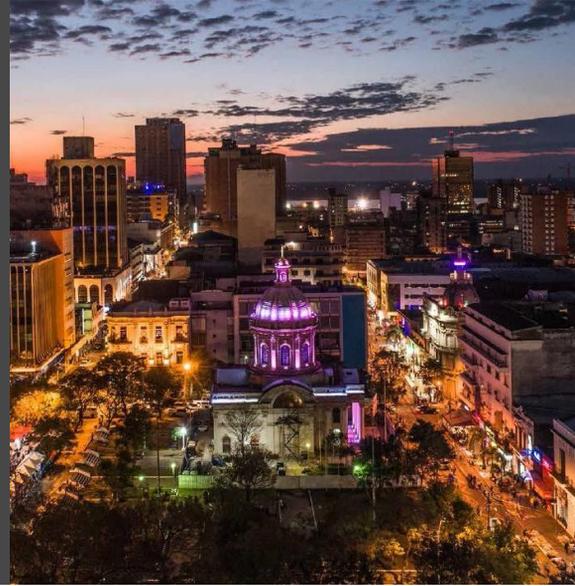


# Microsoft Dynamics 365 Finance & Operations Paraguay Localization



## Scope

AlfaPeople has localized Microsoft Dynamics 365 Finance & Operations to comply with the tax requirements of over 12 countries in Latin America. One of these is Paraguay, to comply with the SET (*taxation authority*) Regulations. The different functionalities defined in the localization for Paraguay are divided into general and reporting functionalities. In addition, specific characteristics were included for each module. This localization can be used by all private-sector companies.

AlfaPeople's Paraguay Version localization of Dynamics 365 for Finance and Operations adds functionality to the financial series that includes, among others, general accounting, fixed assets, inventory management, accounts receivable, accounts payable, project management and accounting, designed with Microsoft good practices and the extensive experience of AlfaPeople in this area.

## Benefits

The Paraguay Version localization allows you to promptly cover the legal requirements in Paraguay in a simple and clear manner, with the support and experience of a group of skilled professionals to assist in its configuration and so make best use of the standard functionality of Dynamics 365 for Finance and Operations supplemented with the Paraguay Version, optimizing human resources time.

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The available functionalities of the current Paraguay localization version are listed below.

## Functionalities Included in the Current Scope

Classification of Characteristics	Description	Improvement – Optimization
Regulatory	Business data	Enables all the localization resources for each company, also allows storing the legal representative's taxpayer number, the verification digit, surnames and first names of the legal representative, the SET ( <i>taxation authority</i> ) interface version, daily wages, number of daily wages that determine the basis of the minimum limit for the application of VAT withholding.
Regulatory	Establishments	Stores the different company establishments or branch offices, with their description; there must be at least one since it is a requirement that must be included in the numbering of the invoice, debit note and credit note in Paraguay.
Regulatory	Expedition Points	Associated with the establishments, there must be expedition points, at least one per branch office, this form stores the expedition points of the company's establishments or branch offices. This is a requirement that must be included in the numbering of invoices, debit notes and credit notes in Paraguay, and associates the expedition points with each establishment.
Regulatory	Types of documents.	The SET codes and classifies the types of document permitted in Paraguay, the functionality of Dynamics 365 for Finance and Operations also enables them to be classified according to whether they correspond to purchase or sales operations. The most common include the sales invoices, debit notes, credit notes, overseas invoices and export invoices. It permits configuration by document in the VAT ledger.
Regulatory	Document numbering.	The numbering of stamped documents is the way in which the consecutive numbering that must be printed on each type of document is done, except for the tickets. There are thirteen digits, three that refer to the establishment and/or branch office, three to the expedition point and seven to the sequence authorized by the SET. In order manage this information, the localization allows establishments to be created, associating the expedition points and the authorized sequences with each.

