Country Solution Saudi Arabia

IFSCLOUD25R1

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1 Company Set-up

1.1 Overview

In order to utilize the Saudi Arabian functionality, the company must be set up as using the **Saudi Arabia** localization. This is defined in the *General* tab on the *Company* page.

1.2 Define Localization

- Open the *Company* page.
- Search for the company.
- Select **Saudi Arabia** in the drop-down list in the **Localization** field and save. Note that this cannot be changed once transactions are created for the company.


1.3 Select Localization functionality.

Specify which functionality to use.
- Open the *Localization Control Center* tab.
- The localization selected in the previous step is displayed in the **Localization** field and cannot be changed.
- All functionality available for Saudi Arabia is presented in the list. Enable/Disable the functionality based on the requirements of the company by selecting the **Enabled** selection.

2 Handle Saudi Arabian E-invoice.

2.1 Overview Legal Requirement

E-invoicing is a procedure that converts the issuing of paper invoices and notes into an electronic format. In Saudi Arabia, it is mandatory to use e-invoicing. The e-invoicing regulations of Saudi Arabia apply to all taxpayers who are KSA resident taxpayers.

2.2 Process Overview

2.3 Solution Overview

The Saudi Arabian e-invoice utilizes IFS Cloud's Continuous Transaction Control standard functionality to send invoices and handle responses. Additional Saudi Arabian legally required tags and related basic data are included with a localization parameter.

2.4 Prerequisites

The company must be set up to use Saudi Arabian localization, see the Company Set-up chapter. In addition to this the **E-invoice in Saudi Arabia** localization parameters must be enabled.

2.5 Basic data set-up

2.5.1 DEFINE BASIC DATA FOR E-INVOICE PROCESSING

A new process type, **STD-SA**, has been introduced to handle the compliance process facilitating the mandatory e-invoice process.

A new process type could be defined by the user with the parameters set as below:
- E-invoice Process = Yes
- Process after Response = Yes
- Format = E-invoice Saudi Arabia
- Approval User needs to be added.

The format E-invoice Saudi Arabia is added to distinguish the Saudi Arabian XML schema used for generating invoice files sent to the tax authority. This format includes mandatory e-invoice tags specific to Saudi Arabia, differentiating it from the standard XML schema.

The **Process Type** must be connected to the *Company* and/or *Customer* page.

It is also possible to modify the process type at the invoice level (Instant Invoice/Customer Order Invoice/Project Invoice) when it is connected to the Company or Customer. In such cases, the system will automatically fetch the process type associated with the Company or Customer. Priority is given to the customer-level process type. This functionality enables the exclusion of non-liable invoices from being sent to Tax Authorities by selecting a process type that is not enabled for "**E-invoice Process**" at the invoice level.

2.5.2   DEFINE DOCUMENT TYPE CODES
Enter specific **Document Type Codes**, in Saudi Arabia, called invoice transaction codes, on the ***Document Type Codes*** page.

2.5.2.1   Define a default Document Type Code
This step is optional. Select a default **Document Type Code** for the customer, on the ***Customer*** page.

2.5.3 DEFINE PAYMENT MEANS CODES

Enter specific **Payment Means codes** from the UNTDID 4461 code list on the *Payment Means Codes* page.

2.5.3.1 Connect Payment Means Code to a Payment Method

The **Payment Means Codes** defined in the *Payment Means Codes* page should be connected to **Payment Methods** on *Payment Methods* page.
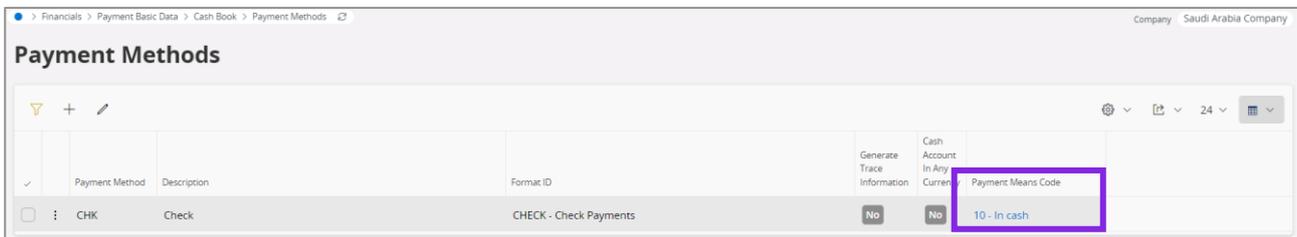
2.5.4 DEFINE BUILDING NUMBER

Enter the building numbers for the seller and buyer addresses in the **Address 2** field in the *Company* and *Customer* pages.

