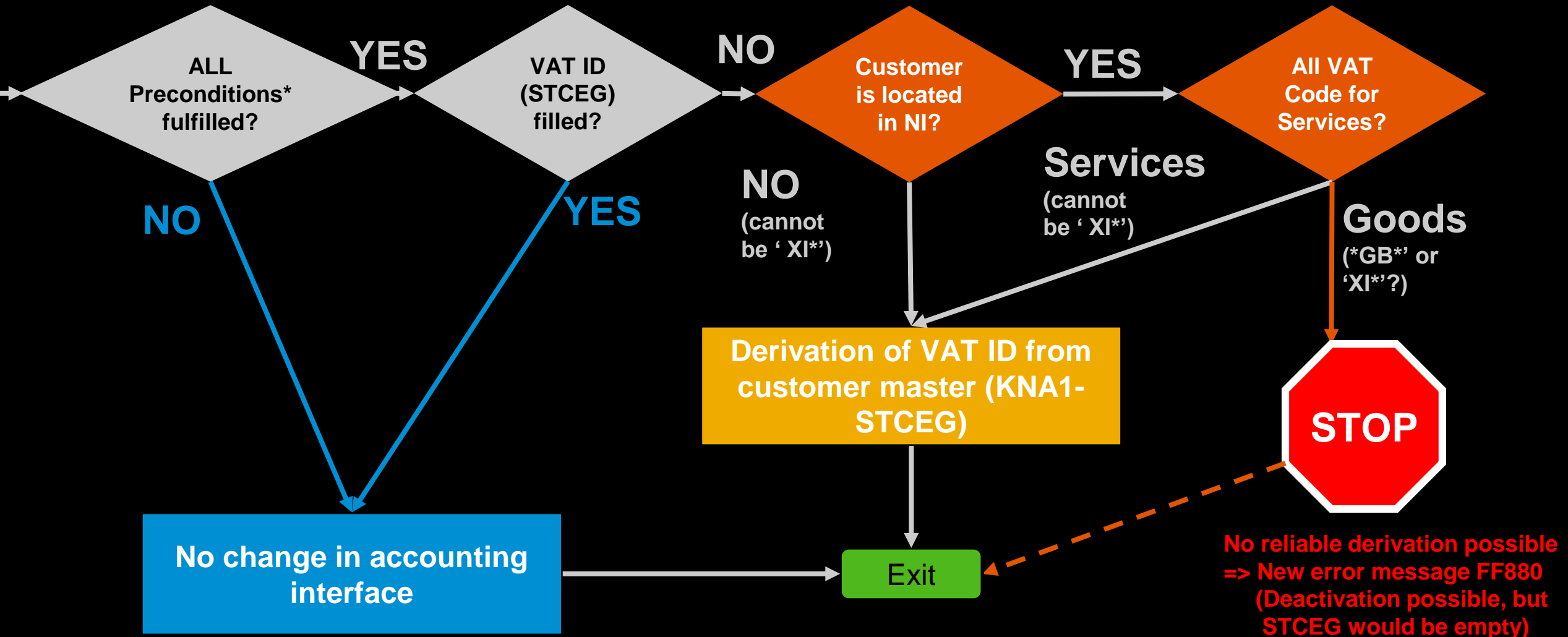
The accounting interface would need a (reliable) tax fulfilment data for a reliable decision in this case.

Current VAT ID derivation logic in the Accounting Interface



NEW Derivation Logic in the Accounting Interface

Lab Preview



New VAT ID Derivation Logic in the Accounting Interface

For postings into FI via accounting interface it is normally expected that all VAT relevant data (VAT code, VAT ID, triangulation flag) is already filled by the caller.

But there is a fallback when VAT identification number is derived in the accounting interface: When

- the company code country (T001-LAND1) is an EU country or 'GB' (SAP note 2766031) AND
 - the VAT identification number is not filled by the sender AND
 - the document contains a customer item (KOART = 'D') AND
 - the customer country is different from company code country AND
 - the document is not from SD (GLVOR = 'SD00')
- the VAT ID is derived from customer master record.