Classification of Characteristics	Description	Improvement - Optimization
Regulatory	Stamping.	<p>Consists of a numerical 8-digit password, automatically generated by the SET's electronic system, which authorizes the taxpayer that needs to print sales vouchers, supplementary documents, withholding vouchers and waybills. These documents are authorized by resolution and have an expiry date with an authorized consecutive number.</p> <p>Paraguayan regulations indicate the types of document that must be stamped, and the stamp corresponds to the stamp resolution number issued by the SET for this type of document. The stamp functionality of Dynamics 365 allows managing the resolutions for invoicing and tax documents by type, branch office and expedition point, creating the numbering series based on these combinations. It also controls the numbering of the tax documents according to Paraguayan regulations, the resolution date, its expiry date, the status of the resolution and the users that are authorized to utilize them.</p>
Regulatory	Types of identification and validation digit for the EETS.	<p>Allows storing the types of identification used in Paraguay, the most common are the taxpayer number, identification card and passport. It allows configuring which types of identification require the calculation of the validation digit according to the algorithm published by the SET, this configuration is used for clients, suppliers and employees, and this information is validated by the SET software.</p> <p>Identification number. For this field, the identification number of the person or company is entered, without the verification digit. This is used for clients, suppliers and employees, and if it is created directly from Microsoft Dynamics 365 for Finance and Operations, it can be the same account number of the client, supplier or employee.</p> <p>Verification digit (validation). This functionality calculates the validation digit using the algorithm published by the SET, based on the identification number, storing it on the form of the client, supplier and/or employee.</p>
Regulatory	Taxpayer.	<p>Permits determining whether or not clients, suppliers or employees are taxpayers to the SET for the purpose of publication of the tax ledgers, and this stored on the form of the client, supplier and/or employee.</p>

Classification of Characteristics	Description	Improvement - Optimization
Regulatory	Foreigner.	Permits distinguishing whether the supplier is a foreigner for the purpose of Tesaka, since it reports different data than a local supplier, and this is stored on the form of the client, supplier or employee.
Regulatory	Tax identification number.	This is the combination of the identification number and the verification code, separated by a hyphen. This functionality is created automatically, is stored in the NIF field of the client, supplier or employee, and can be viewed in their invoicing tab.
Regulatory	Stamp authorization for suppliers.	Permits the configuration and control of supplier stamps by type of document, which must be reported in the SET tax reports, helping to automatically identify the corresponding stamp resolution for each transaction, according to the document type and the consecutive numbering, so avoiding errors at the time of recording. This applies for purchase order invoices, returned orders and supplier invoice journals.
Regulatory	Tax codes as a basis for withholdings.	Permits determining or marking the tax codes on which the VAT withholding will be calculated in the invoice payments.
Regulatory	Base accumulation for withholdings.	Permits determining the periods for the minimum base accumulation for applying VAT withholding to payments.
Regulatory	Negative withholding tax amount	Permits entering negative withholding percentages for cases where the withholding must be done by the company in its payments.
Regulatory	VAT withholdings purchases	This functionality permits the calculation of VAT withholdings for supplier invoice payments, controlling the base accumulation from the invoices by month, according to Decree no. 1.164/2008 and the respective general resolutions on the matter.
Regulatory	Payment terms.	Permits standardizing payment conditions to “cash” or “credit”, as a requirement to be informed to the SET in the various interfaces it manages.

Classification of Characteristics	Description	Improvement - Optimization
Regulatory	Capture of types of documents and resolution of stamps in accounting transactions, sales and purchases.	<p>In the case of transactions involving records of invoices, debit notes of purchases and/or credit notes from suppliers, creditors and/or similar, the system facilitates associating the type of document and the stamp in each transaction intuitively and automatically in most cases when inputting the invoice number or the debit note number or the credit note number or the overseas invoice number or the document number of the sender with the data previously associated with each supplier. It also does not allow this data to be selected if the resolution is no longer current.</p> <p>In the same way, for sales it permits associating the stamp number and document type that will generate the consecutive number of the tax document, when recording the sales order invoice, or the returned order invoice (credit note) or the service invoice, with the additional control of not permitting the selection of expired stamps for each type of document.</p>
Regulatory	Tesaka interface (proof of withholdings made in the purchase process).	<p>In purchasing processes, the company must generate the payments and apply the withholdings calculated on the VAT of the invoices paid, and the withholdings applied to these payments must be registered in the SET application, separated by VAT rate. For this, a flat file in JSON format is generated (does not apply to cold storage warehouses).</p> <div data-bbox="711 1135 1268 1317" style="text-align: center;">  <p><b>TESAKÃ</b></p> <p><i>Fuente: Aplicativo de la SET.</i></p> </div>
Regulatory	Hechauka Interface	<p>This Microsoft Dynamics 365 for Finance and Operations functionality has scope for Form 211 for Purchases and Form 221 for Sales, which is generated in a text file according to the technical specifications of the forms to be generated, which is validated and registered on the SET website with the Hechauka client software.</p> <div data-bbox="735 1607 1243 1794" style="text-align: center;">  <p><b>Hechauka</b> Declaración Jurada Informativa <i>Fuente aplicativo de la SET</i></p> </div>