2.5.4.1 Define the building number on the Company page
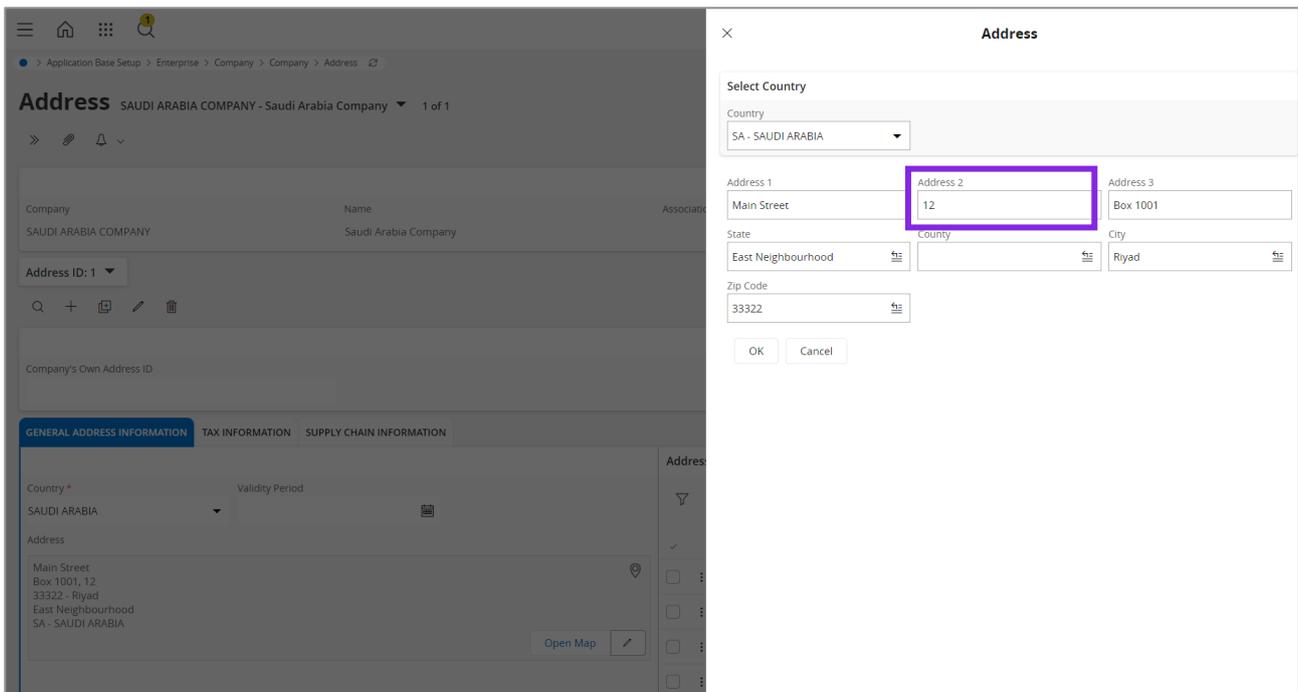
2.5.4.2 Define the building number on the Customer page
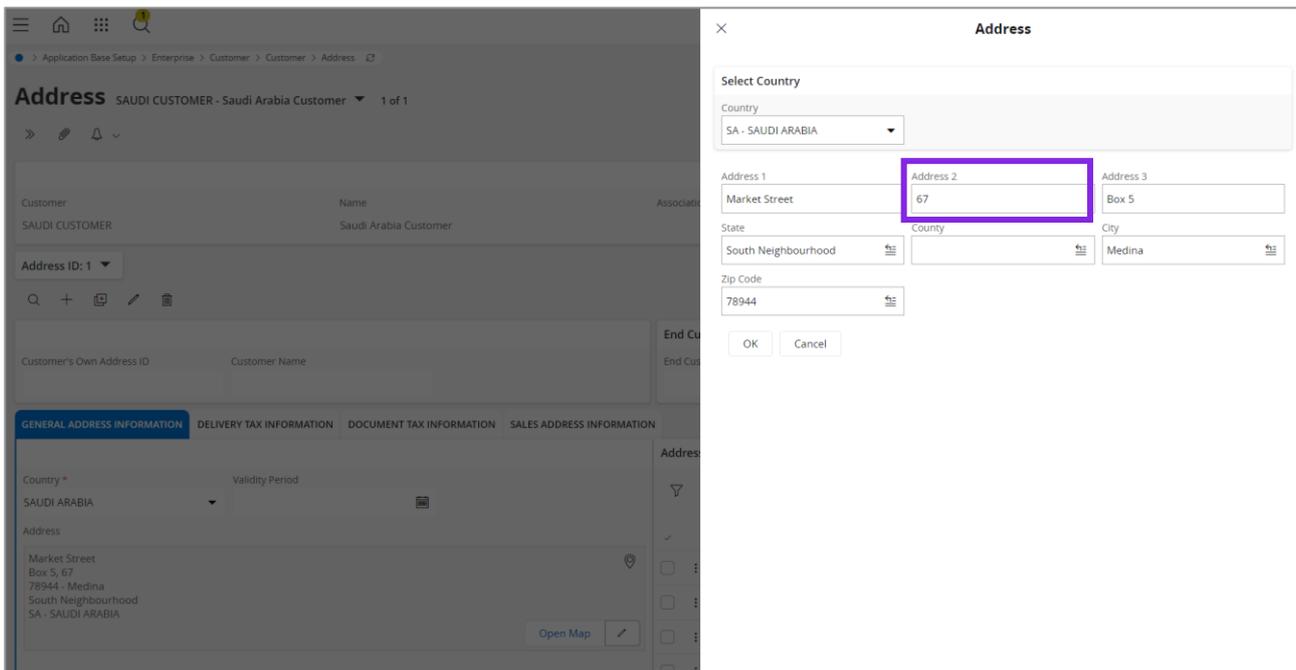
2.5.5 DEFINE ADDRESS NEIGHBORHOOD