Now some additional logic is added:

When the customer is located in Northern Ireland,



- **GB'* VAT ID is derived when all VAT codes in the document are NOT FOR GOODS transactions (technical identified by T007A-EGKRZ values 2, 4, 5, B, T or U)**
- **If VAT codes for goods are included no derivation is possible as accounting interface does not know if this is a new transaction under the Northern Ireland protocol or a subsequent change of an EU transaction with GB VAT ID prior 31.12.2020. System will raise Error message. Error message can be deactivated in customizing but then entering VAT identification number in postprocessing of such documents will be required.**

Postings – postprocessing for VAT ID










Lab Preview

- In cases when not VAT ID could be automatically determined the user can update the right VAT identification number after the document is posted with the document change transaction FB02
- For mass changes a new report RF_VAT_REGNO_UPDATE will be provided:

Update BSEG VAT registration number for Northern Ireland

Selection Parameters

Company Code	<input type="text"/>		
Accounting Document Number	<input type="text"/>		
Fiscal Year	<input type="text"/>		
Posting Date in the Document	<input type="text"/>		
Tax Reporting Date	<input type="text"/>		
Document Date in Document	<input type="text"/>		
Document Type	<input type="text"/>		
Customer Number	<input type="text"/>		

Fill VAT registration number option

☒ Starting GB
☐ Starting XI

Execution mode

☒ Simulation
☐ Update run

EC Sales list programs: RFASLM00, RFASLD00 and RFASLD02

Example

EC Sales List (Belgium, Luxembourg)

Company code _____ to _____
Document Number _____ to _____
Fiscal Year _____ to _____

General selections

Posting date _____ to _____
Reference number _____ to _____
Alternative local currency ☐ Translation date 07.12.2020

Further selections

Reporting quarter _____ / _____
Reporting Period _____ / _____
☒ Posting Date Selection
☐ Tax Reporting Date Selection
Tax Reporting Date _____
Tax Country/Region _____
Output Tax Code _____ to _____
VAT Registration No. _____ to _____
Taxes on Sales/Purchases Group _____ to _____
☒ Select Goods Delivery
☒ Select Service

Contract Accounting

☐ Data from Contract Accounting
RFC Destination _____
☐ Transfer Line Items

Output control

☐ Base amount from tax items
☐ Line item display
☐ Separate list
☒ Read VAT Reg. No from Master
☒ Read XI VAT No
☒ Display XI VAT No
Quarter for Posting Date Selec _____ / _____
Period for Posting Date Selec. _____ / _____
Print parameter(message)

Contact person _____

Lab Preview

According to Article 264 of EU VAT Directive subsequent changes in tax base amounts (e.g. payments with discount, bonuses, etc.) must be reported in EU sales list. This means that "GB" records must be reported in EU sales list even after the end of the transition period (likely negative amounts).

But we observe a contradictory communication by tax authorities in some countries that they do not want to have "GB" records in EU sales list after the end of the transition period. SAP note 2778393 provides a new select option for recapitulative statement so customers can remove these records by setting the selection to unequal "GB*".

The derivation logic for the VAR identification number changed for Northern Ireland protocol:

When you mark "Read VAT Reg. No from Master" the new parameter "Read XI VAT No" becomes relevant: It controls if the XI* VAT identification number or the GB* VAT identification number is used in the report

New Parameter "Display XI VAT No"

When you mark "Display XI VAT No", then the XI* VAT identification Number from the Company Code Parameter "XIVATN" is used in the EC Sales list header to identify the tax payer.

BREXIT – Withholding tax

No new functionality in regards of Brexit required

As the **Parent Subsidiary Directive** and the **Interest and Royalties Directive** will no longer be applicable after the end of the transition period some transactions might become relevant for withholding tax.

Therefore, please check your transactions with UK companies (dividends and interest or royalty payments for licenses in particular) in regards of withholding tax.

The treatment in detail might differ for each country as **double taxation agreements** between each country and the UK will become relevant. Ask your business partners for **exception certificates** early and apply exception certificates yourself if required.

Changes in withholding tax treatment will become effective after the end of the transition period. Keep in mind that withholding tax in Europe is usually due at payment so it might be necessary to add withholding tax data in **open items** after 31.12.2020.