Clasificación de características	Descripción	Mejora - Optimización
Regulatory	VAT purchases ledger.	Microsoft Dynamics 365 for Finance and Operations generates this ledger in CSV or Excel format, which is support for Hechauka Resolution no. 1560/06. It currently presents VAT and its bases for each transaction according to the document type for purchases operations and accounts payable with the respective stamp resolution.
Regulatory	VAT sales ledger.	Microsoft Dynamics 365 for Finance and Operations generates this ledger in CSV or Excel format, which is support for Hechauka Resolution 1560/06. It currently presents VAT and its bases for each transaction according to the type of document of sales operations and accounts receivable with the respective stamp resolution
Regulatory	Journal.	This is one of the mandatory ledgers, according to article 74 of Law no. 1034/83 “The Merchant” and resolution no. 412/04 of Paraguay, which from Microsoft Dynamics 365 for Finance and Operations shows comprehensive summary entries for operations carried out in periods of time no longer than one month. For this, the daily operations must be recorded in detail in the auxiliary ledgers, according to the order in which they were done, in accordance with accepted accounting principles. It is considered to be an integral part of the journal, and the auxiliary ledger chosen must be previously initialed by the Public Commerce Registry.
Regulatory	Detailed journal.	Has the same structure as the journal; it is utilized in cases where detailed auxiliary ledgers are not kept.
Regulatory	General ledger.	<p>The Microsoft Dynamics 365 for Finance and Operations general ledger presents the accounting records in a classified and systematic manner of the economic events already recorded in the journal, in chronological order, so that the movement and balance of each of the accounts can be seen. All the pages of the general ledger are numbered, and must be initialed or stamped by the Public Commerce Registry prior to use, pursuant to article 78 of Law 1034/83</p> <p>For the SET, the use of the general ledger will facilitate the control and verification of compliance with tax obligations and is a useful way for management to more efficiently and quickly meet its supervisory function. The pages must be previously initialed when the ledger is printed, since the initialing must be done by an agent external to the ERP</p>

Clasificación de características	Descripción	Mejora - Optimización
Regulatory	Summarized general ledger.	The items contained by the detailed journal can include the summarized general ledger, otherwise it will be understood to be detailed, since the general ledger supports the journal.
Regulatory	Exchange Rate Predetermined by Module.	Permits configuring a predetermined exchange rate by module. If it not configured, it operates in a standard manner, this configuration is the one used when making transactions that affect affect clients or suppliers, an additional that allows configuring the exchange rate worked with for each journal if necessary. This is for the purpose of compliance with Paraguayan tax requirements since, in accordance with Law no. 125/91, the SET establishes the exchange rate that is used each day for Paraguayan business operations, differentiating the exchange rates for purchases and for sales, since in Paraguay it is common to make transactions anywhere with foreign currency, such as dollars, euros, Brazilian reals and Argentinean pesos. It applies to sales orders, returned sales orders, sales order invoices, returned orders invoices, client payments journal, service invoices, project invoices, purchase orders, receipt of purchase orders, purchase order invoices, returned purchase orders, receipt of returned purchase orders, invoices for returned purchase orders, supplier invoice journals, supplier payment journals and accounting journals.
Regulatory	Fixed exchange rate	Permits working foreign currency operations established at fixed or negotiated exchange rates. Applies to purchase orders, sales orders and service invoices, since it operates in a standard manner for the set of accounts .
Regulatory	Exchange difference by module	By generating the periodic exchange difference processes in the general accounting, clients and suppliers, it permits selecting the exchange rate that will be used to calculate the exchange rate difference or revaluation of transactions with a balance in foreign currency.
Regulatory	DMF for localization.	Permits registering from CSV or Excel files in Microsoft Dynamics 365 for Finance and Operations, the localization data that supplements the information on clients, suppliers, employees, fixed assets, as well as for the opening balances. These include the identity of suppliers, clients, employees, supplier stamps, sales stamps and revaluation groups for assets. For the migration of balances in the opening balance, data on document type, stamp resolution and tax withholding group are added.

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**Note:** The functionalities incorporated herein are built under a standard version of the Dynamics 365 for Operations product, for the Paraguay AP version. In order to be implemented, a code review is required (Merge Code) in the Customer's environment, along with a testing plan. Implementation activities are not considered within the scope and release of product updates.

## More Information

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