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Software requirements specification

VAT Conciliation v1.0 (07/06/2017)

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**Modification History**

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Software Requirements Specification

**VAT Conciliation**

## **Introduction**

VAT Conciliation is a monthly process to balance sales receipts (electronic tickets) from Government Tax System (SII) with orders generated in the internal accounting System. This process is manual and it is run every end of month with participants from Accounting Area and IT Area.

This document describes the software requirements specifications to improve the process and to automate from scratch to have a whole implementation based on data from existing systems instead of working with Excel worksheets and off line systems.

## **Requirements**

1. Automate VAT Conciliation between accounting generated report and Tax Government System (SII).
2. Generate a summary report with balance and credit notes to generate.

## **Current Process**



The above diagram depicts the current process to conciliate VAT generated from Accounting and Sales Tickets (ST or Boletas) from Tax System. This process has the following activities:

#### **Generate VAT Report**

Every month the accounting area downloads an excel file called VAT Report from FxClient. This file has a structure detailed in Appendix A and contains all the transactions got from Oxonine as consider for the Accounting System. The data has accepted orders and cancelled orders. The accepted order tax rows have a negative value and the cancelled order tax rows has a positive value. This report file is the source to continue with the next activities (VAT Report).

#### **Build VAT Summary**

Accounting area summarizes all information provided from VAT Report and calculates the tax amounts which are accepted orders and cancelled orders. The accepted orders are whose amounts are negative and will be the pivot to match with sales tickets in the next activities.

The cancelled orders, which are those amounts are positive, will be summarized to calculate a total amount and will be used to generate credit notes when the process is finished.

The result of this activity is to get two types of information (accepted and cancelled amounts) and the information to extract from this VAT Report are: document type (39 for ST or Boletas and 61 for Credit Notes), tax amount and date. The file generated in this step is stored as VAT Summary.

#### **Download Sales Tickets**

This activity consists of to download from GDExpress all sales tickets in the target month and all tickets will be stored in a temporary Database.

#### **Get Differences between VAT and ST**

This activity will get all differences between both sources i.e. VAT and ST. The following differences will be calculated (in detail and in summary):

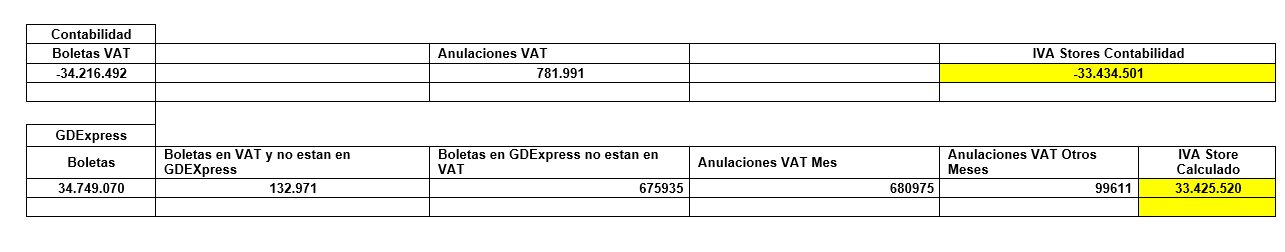
1. All the ST which are in VAT Report and are in GDExpress, these data include the ST from cancelled orders (C).
2. All the ST which are in GDExpress but are not in VAT Report, these data are orders from cancelled orders before to be sent to post in FxOnline.
3. All the ST which are in VAT Report but are not in GDExpress, these are orders which do not have a ST generated in GDExpress.

These information is represented by the following diagram:



#### **Elaborate Summary Conciliation Report**

This step uses the information calculated in the previous step to elaborate a summary which represents the conciliation process. This summary Excel file has the following layout and will be sent to Accounting:



This report consists of two parts: the above part has the accounting information provided by the VAT Report originally. These amounts are calculated from the transaction details in the file. The first amount is the total amount, the second are the cancelled orders after to post the orders in FxOnline and the third amount is the difference between the previous amount mentioned above.

The other part of this layout shows the information from GDExpress where the first amount is the total amount of taxes registered in this source. The second column is the total amount of taxes which are in VAT Report but are not in GDExpress (the main reason is missing documents on GDExpress after the order was generated in FxOnline because the tax receipt generation is a manual process and the cashier might not have generated the document using the store tax application). The third column is the total tax amount which are not in VAT Report (because the orders were cancelled before to post them). The fourth column is the total amount of taxes from cancelled orders in VAT in the same month. The fifth column is the total amount of taxes from cancelled orders in VAT which were generated in different months than the considered target month. And finally, the sixth column is the subtraction of the 3nd, 4th, 5th columns from the total amount of taxes registered in the first column and adding the 2nd column. Cells highlighted with yellow in both parts of layout are being approximately equal. In this sample, there is a slight difference of 8981 CLP which could be rounding differences.

The conciliation report will balance the information provided by GDExpress and the information from VAT Report using the previous information and the following equation:

**G + (3) – (2) – [C] <=> VAT – [C]**

Where:

* G: Sales Tickets Tax Total Amount from GDExpress.
* (3): Sales Tickets Tax Total Amount which are in VAT Report but are not in GDExpress.
* (2): Sales Tickets Tax Total Amount which are in GDExpress but are not in VAT Report.
* [C]: Sales Tickets Tax Total Amount from cancelled orders.
* VAT: Sales Tickets Tax Total Amount from VAT Report.

The left-hand expression will never be equal to the right hand express because of rounding issues. For example, each tax amount could be rounded with 1 digit and if there are 57 000 transactions then the total amount by each amount rounded will be possibly 57 000 CLP. We realize in the layout shown above that there is 8 000 CLP. There is a sensitivity amount to be considered by Accounting but we do not know which amount will be considered as a minimum difference.

#### **Consolidate VAT Report**

This activity is responsibility of Accounting area and consists of to upload the Summary Conciliation Report to FxClient.

The accounting will consider to make other task to conciliate after all this process but it is internal and not to be considered in this process diagram.

## **Proposed Solution**



The proposed solution is to implement a Core Api Service to integrate the manual process in an automatic execution from the sources. The Service will get the information from GDExpress and the VAT Report from FxDb6 Database (FxClient).

Then the service method will calculate the differences between both sources per the current logic described in the current process and will build the conciliation report in the database to be queried in any time. Finally, the service will send a notification e-mail to Accounting to signal the finish of the process.

The generated report for VAT Conciliation is described in appendix B.

## **System Interfaces**

* **FxClient Database**: database to get accounting information.
* **FxOnline Database:** database to get orders information.
* **GDExpress:** SaS System which stores all sales tickets generated by each store and uploads to the Government Tax System (SII).

## **Appendix**

### **VAT Report Structure**

Pending (Source Table or view or SP)

### **VAT Conciliation Report**