Enter the neighborhoods for the seller and buyer addresses in the **State** field on the *Company* and *Customer* page.

2.5.5.1 Define neighborhood on the Company page
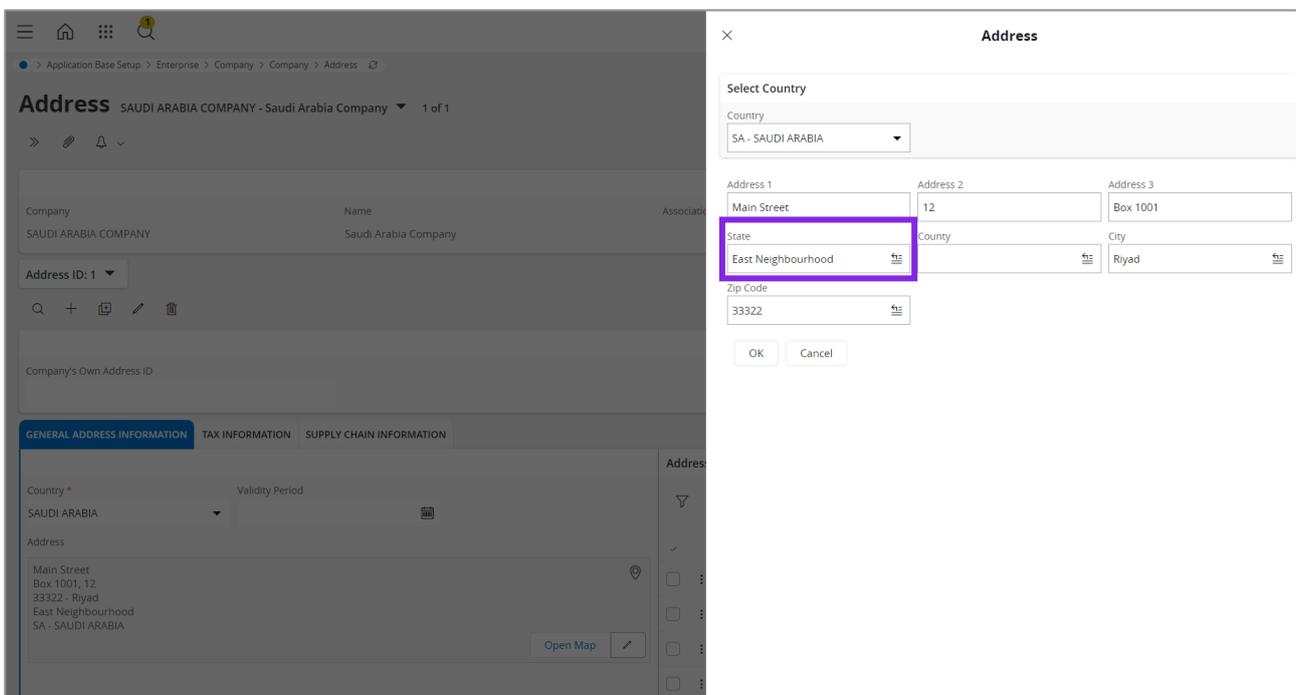
2.5.5.2 Define neighborhood on the Customer page
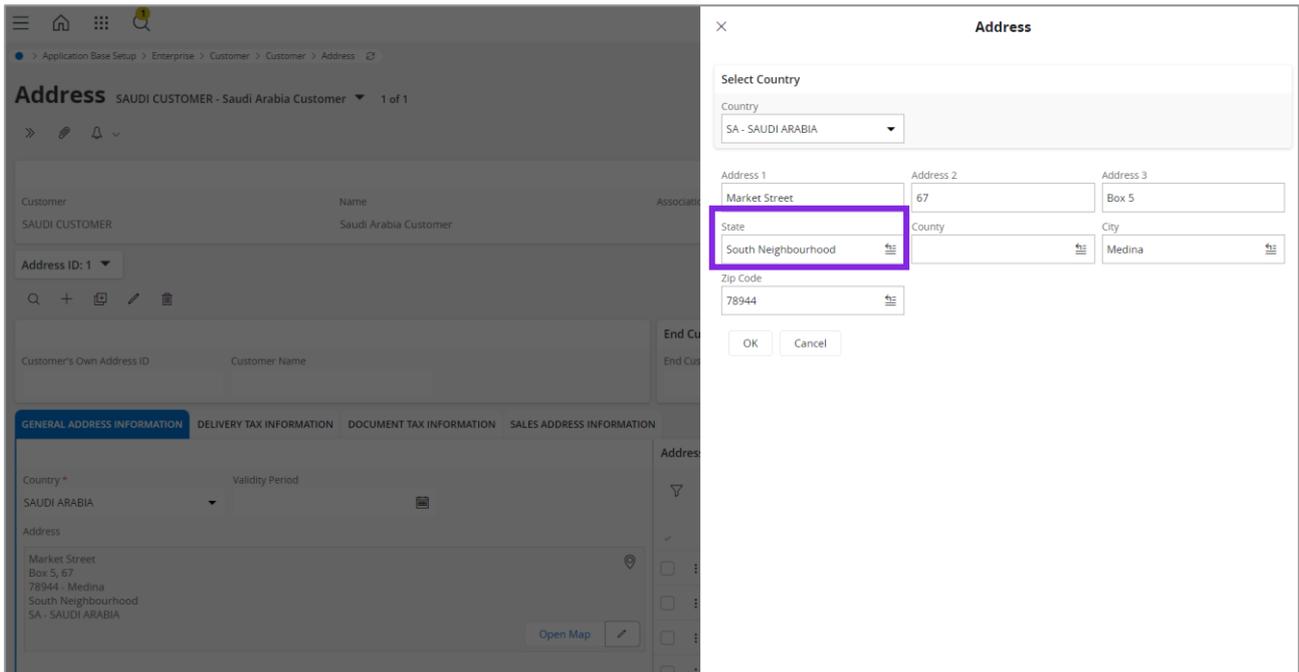