Guidelines from Sales perspective

BREXIT – Taxes in Sales

Our Mission

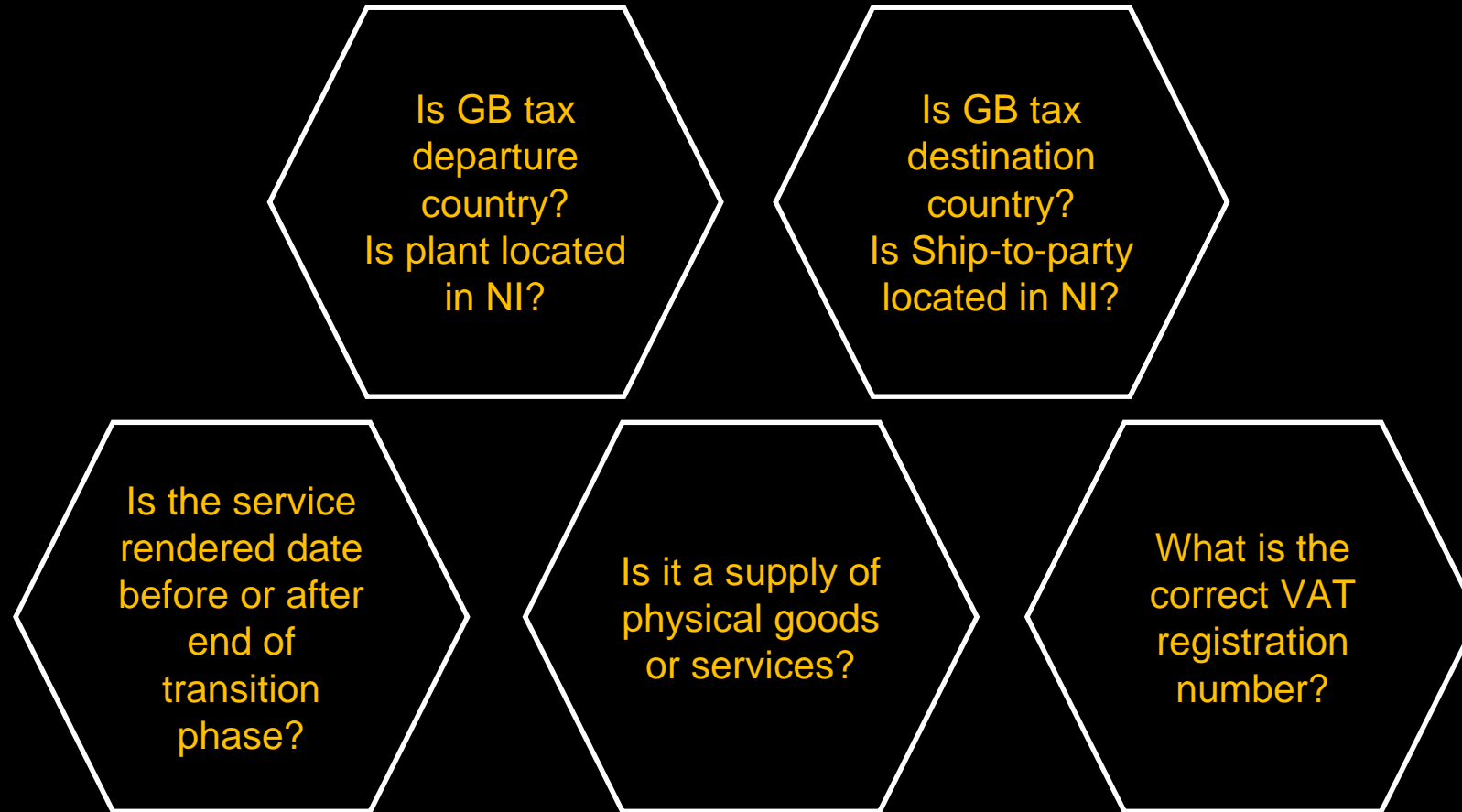
Enable all Sales business processes to continue to run in a legally compliant manner:

- Locally - in the UK (region-based / Northern Ireland (NI) Protocol)
- Globally - between EU countries and the UK (region-based / Northern Ireland (NI) Protocol) as well as between non-EU countries and the UK

Key considerations for Taxes in Sales

- Parameters of Taxes in Sales
- Tax amount determination

BREXIT – Solution Approach for Parameters of Taxes in Sales



BREXIT – Solution Approach for Tax amount determination

- Identify Northern Ireland using region codes
- Distinguish between physical goods and services (services are not part of Northern Ireland Protocol)
- Classify Sales business process as relevant for domestic or export tax
- Identify Sales business process between EU and Northern Ireland as intra-community supply (depending on region, time, VAT registration number and product type)
- Use condition technique of pricing solution:
 - condition tables with region of plant and region of customer
 - access sequences
 - pricing requirement routines
 - conditions records

BREXIT – Suggested Preparations for Taxes in Sales

- Check **SAP rollout activities** (regularly updated), e.g. how-to guidance, implementation notes etc.
- Populate region code in master data records of customers located in Northern Ireland
- Populate region code in data of plants located in Northern Ireland
- Keep GB VAT registration number and add new XI VAT registration number in customer master data where needed
- Check of tax classification in material master record - different tax classifications are needed for physical goods and services
- Creation of necessary pricing requirements, condition tables, access sequences and condition records

