

Paraguay Localization Pack:

Microsoft Dynamics 365

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The Paraguay Localization Pack by AlfaPeople allows businesses operating in Paraguay to manage, calculate and report all fiscal and accounting information using the Microsoft Dynamics 365 for Finance and Operations platform. As a localized ERP, Dynamics 365 is a simple and reliable tool to meet the requirements of Paraguay's State Taxation Office (SET), covering different business areas and delivering results and reports in a timely manner.

The easy way to comply with local tax regulation

AlfaPeople's localization of Dynamics 365 for Finance and Operations in Paraguay brings a range of new functionalities to the base software, including General Accounting, Fixed Assets, Inventory, Accounts Payable, Accounts Receivable and Project Management.



The functionalities of the AlfaPeople Paraguay Localization include:

Enterprise data. Enables the entry, categorization and storage of key enterprise data including legal representatives' RUC (tax identification number), verification codes, first and last names, SET interface version, daily pay rate and the amount of work days – all determining the base and limits for the withholding of VAT sales tax.

Physical address. Stores the information and description of different establishments or branches. Paraguayan regulation requires that at least one location exists and must be included on invoices and debit and credit notes.

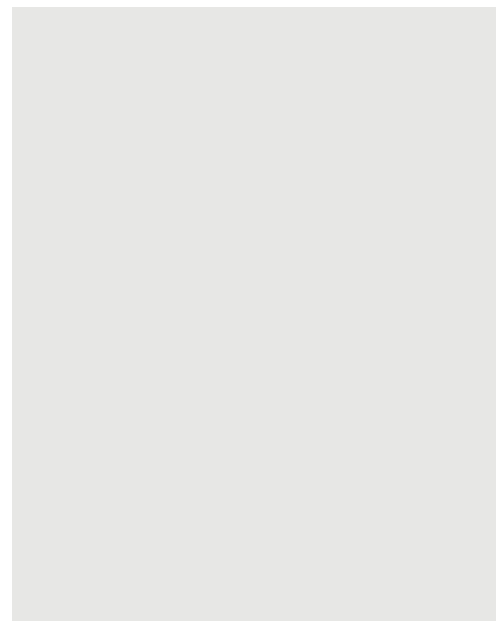


Points of Sale (POS). A Point of Sale (POS) must be associated to each physical address, at least one for each branch. This functionality stores the POS transactions of the establishments or branches. It must also be included on all invoices and debit and credit notes in Paraguay. The relationship between each POS and establishment is also registered.

Types of documents. The SET codifies and classifies different types of authorized documents. Dynamics 365 for Finance and Operations allows businesses to classify these

different documents depending on the transaction including sales, purchases, sales invoices, debit notes, credit notes, external invoices as well as invoices for exports. In addition, it organizes every document according to sales tax/VAT exemptions.

Printout numbering. With the exception of some tickets, a numbering sequence is added to each printout. This number consists of thirteen digits: three numbers are assigned to each establishment or branch, three for the POS and seven for the sequence authorized by the SET. In this sense, the Localization of Dynamics 365 for Finance and Operations enables businesses to manage all their data and associate establishments and POS with the sequences authorized by the SET.



Printouts. This functionality incorporates an 8-digit numerical code automatically generated by the SET's electronic system. This code authorizes the taxpayer to print sales receipts and additional documentation including income tax vouchers and remittance notes. These documents are authorized by resolution, have an authorized consecutive number and an expiration date.

SET Identification and Validation numbers. Allows for the storage of different types of ID numbers sanctioned in Paraguay. Common numbers include RUC, Picture ID and Passport. It configures the different types of ID numbers and calculates the validation digits according to the SET's algorithms. This configuration is extended to the client, provider or employee and the data is then validated by SET software.

- **Identification numbers** Personal and business ID numbers without validation digits can be entered as the client, provider or employee account number.
- **Verification digits (validation)** This function calculates the validation digits according to the SET algorithm. It is based on the Identification number and it is stored in a form used by clients, purveyors an employees.

Taxpayer. Categorizes clients, providers or employees as taxpayers according to SET definitions and its publication of fiscal logs.

Foreigners. Establishes differences in reporting between domestic and foreign suppliers as required by the SET's Tesaka virtual receipt software.

Fiscal Identification number.

Combines the Identification number with the Verification digits followed by a hyphen. The Fiscal Identification number is automatically created, and is registered as the client, provider or employee NIF-IFRS (International Financial Reporting Standard). It is also included in the invoice tab.

Authorized printouts for providers.

Configures the different printouts and forms that must be submitted as fiscal reports to the SET. This functionality automatically identifies each transaction according to the form number and the resolution serial number helping to avoid any errors when entering and registering the transaction. It applies to daily purchase orders (PO), returns and invoices for providers.

Tax withholding rates and code

numbers. Determines and prints the tax code numbers assigned to the sales tax rates. It also includes the amount of sales tax/VAT needed to be paid on the invoice or receipt.

Aggregated minimum base sales tax

withholding. Determines the periods for which the aggregated minimum sales tax applies to the sales tax withholding rates.

Negative sales tax withholdings.

Configures the percentages of negative sales tax withholding in cases such as when the company assumes the sales tax or must pay it.



Sales tax withholding for purchase

orders. Calculates the sales tax withholding for accounts payable, controlling the aggregated base for invoices on a monthly basis, following resolution N° 1.164/2008 and its general provisions.

Payment terms. Categorizes the payment conditions as “cash” or “credit”.

Identification storage type and resolution printouts for Accounting, Sales and

Purchases. Records transactions such as invoices, accounts payable, accounts receivable, debit and credit notes for providers and other third parties. It seamlessly and intuitively associates each transaction based on the form type and printout. In most cases, this happens when you enter the invoice number, debit or credit note number, international invoice number or the sales number previously associated with each provider. You can also turn this functionality on and off if the legal resolution has expired.