2.5.6 DEFINE COMMERCIAL REGISTRATION NUMBER
Enter the **Commercial Registration Number** for the branch in the *Branches* page.
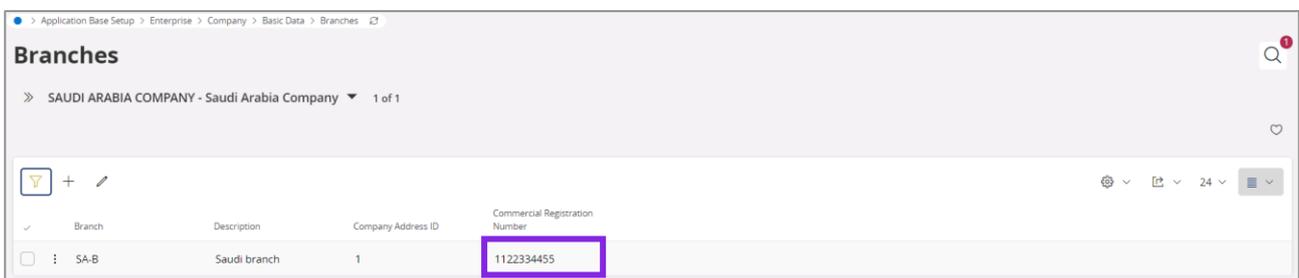
2.5.7 DEFINE TAX CATEGORIES
Use IFS Cloud standard functionality and add specific tax category codes to *Tax Category 1* on the *Tax Categories* page.