Guidelines for GTS

BREXIT and Northern Ireland Protocol



Brexit

- Changes prepared, done and delivered for the past No-Deal deadlines
- No substantial new changes, existing changes extended after the end of transition period
- SAP GTS Central SAP Note (2912027)



2912027 - SAP GTS: UK leaving the EU (Brexit) - recommendation for action for transition period and time thereafter

Northern Ireland Protocol

- New topic with new challenges
- If no plant in Northern Ireland it has limited impact in SAP GTS
- SAP GTS Central SAP Note (2998666)

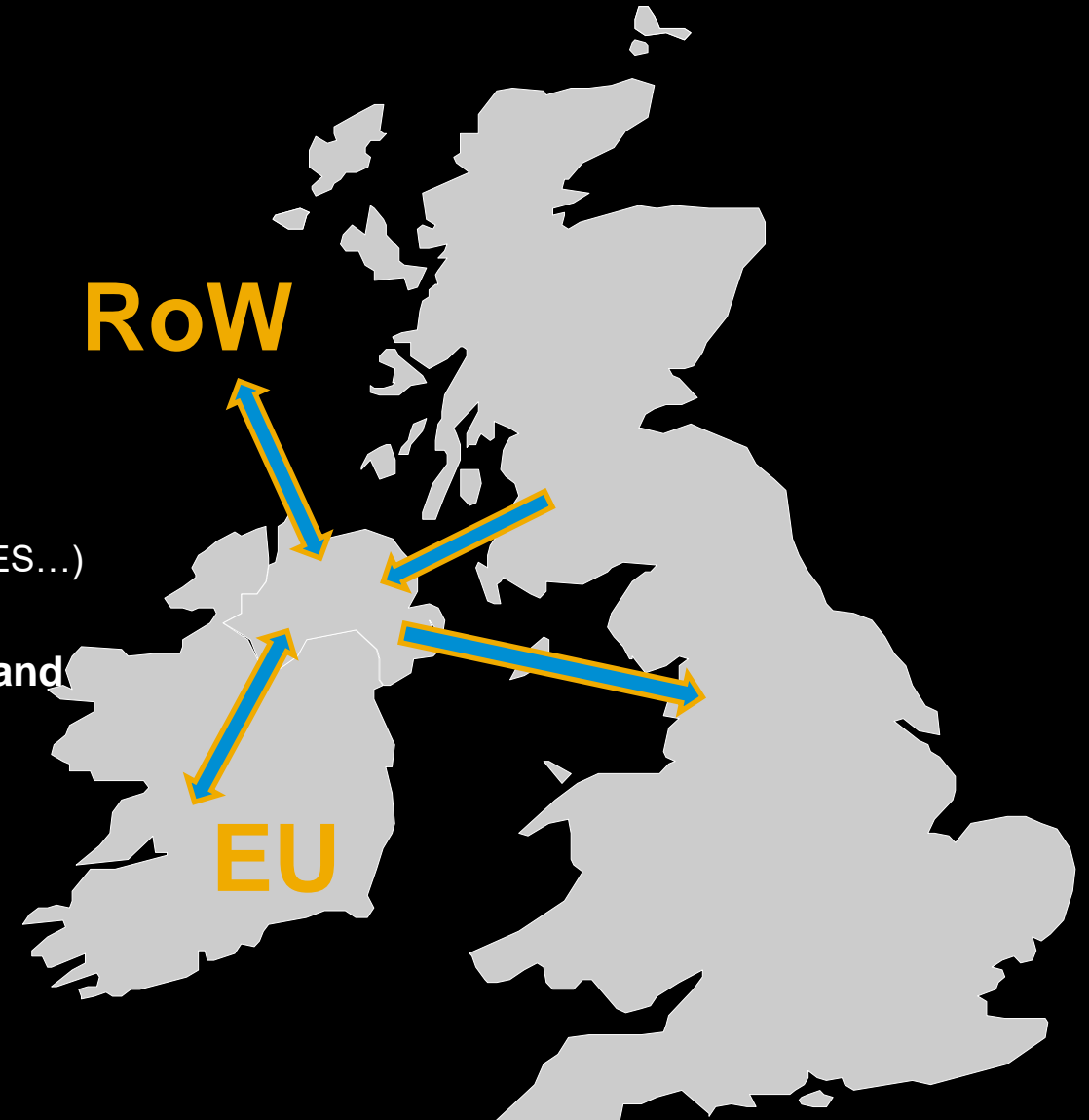


2998666 - SAP GTS: Withdrawal of the UK from the EU (Brexit) - recommended actions for the Northern Ireland Protocol

