Functional Specification Document

# Index

1. Document Information 1

2. Introduction 1

3. Business Requirement Overview 1

4. Business Process Flow 1

5. Functional Scope 1

6. Functional Solution Approach 1

7. Functional Requirements & Business Rules 1

8. Interfaces & Integration 1

9. Output 1

10. User Interface Requirements 1

11. Authorization & Security 1

12. Error Handling & Notifications 1

13. Assumptions & Dependencies 1

14. Test Scenarios 1

15. Sign-Off 1

# 1. Document Information

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| --- | --- | --- | --- | --- |
| Document Title | Project Name | Client Name | Prepared By (Author, Department) | Document Version & Date |
| SAP Making Tax Digital report | SAP | PWC AI Asset | PWC AI Asset | 1.0, 01.09.2025 |

# 2. Introduction

This document outlines the technical specification for the SAP Making Tax Digital (MTD) report. The purpose of this document is to define the requirements and scope for generating a downloadable CSV report from SAP, supporting the Making Tax Digital initiative. The scope includes providing monthly stock and VAT-related details for all materials maintained in SAP MM across various plants and storage locations, facilitating inventory monitoring, reconciliation, and monthly closing activities. The intended audience for this document includes SAP technical consultants, functional consultants, tax users, and finance controllers involved in the design, development, and use of the MTD reporting solution.

# 3. Business Requirement Overview

The business requires a new SAP report to support the Making Tax Digital (MTD) project by providing a downloadable CSV file containing VAT and inventory data. The current process relies on an existing SAP Adhoc VAT report, which outputs a spooled report requiring manual formatting and lacks certain data fields. The objectives of the proposed solution are to enhance the report by adding additional fields, enable direct CSV download, and ensure accurate application of time-dependent VAT recovery rates. The new report will allow discrete downloads for various output types (e.g., by GL, summary by VAT code), improve data accuracy by using correct historical VAT rates, and streamline the process for inventory monitoring, reconciliation, and monthly closing activities.

# 4. Business Process Flow

Start

->

User accesses SAP and selects the Making Tax Digital report

->

User enters selection criteria (Company Code, Tax Code, Posting Periods, Report Options, etc.)

->

System validates input parameters (mandatory fields, correct formats, dependencies)

->

User chooses report type (e.g., Calendarised, Summary, Details, Summary by VAT Code, Summary by GL Account, Summary by Profit Centre, Royal Mail Input Tax Accrual)

->

System processes data based on selected parameters and report type

->

System applies time-dependent VAT recovery rates to ensure historical accuracy

->

System generates output as a downloadable CSV file with required fields and formatting

->

User downloads the CSV file to the desired location

->

System displays completion message and provides a completion report with details of the generated files

->

End

# 5. Functional Scope

1. In-Scope items

1.1. The report will provide monthly stock details for all materials maintained in SAP MM across various plants and storage locations, including warehouses.

1.2. The output will assist in inventory monitoring, reconciliation, and monthly closing activities.

1.3. The requirement is to create a download from SAP for the "Making Tax Digital" (MTD) project, based on the existing SAP Adhoc VAT report, with enhancements.

1.4. Enhancements include:

- Addition of extra fields to the output.

- Output to be a downloadable CSV file, rather than a SAP spooled report that requires manual formatting.

- Discrete downloads for each current adhoc output, such as output by GL, summary by VAT code, etc.

1.5. The new report will use time-dependent recovery for VAT rates, ensuring that data for periods always uses the VAT rate that was correct at the time of posting.

1.6. The report selection screen will include radio buttons for individual report execution, options to run summary reports together or individually, and the ability to save input parameters as variants.

1.7. The program can only be run in background to generate a new file.

1.8. Users can select previously generated files for download, with the ability to browse and choose download locations from the server.

1.9. The report will validate all input parameters, including company code, tax code, posting periods, document type, profit centre, and special VAT codes, with appropriate checks and error messages.

1.10. The output file will be in CSV format, with a single header record, no totaling or sub-totaling, currency values without commas, and dates in dd.mm.yyyy format.

1.11. The report will provide multiple output formats, including Calendarised Report, Summary Report, Details Report, Summary by VAT Code, Summary by GL Account, Summary by Profit Centre, and Royal Mail – Input Tax Accruals Download, each with specific layouts and sorting requirements.

1.12. The report will include derived values for fields such as Basic Income, Basic Expenditure, Output VAT, Partially Recoverable VAT, Wholly Recoverable VAT, VAT on Acquisitions, VAT Control a/cs Balance, and Vendor VAT Registration, using the logic and mappings specified.

1.13. A completion report will be generated, listing user, start/end date and time, and filenames produced.

1.14. Authorization requirements will restrict report access to users with appropriate roles, such as Tax User and Finance Controller.

2. Out-of-Scope items

2.1. Any additional MTD report mooted in version 2.0 is no longer required.

2.2. The report will not provide a SAP spooled report output; only CSV downloads are supported.

2.3. The report will not include manual formatting or manipulation of output files beyond the specified CSV structure.

2.4. The report will not handle time-dependent VAT values for data posted prior to the implementation of this logic, except as per the new time-dependent recovery requirement.

2.5. The report will not provide on-screen display or interactive analysis; all outputs are via downloadable files.

2.6. The report will not include any functionality for monthly closing activities themselves; it assumes these are completed before execution.

2.7. The report will not provide totals reports for all company codes in the CSV file; this can be achieved by users in Excel.

2.8. The report will not include any additional sorting or totaling logic beyond what is specified for each report type.

2.9. The report will not provide any enhancements or changes to the existing SAP Adhoc VAT report outside of the scope defined for the MTD project.