2.5.7.1 Define default Tax Categories on Tax Codes
This step is optional. If desired, a default **Tax Category 1** can be added to the tax codes using IFS Cloud's standard functionality on the *Tax Codes* page.

	Tax Type	Tax (%)	Deductible (%)	Valid From	Valid To	Tax Method Tax Received	Tax Method Tax Disbursed	Tax Amount at Invoice Printout	Tax Amount Limit in Accounting Currency	Tax Reporting Category	Tax Category 1
	No Tax	0	100	1/1/2023	12/31/2049	No Tax	No Tax	Separate from Price		None	E - Exempt from VAT

2.5.8   DEFINE TAX EXEMPTION REASONS

Use IFS Cloud standard functionality, add specific tax exemption reasons to *Tax Category 2* on the *Tax Categories* page.

	Category ID	Description
	VATEX-SA-29	Financial services mentioned in Article 29 of the VAT Regulations

2.5.8.1   Define default Tax Exemption Reasons on Tax Codes

This step is optional. If desired, a default **Tax Category 2** can be added to the tax codes using IFS Cloud's standard functionality on the *Tax Codes* page.

	Tax (%)	Deductible (%)	Valid From	Valid To	Tax Method Tax Received	Tax Method Tax Disbursed	Tax Amount at Invoice Printout	Tax Amount Limit in Accounting Currency	Tax Reporting Category	Tax Category 1	Tax Category 2
	0	100	1/1/2023	12/31/2049	No Tax	No Tax	Separate from Price		None	E - Exempt from VAT	VATEX-SA-29 - Financial

2.5.9   DEFINE THE REASON FOR CREDIT/DEBIT

Use IFS Cloud standard functionality, add reasons for the issuance of credit/debit notes on the *Invoice Correction Reasons* page.

	Correction Reason ID	Correction Reason	Validity
	1	Cancellation or suspension of the supplies after its occurrence either wholly or partially	Active

2.5.10 DEFINE GROUP TAX NUMBER

Enter the group tax numbers for the seller and buyer in the **Tax ID Number** field in the *Company* and *Customer* pages.

2.5.10.1 Define the Group Tax Number on the Company page

2.5.10.2 Define the Group Tax Number on the Customer page

2.5.11 DEFINE ARABIC TRANSLATION FOR ARTICLE NAME

If IFS Cloud standard functionality is not used for sending the invoice in Arabic, settings can be made to get the InvoiceRow/ArticleName tag in Arabic in the e-invoice XML file.

2.5.11.1 Define Arabic Translation for Article Name for Instant Invoices

Define an Arabic translation in ***Company Attribute Translations*** to get the sales object description, used in the InvoiceRow/ArticleName tag, in Arabic for instant invoices. If an Arabic translation is specified, the Arabic one is always used, regardless of IFS Cloud standard language settings.

2.5.11.2 Define Arabic Translation for Article Name for Customer Invoices

There are two options to get the sales part description, that is used in the InvoiceRow/ArticleName tag, in Arabic for customer invoices, besides for IFS Cloud standard functionality.

The first option is to add an Arabic description on the sales part in *Sales Part* page. If an Arabic description is specified, the Arabic one is always used, regardless of IFS Cloud standard language settings.

The other option is to use part catalog description as description for the sales part. Use IFS Cloud standard functionality to enable part catalog descriptions by enable the **Use Part Catalog Description for Sales Part** toggle on *Site / Sales and Procurement* page.

Specify an Arabic description in *Part Language Descriptions* page. If an Arabic description is specified, the Arabic one is always used, regardless of IFS Cloud standard language settings.

If the **Use Part Catalog Description for Sales Part** toggle is enabled and a description is specified in *Sales Part* page, priority is given to the description in *Sales Part* page.

2.5.11.3 Define Arabic Translation for Article Name for Project Invoices

Define an Arabic translation in *Report Code Translations* to get the report code name, that is used in the InvoiceRow/ArticleName tag, in Arabic for project invoices. If an Arabic translation is specified, the Arabic one is always used, regardless of IFS Cloud standard language settings.

2.6 Create Invoice

Create invoices by following the standard processes specified in IFS Cloud Documentation.