Customs Declarations under NIP



- **Movements between EU and Northern Ireland**
 - No Import or Export declaration required *
 - Country code XI for Northern Ireland if relevant
- **Movements from Great Britain to Northern Ireland**
 - Import declaration with UK CDS or
 - Import declaration with UK TSS (temporary)
- **Movements from Northern Ireland to Great Britain**
 - Export declaration with UK CDS for limited scenarios (CPEI, CITES...)
- **Movements between Rest of the World and Northern Ireland**
 - Import or Export declaration with UK CHIEF or
 - Import or Export declaration with UK CDS



* Licenses still required based on German customs

German Customs Declarations for NI



- **No Import or Export declaration required** for movements between Germany and Northern Ireland
 - Adjustment of Plug-In logic with note 2998656
- **Country Code XI as Prefix for EORI**
 - Relevant for NCTS and EMCS in EU & UK
 - Relevant for Export and Import in EU
 - Adjustment available with note 3001247
- **Country Code XI as country of destination and country of departure**
 - Replacement depending on region of NI in relevant partner
 - Adjustment available with note 3000737
- **Country Code XI as part of the route**
 - Replacement supported for starting and ending country



* Guidance on the Use of GB and XI codes (Annex B): “[...]for the identifier of the registering Member State the GEONOM code is used”

Notes for Customs Declarations under NIP



- 3000116 - Use of country code XI as part of the Northern Ireland Protocol
- 3003914 - enhancements for the incompleteness checks - for all procedures and countries (III)
- 3004093 - Customs office upload

- 3000737 - Use of country code XI in Germany
- 3000397 - DE ATLAS 9.0/AES 2.4: Adjustments to the incompleteness checks due to Brexit
- 3001778 - Use of country code XI in Spain
- 3002991 - Use of country code XI in Belgium
- 3001169 - Use of country code XI in Austria
- 3001168 - Use of country code XI in France
- 3001778 - Use of country code XI in Spain
- 3001192 - Use of country code XI in the Netherlands
- 3001779 - Use of country code XI in Sweden
- 3001355 - Use of country code XI in Denmark



EU Taric und UK Tariff



● Introducing a new UK Tariff schema

With the EU-Exit UK is not going to use EU Taric codes any longer. Therefore a new UK Tariff system was introduced. From 01.01.2021 these tariff codes will start to differ.

- Existing classification may be copied to the new tariff schema as long as they are identical
- Usage of reference schema to minimize classification efforts
- For Import declarations to Northern Ireland materials have to be classified for both tariff systems (UK & EU)



2766699 - UK leaving the EU (Brexit) – recommended actions for the classification and content upload areas

Intrastat Reporting



- **Requirements for Intrastat reporting after the end of transition period under the Northern Ireland Protocol**
 - Goods movements between the EU and Northern Ireland must be reported in EU countries and the UK
 - Imports into Great Britain from the EU must be reported in the UK
- **Intrastat reporting in SAP GTS with feeder systems SAP S/4HANA and SAP ECC**
 - SAP S/4HANA: SAP Notes 2753338, 2874323, 2875339, and 2976216 must be implemented before 1st of Jan 2021
 - SAP ECC: SAP Notes 2753338, 2874323, and 2976216 must be implemented before 1st of Jan 2021
 - SAP GTS: SAP note 2997204 must be implemented before importing data from feeder systems for Jan 2021
- **Intrastat reporting in SAP S/4HANA**
 - SAP Notes 2753338, 2874323, 2875339, and 2976216 must be implemented before 1st of Jan 2021
 - SAP Note 2997204 must be implemented before executing Intrastat selection reports for Jan 2021
- **Intrastat reporting in SAP ECC for AT, BE, CZ, DE, DK, ES, FI, FR, GB, GR, HU, IE, IT, LU, NL, PL, PT, SE, SK**
 - SAP Notes 2753338, 2874323, and 2976216 must be implemented before 1st of Jan 2021
 - SAP Notes for reporting XI and XU codes will be provided as soon as authorities of respective EU countries publish the related information. These SAP Notes must be implemented before creating Intrastat declaration files for Jan 2021.

Thank you.

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