As with sales, it associates printout number when registering sales invoices, PO, returns (credit note) by form type. It consecutively generates the fiscal form number while also allowing for this functionality to be switched on or off in each form type if the legal resolution has expired.

Tesaka Interphase (Proof of Purchase tax withholding included in the purchase).

The company is responsible for the collection, transfer and payment of all sales tax applied to each purchase. The SET mandates the reporting of every tax withholding for every purchase, categorizing each sales tax rate. It then generates a file in JSON format (does not apply to slaughterhouses).



Hechauka. This functionality addresses the SET's purchase form 211 and sales form 221. It generates a text file according to the technical specification for the form to be printed. It is validated and reported on the SET website using the Hechauka client software.





Sales tax log for purchases. Generates an Excel sheet or CSV format log. This log is used as a support document as per the Hechauka resolution N° 1560/06. It shows the sales tax and its minimum base rate depending on the form type for each transaction such as sales and accounts payable and its individual resolution printout.

Sales tax log for sales. Generates an Excel sheet or CSV format log. This log is used as a support document in Hechauka RESOLUTION N° 1560/06. It shows the sales tax and its minimum base rate depending on the form type for each transaction such as sales and accounts payable and its individual resolution printout.

Daily ledger. In accordance with Article 74 of Law N° 1034/83 and resolution N° 412/04, a daily ledger is mandatory. It is also necessary to create a subledger in order to record a detailed list of entries for daily operations based on the order in which they were entered and document their compliance with standard accounting practices. This subledger is an integral part of the daily log and must be previously stamped and signed by the Registry of Public Commerce (DGRP).

Detailed daily ledger. Similar to the daily log, it is used when a subledger with detailed entries is not available.

General ledger. Chronologically arranges all daily transactions in a classified and systematic order. It displays individual accounts outlining every transaction and each of the accounts' balances. In the general ledger, every page is numbered and must be previously stamped and signed by the Registry of Public Commerce (DGRP) and in compliance with Article 78 of Law N°1034/83.

Summarized general ledger. In situations involving the detailed daily ledger, you can also access the summarized general ledger. Note that the general ledger backs up the daily ledger.

Financial statements. The management reporter tool allows the end user to easily generate the necessary business reports required by SET resolution 173/04. Reports such as basic financial statements, general balance, cash flow statements, net worth variation statements, results statements and adjoined documents.

Revaluation group. Stores the different revaluated rates used yearly by the SET.

Revaluation estimate. Revaluates any assets in existence. In Paraguay, at the end of the year, an adjustment must be made by revaluating the assets according to the calculation generated by the responsible entity. Said revaluation applies according to the year the rates calculation was set. The amount is updated on the fixed assets ledgers and should only be calculated on the assets that are active. The development of this functionality includes this process and although the estimate is annual, it is adjusted for a monthly depreciation and appears in the financial statements. This individual or general process also adjusts the rate calculation for yearly depreciation.

Depreciation and revaluation of fixed assets. SET resolution 4914, in annex N° 6, presents the value and depreciation of each asset according to a yearly actuarial calculation emitted by the SET.

Predetermined module changes. Allows for the configuration of different predetermined modules and is configured in a default setting. This configuration is applied to every transaction involving clients as well as providers. It additionally allows for the necessary configuration changes to the daily ledger and complies with Paraguayan tax requirements. Legislation N° 125/91 requires the SET to establish the different daily changes required for all business transactions in Paraguay, differentiating sales and purchases. It is common in Paraguay to have transactions in different currencies such as the dollar, euro, Brazilian real and Argentine peso. It applies to sales orders, returns, daily payment log for clients, invoices for projects and services, purchase orders, delivery of purchase order, invoice for purchase orders, PO returns, PO invoices, daily invoices for providers and daily payment logs, as well as daily ledgers.

Fixed exchange rate. Allows for operations in different currencies set at a fixed or negotiated exchange rate. Applies to sales orders, purchase orders and services invoices, and is set to a daily operations default.

Module changes. Generates different periodic processes for general accounting, clients and providers, selecting the changes to be executed for the calculation of different exchange rates while revaluating transactions in foreign currencies.



DMC for Localization. Facilitates the updating of Excel or CSV files in Dynamics 365 for Finance and Operations. The Localization data is supported by the information of clients, providers, employees, fixed assets, opening balances, provider and sales printouts as well as the assets revaluation groups. For the migration of a business's opening balance, it adds data to document types, resolution numbers and a set of tax withholdings.

Benefits

The Paraguay Localization Pack covers local legal requirements as part of a clear, simple and streamlined process. As an AlfaPeople product, it is supported by an experienced and diligent group of professionals ready to assist you with your own specific configuration. Dynamics 365 for Finance and Operations in Paraguay combines standard AX functionalities with the particularities of the Paraguay Localization Pack, optimizing your employees' resources and time.

About us

AlfaPeople's commitment to Dynamics 365, Microsoft's state-of-the-art business solutions, and our track record of fostering of some of the region's brightest consultancy talents has made us a leader in Latin America for digital transformation. In fact, our localization services extend across several countries in Central and South America.

Designed and implemented by AlfaPeople consultants, our Localization solution for Paraguay is now available in two versions: Microsoft Dynamics AX 2012 and Dynamics 365 Finance and Operation, allowing you to meet Paraguayan tax and financial regulations using our best-practice ERP tools.

AlfaPeople's vast experience and expertise are reflected in the strong partnerships we have with Microsoft. Dynamics 365 is the most certified business solution in the region. Our partnership strengthens our ability to provide the best domestic and multinational business solutions, for small enterprises right through to corporations.



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