2.6.1 DOCUMENT TYPE CODE

If the customer does not have a default document type code or if a different document type code should be used, specify it in the **Document Type Code** field on the invoices.

2.6.1.1 Specify Document Type Code on Instant Invoice
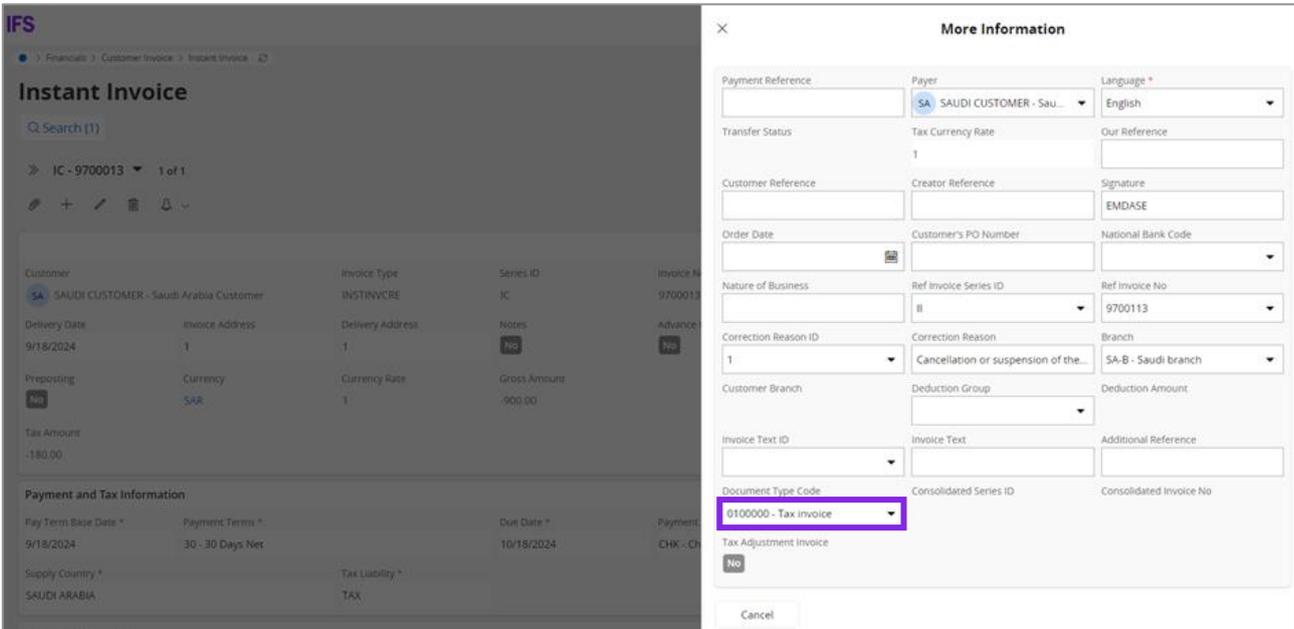
2.6.1.2 Specify Document Type Code on Customer Order
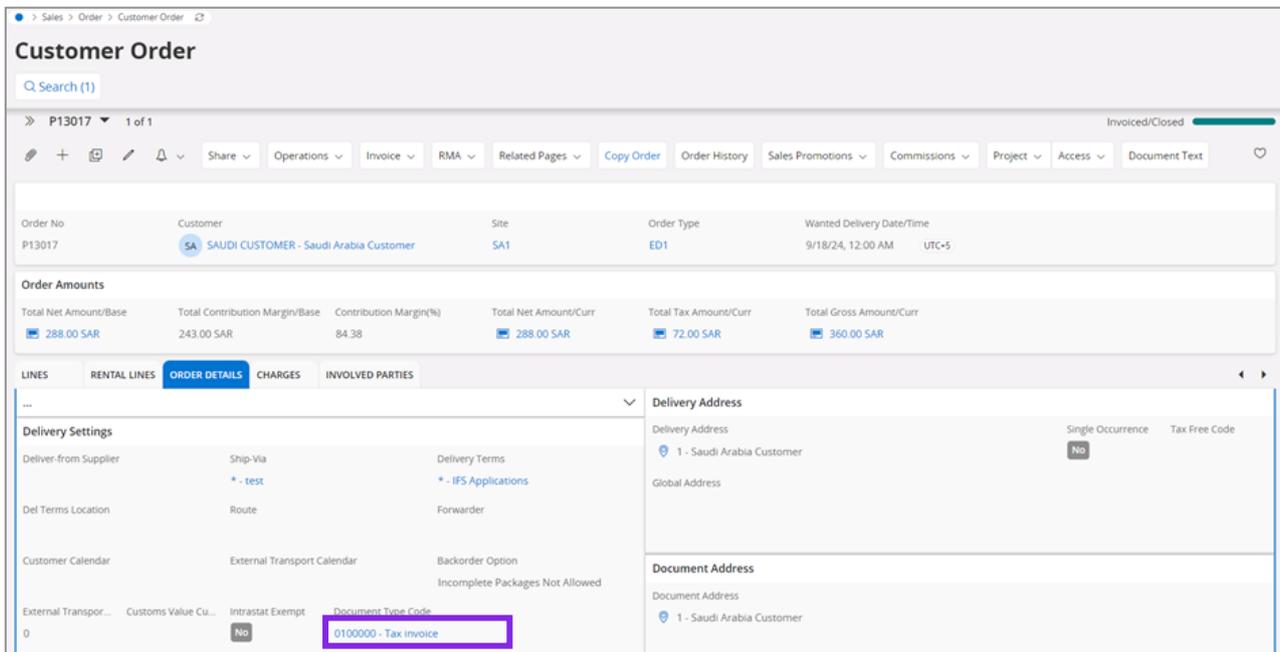
2.6.1.2.1 Specify Document Type Code on Customer Invoice