2.10. The report will not provide any interface or integration with systems outside SAP, except for the ability to download files from the SAP server.

# 6. Functional Solution Approach

The business requirement to generate a Making Tax Digital (MTD) report from SAP will be addressed by enhancing the existing Adhoc VAT report functionality. The solution will introduce additional fields to the output and change the output format to a downloadable CSV file, eliminating the need for manual manipulation of SAP spooled reports. The report will provide discrete downloads for each current adhoc output, such as output by GL, summary by VAT code, and others, with the flexibility to run summary group reports together or individually.

The new MTD report will implement time-dependent VAT recovery logic, ensuring that the VAT rate applied to each transaction reflects the rate valid at the time of posting, rather than the current rate. This addresses the issue where SAP VAT values are not time-dependent and ensures historical accuracy in VAT calculations.

The report selection screen will be redesigned to use radio buttons for mutually exclusive report options and checkboxes for summary group reports, allowing users to run reports individually or in groups. Input parameters can be saved as variants, and the program will only run in the background to generate files. Users can select previously generated files for download, with server-side browsing and download location selection provided.

Mandatory and optional selection fields will be validated against SAP standard tables (e.g., T001 for Company Code, T007A for Tax Code, T003 for Document Type, CEPC for Profit Centre). Special logic will ensure that if the "Enable File to be Chosen" or "Download File" options are selected, other mandatory fields are ignored, and appropriate error messages are displayed for missing or invalid inputs.

The output files will be in CSV format with a single header row, no subtotals or totals, and standardized formatting for currency and dates. Each report type (calendarised, summary, details, summary by VAT code, summary by GL account, summary by profit centre, Royal Mail Input Tax Accruals) will have a defined layout and sorting logic, as specified in the requirements. Derived values for key columns will be calculated as per the outlined logic, and vendor VAT registration numbers will be included where applicable.

A completion report will be generated as a spool output, listing user, start/end times, and all generated filenames. Authorization checks will ensure only users with appropriate roles can access the report. The solution will be developed in ABAP and deployed in SAP GUI or Fiori, with the assumption that monthly closing activities are completed prior to execution to ensure data accuracy.

# 7. Functional Requirements & Business Rules

[Error: Section Functional Requirements & Business Rules not found in LLM output.]

# 8. Interfaces & Integration

No functional interfaces (inbound, outbound, real-time, batch) are specified in the provided payload for the SAP Making Tax Digital report.

# 9. Output

[Error: Section Output not found in LLM output.]

# 10. User Interface Requirements

[Error: Section User Interface Requirements not found in LLM output.]

# 11. Authorization & Security

|  |  |  |  |
| --- | --- | --- | --- |
| Role/Profile | Authorization Object | Access Level | Description |
| Tax User | [To Be Filled] | [To Be Filled] | Report should only be accessible to users with the appropriate roles, such as Tax User. |
| Finance Controller | [To Be Filled] | [To Be Filled] | Report should only be accessible to users with the appropriate roles, such as Finance Controller. |

# 12. Error Handling & Notifications

1. If the "Royal Mail – Input Tax Accrual" (P\_ITA) checkbox is selected, the "Posting Date from" and "Posting Date to" fields must be entered. An error message should be shown if the report is executed with P\_ITA selected but no entry in the posting date fields.

2. A check should be made on the values in the posting date fields. They must be a date, in the correct format and valid. The "From" date must be lower than the "To" date.

3. If the "Enable File to be Chosen" button is selected, all other mandatory fields should be ignored; the user should not be required to enter any information in the Company, Posting Periods, Report Options, or Special VAT Codes sections.

4. If the "Download File" button is selected, there should be a check that there are values in both the "Choose File" and "Choose Download Location" fields. An error message should be shown if either or both of the fields are not populated.

5. All other mandatory fields should be ignored if the "Download File to be Chosen" button is selected; the user should not be required to enter any information in the Company, Posting Periods, Report Options, or Special VAT Codes sections.

6. Before the program can be executed, the parameters should be checked and an error issued if there is any issue with the contents of the parameter field (as outlined in the technical field).

7. A message should be shown when the program is executed in background to confirm that the job is being executed in background.

# 13. Assumptions & Dependencies

1. The report will be developed using ABAP and deployed in SAP GUI or Fiori.

2. Monthly closing activities are completed before report execution to ensure data accuracy.

3. For the details report, if a profit centre(s) are added in the parameters on the selection screen, then if a document contains a GL line item with the profit centre, all the GL line items on that document (except customer and vendor line items) will be shown regardless of the other line items' Profit Centre content.

4. A document line item should only appear once in the report.

5. A GL line should only appear once in the report.

6. If there is an entry in the Profit Centre parameters (S\_PRCTR), all GL line items for a document will be included in the report. This may result in additional line items with VAT codes not in the parameters (S\_MWSKZ) being included.

7. The report has the ability, and dependent on parameters, to show both Input and Output Tax, not just Input Tax as the name suggests.

8. The search for the Vendor VAT registration will need to be done for all documents that include a vendor line item. This may be time consuming and impede performance.

9. The table LFA1 is not currently used by the program, so retrieving Vendor VAT registration may impede performance.

10. The tax flag is not directly available in the document and must be determined for each line item, which may impact performance.

# 14. Test Scenarios

[Error: Section Test Scenarios not found in LLM output.]

# 15. Sign-Off

|  |  |  |  |
| --- | --- | --- | --- |
| Role | Name | Signature | Date |
| Prepared By | RTR |  | 01.09.2025 |
| Approved By |  |  |  |
| Client Sign-Off |  |  |  |

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