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GST Compliant SAP Integrated Solution For An Indian Oil And Gas Giant

BUSINESS SCENARIO:

The introduction of Goods and Service Tax (GST) has enabled a paradigmatic shift in the tax reporting system by replacing the older tax regimes like VAT, CST, Service Tax and others. GST has brought all the central and state government taxes under single umbrella, facilitating a common national market and providing a plethora of benefits to various businesses. With the changing tax scenarios, our client had an ardent time in transitioning to the new taxation system.

Few crucial challenges they faced were:

- Struggling to identify the condition types which determined what tax (CGST/SGST/IGST) and how much tax was applicable on goods for import/export
- GST Tax determination based on Point of Supply(POS) mapping
- Tax determination for certain businesses that are exempted under GST law from some special economic zones
- Maintaining required data in the client system in order to generate taxes in case of export/foreign trade
- Duplication of invoices
- In many scenarios, the mandatory data as per GSTN format was unavailable in the client system which need a fixture

Undoubtedly, the changes are tax driven but the lack of compliance failures or readiness may lead to the business failures. Recognizing Cygnet's cross sector experience and credentials in GST and SAP implementation, the client saw an opportunity here and asked us to provide them with a customized solution according to their requirements that could provide end-to-end data validation and return filing needs.

PROJECT DETAILS

- **Customer Size:** Large Organization
- **Country:** India
- **Domain:** Oil and Gas Industry
- **Solution:**
 - SAP Solution: SAP ECC 6.0
 - Modules: SD, MM, FI, ABAP
 - Database: Oracle
 - Migration: TAXINJ to TAXINN (DEV/ QA/ PRD Server)

CYGNET'S SOLUTION:

During the initial phase, Team Cygnet faced ardent challenges in working with the client's functional consultant in understanding their existing business processes and system with huge volume of existing data. After diving deep into their processes; after a thorough research, Team Cygnet designed a comprehensive GST compliant SAP integrated solution tailored as per their requirements.

Features considered to create business solutions were:

- **User defined interface:** Our solution manages and defines user roles specific to their business requirements. Also, reminder E-Mails and SMS notifications are sent for making each filing return successful. We provide a single login for managing all their businesses/ branches/ locations/units.
- **Multiple Access:** We provide multiple access to the client via cygnet portal, mobile app, enriched and pass through APIs and on-premise module.
- **Efficient Reconciliation:** Processing and distribution of invoices in appropriate sections of GSTR 1 and GSTR 2. Our system enabled to avail accurate reconciliation of GSTR-2A and Purchase Register, where they can Add/Reject/Modify and put invoices on hold before filing GSTR-2.

CLIENT'S PROFILE:

Our client is an Indian oil and gas giant, sharing a global portfolio and having a mighty presence across the hydrocarbon value chain. Their horizon expands from exploration and production to the oil retail market. They have premier on-shore and off-shore oil and gas blocks, with theirs being the country's largest producing gas block. They are amongst the leading global investors controlling premier assets diversified across the core sectors of oil, gas, metal, mining, infrastructure and services

- **Standardized and automated process for invoice capturing:** Bulk Inward and Outward supply data with minimal files into Excel, CSV and JSON format, map supply file once and save profile. We also provide the option to auto save or Push to GSTN before Return Filing Periodical Upload of invoices to avoid last minute error and rectification. Audit log can be periodically maintained by availing documentary evidence of sequential activities done.
- **Powerful Dashboards for CFOs:** For better insights, business decisions and liability statuses, our system enables to view monthly insights of pending returns, current month return filing progress, business wise single snapshot of invoices uploaded or filed.
- **Secured Validations:** Sophisticated validation process while importing data and filing thereby securing the organization data.
- **Vendor Registration and Credibility:** Our system enables to achieve multiple vendor registration, avail verification with DSC (Digital Security Certificate) and design facility by integration via Aadhar number. It also manages vendors and suppliers, learn more about their return filing discrepancies and matches thereby enabling to build business upon credibility with single intuitive report. The system thus assists to avail detailed statistical information about monthly tax of the vendors and suppliers, reconciliation reports and suppliers action on reconciliation of 2A.
- **Regulatory Compliance and Reporting Solution Coverage:**
 - Cygnet Infotech has successfully implemented ASP-GSP Solution for GST for its SAP customers in India covering all the possible taxable scenarios in Sales and Purchase for various industry domains such as Utilities, Automobile, Retail, FMCG, Manufacturing, Process Automation and Pharmaceuticals.
 - Various taxable scenarios in sales such as domestic and export sales, intrastate/interstate sales, tax on free goods, promotional sales and stock transfers were efficiently addressed.
 - All taxable scenarios in purchase like domestic purchase, intrastate/interstate purchases and sub-contracting were precisely configured in SAP. Import purchase which retains the Customs Duty in addition to the Integrated GST (IGST) was also considered for GST reporting from SAP.
 - Tax rates were determined in the purchase and sales transactions in SAP based on the HSN/SAC codes and the place of supply of Goods and Services.

BENEFITS TO THE CLIENT:

- Flexible infrastructure which enables rapid deployment
- End-to-end complete automated solution for integrating SAP to GSTN
- Strengthened relationship with the end client whilst building life-long business relations
- Cost effective solution with massive scalability offered in simplified structure
- End-to-end secured data communication solution that offers monitoring, tracking and rectification of the data
- Manual intervention reduced by 80%

- SAP certified solution designed as per global standards
- Seamless processing of transaction data and efficient reconciliation with timely credits
- Automated process to monitor IN/OUT entries and reconcile the client details with their sales records from a single dashboard
- Standardized invoice capturing process for sales and purchases
- Security of data as per GSTN guidelines and global standards



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