The document type code transfers from the customer order to the invoice, but you can edit it on the *Customer Invoice* page.

2.6.1.2.2 Specify Document Type Code on Collective Customer Invoice

The document type code will be transferred from the customer order to the invoice, but it can be edited on the *Customer Invoice* page. Since a collective invoice is a summary invoice containing more than one customer order to the same customer, the document type code is transferred from the customer order as follows:

- The first document type code found among the orders selected for the collective invoice is used.
- If none of the orders has a document type code, no document type code will be fetched for the collective invoice, since the user has chosen not to have a document type code on the order.

2.6.1.2.3 Specify Document Type Code on Shipment Invoice with several orders connected.

The document type code transfers from the customer order to the invoice, but it remains editable on the *Customer Invoice* page. For a shipment invoice with several customer orders connected, the document type code is transferred from the customer order as follows:

- The first document type code found among the orders selected for the shipment invoice is used.
- If none of the orders has a document type code, no document type code will be fetched for the shipment invoice, since the user has chosen not to have a document type code on the order.

2.6.1.2.4 Specify Document Type Code on RMA Invoice

There are two ways to create an RMA invoice:

1. Create an RMA from an existing customer order on the *Customer Order* page, in this case, the document type code is fetched from the original customer order. The document type code can be edited on the *Customer Invoice* page.
2. Create an RMA on the *Return Material Authorization* page. On this page, there is an option to create the RMA with a connecting customer order or without a connecting order. In both options, it is possible to edit the document type code on the *Customer Invoice* page.
   - If the RMA is created with a connected customer order, the document type code is fetched from the connected customer order.
   - If the RMA is created without a connected customer order, the default value set for the customer is used.

2.6.1.2.5 Specify Document Type Code on Rebate Credit Invoice

For a rebate credit invoice, the document type code is fetched from the customer. The document type code can be edited on the *Customer Invoice* page.

2.6.1.3 Specify Document Type Code on Project Invoice

2.6.2 PAYMENT MEANS CODE

To include the payment means code in the XML file, specify a payment method with a payment means code on the invoice. Use IFS Cloud standard functionality to set this payment method on the invoice.

2.6.3 COMMERCIAL REGISTRATION NUMBER

Use IFS Cloud standard functionality to specify the branch on the invoices, in order to connect the commercial registration number on the invoices.

2.6.4 TAX CATEGORY

In Saudi, it is mandatory for all tax lines to have a tax category in the **Tax Category 1** field specified before sending the invoice. Use IFS Cloud standard functionality to specify a tax category 1 on the tax lines.

2.6.5 TAX EXEMPTION

Specify a tax exemption reason in the **Tax Category 2** field for tax lines with tax codes of type No Tax. Use IFS Cloud standard functionality to set this tax category 2 on the tax lines.

2.6.6 REASON FOR CREDIT/DEBIT

Use IFS Cloud standard functionality to specify the reason for credit/debit in the **Correction Reason** field on the invoices.

2.6.7 FREE OF CHARGE

Use IFS Cloud standard functionality to create a free-of-charge invoice. Only free-of-charge invoices where all invoice lines are selected as free of charge are supported in the Saudi Arabian e-invoice XML.

2.7   Generate XML file

Generate the e-invoice file by following the standard process specified in IFS Cloud Documentation. When the template eInvoice .xml file is generated, it is placed in the IFS Connect OUT folder.

To support the Saudi Arabian legislation the below information is included in the outbound eInvoice .xml file:

Value	Tag
Invoice Issue Time	MessageTransmissionDetails/MessageDetails/MessageTimeStamp
Seller Group VAT Number	SellerPartyDetails/SellerOrganisationTaxCode
Seller Building Number	SellerPartyDetails/SellerPostalAddressDetails/SASellerBuildingNumber
Seller Address Neighborhood	SellerPartyDetails/SellerPostalAddressDetails/SASellerState
Buyer Group VAT Number	BuyerPartyDetails/BuyerOrganisationTaxCode
Buyer Building Number	BuyerPartyDetails/BuyerPostalAddressDetails/SABuyerBuildingNumber
Buyer Address Neighborhood	BuyerPartyDetails/BuyerPostalAddressDetails/SABuyerState
Payment Means Code	InvoiceDetails/SAPaymentMeansCode
Document Type Code	InvoiceDetails/SADocumentTypeCode
Commercial Registration Number	InvoiceDetails/SACommercialRegistrationNumber
Total amount of the invoice including VAT and prepaid amount (Amount left to pay)	InvoiceDetails/SAInvoiceTotalTaxIncludedPayableAmount
Tax Category (Invoice level)	InvoiceDetails/VatSpecificationDetails/SATaxCategory1
Tax Exemption Reason	InvoiceDetails/VatSpecificationDetails/SATaxCategory2
Reason for Credit/debit	InvoiceDetails/CorrectionReason
Tax Category (Invoice line level)	InvoiceRow/SATaxCategory1
Row Net Amount	InvoiceRow/SARowNetAmount

For more detailed information about the added tags, see chapter Appendix, E-invoice Format.

2.7.1   FREE OF CHARGE
To support the Saudi Arabian legislation for free-of-charge invoices the below additional changes to tags are included in the outbound eInvoice .xml file when all invoice lines are free of charge:

Tag	Fetched value
InvoiceDetails/InvoiceTotalVatExcludedAmount	Sum of all lines' Tax Basis for FOC/Curr
InvoiceDetails/InvoiceTotalVatAmount	Sum of all lines' Company Bearing Tax Amount
InvoiceDetails/InvoiceTotalVatIncludedAmount	Sum of all lines' Tax Basis for FOC/Curr and Company Bearing Tax Amount
InvoiceDetails/ SAInvoiceTotalTaxIncludedPayableAmount	Sum of all lines' Tax Basis for FOC/Curr and Company Bearing Tax Amount
InvoiceDetails/VatSpecificationDetails/VatBaseAmount	Tax Basis for FOC/Curr summarized on VatSpecificationDetails level
InvoiceRow/UnitPriceAmount	The line's Tax Basis for FOC/Curr divided with quantity
InvoiceRow/SARowNetAmount	The line's Tax Basis for FOC/Curr
InvoiceRow/RowVatExcludedAmount	The line's Tax Basis for FOC/Curr
InvoiceRow/RowVatAmount	The line's Company Bearing Tax Amount
InvoiceRow/RowAmount	Sum of the line's Tax Basis for FOC/Curr and Company Bearing Tax Amount

2.8 Send e-invoice file to authority

Send the e-invoice file for approval by following the standard process specified in IFS Cloud Documentation.

2.9 Read response file

Read the response file by following the standard process specified in IFS Cloud Documentation.

2.10 Send the e-invoice file to the customer

Send the e-invoice file to the customer by following the standard process specified in IFS Cloud Documentation.

2.11 Delimitations

- Only tags with a mandatory legal requirement for the e-invoice XML are supported.
- The functionality for e-invoice is not supported for interest invoices and prepayments.

3 Appendix

Sample schema (XSD) for e-Invoice sending as well as receiving can be found in the Technical Documentation (TechDocs) for 25R1.
In - Solution Manager User Guide/Integration/IFS Cloud Business Components/…

3.1 E-invoice Format

The below attached Excel file describes the mapping of the Saudi Arabian e-invoice format and IFS e-invoice format. Note that only mandatory tags are mapped.

E_invoice_mapping_d
ocument_for_Saudi_Ar

3.2 Response File

ReceiveEInvoiceResp
onseSampleACCEPTEI