



Microsoft Dynamics NAV 2016/2017/2018
Microsoft Dynamics 365 Business Central on premises

Brazilian Localization Scope

White Paper

January, 2020

This document describes the strategy and scope for tax, finance and accounting laws and regulations in Brazil that have been implemented as part of Microsoft Dynamics NAV and Microsoft Dynamics 365 Business Central.

It is designed for channel partners and end users of Microsoft Dynamics NAV and Microsoft Dynamics 365 Business Central.

Fênix Sistemas e Consultoria shall not be liable for channel partners and end users who use this information to implement other versions of Microsoft Dynamics NAV and Microsoft Dynamics 365 Business Central.

Index

Brazilian Localization Scope 3

Definitions 3

Brazilian Localization Strategy 4

Brazilian Localization Scope Documentation 4

Market Availability 5

Table 1. Brazilian localization features for NAV 6

Table 2. Reports and Fiscal Files Supported 10

Notes 11

Brazilian Localization Scope

In general, Microsoft invests significant resources in extending the business process functionality of Microsoft Dynamics® applications by developing features and functionality to address certain tax, accounting or financial regulatory requirements in countries/regions where Microsoft makes Microsoft Dynamics generally available.

Microsoft Dynamics NAV helps organizations run their business operations while managing their obligations to comply with country/region-specific laws, regulations, and common business practices for handling their daily activities.

However, Microsoft Dynamics NAV, in its global version, does not address all laws, regulations, or commercial requirements in Brazil, because laws and regulations vary in the way they affect organizations.

For example, regulatory features which Fênix implements and makes available “out-of-the-box” for Microsoft Dynamics NAV in Brazil typically do not include functionality that supports National Standards industry-specific regulations, vertical regulations, or state, city, or municipal requirements, except as specifically noted in this document.

Fênix Sistemas & Consultoria, utilizing the extensible nature of the development architecture of Microsoft Dynamics NAV, has developed, with Microsoft’s assent, the Brazilian Localization which features resources and functionality that address federal laws, tax, accounting or finance regulations that typically affect business in Brazil.

Definitions

Customization refers to (a) any configuration, modifications or changes made by partners or customers to Microsoft Dynamics NAV software or, when applicable, to software documentation, to fit a customer’s specific needs (such as adding or renaming fields or tables, creating custom reports, integrating with third party solutions); or (b) any software developed for the Microsoft Dynamics NAV software.

Localization refers to any modification to, addition to, and/or adaptation of Microsoft Dynamics software to enable or include certain features and/or functionality in the software to conform to applicable regulatory requirements (including, without limitation, versions and updates of the Microsoft Dynamics software, user assistance tools, and/or end-user documentation). Examples of laws or regulatory requirements that may require localization of software include local tax reporting (such as sales, VAT, GST), invoice tracking by a government authority, government-required tax calculations, local accounting rules, and local regulatory and statutory reporting.

National Standards refers to feature requirements in software that are related primarily to banking practices (such as payment method, payment formats and bank statement) and less frequently commercial documents. National Standards are local requirements that are not required by law or regulation but are widely adopted within a geographic region and are critical to the sale of licenses for business management software in that geographic region.

Brazilian Localization Strategy

In general, Microsoft's Brazilian strategy for Dynamics NAV is to transfer all the development for the Brazilian localization. That way, all tax, financial, accounting, or statutory reporting requirements for Brazil are under the partners' responsibility. Fênix Sistemas e Consultoria, as an authorized developer, executes the following activities:

- Implement those tax requirements at the federal level detailed in the [Brazilian localization scope](#) section;
- Implement those state/region requirements detailed in the [Brazilian localization scope](#) section for the indicated states;
- Deliver new regulatory features through configurations and/or development of new functionality that implements the federal and state/region requirements set forth in the [Brazilian localization scope](#) section in accordance with the business rules specified in this document and Fênix's evolution plan;
- Deliver specific new regulatory features in the most recent service pack available or in a new service pack for supported versions of Microsoft Dynamics NAV ;
- Apply National Standards and competitive features in the localization that Fênix, in its sole discretion, determines are necessary or appropriate based on business need in the region;
- Does not focus on requirements of specific businesses, segments, verticals, regions, or large enterprises, even when required by laws, statutes, or regulations at the federal, state or city levels;
- Does not include municipal requirements, except for the ones detailed in the [Brazilian localization scope](#).

The Brazil localization of Microsoft Dynamics NAV developed by Fênix Sistemas e Consultoria, is limited to the features and functionality described in this document.

As a result, Microsoft Dynamics NAV must be analyzed by prospective customers or a tax professional, such as an accounting or tax auditor, tax law firm, or tax consulting firms, who can perform an assessment to determine whether the functionality is appropriate to meet the customer's business needs, or if custom solutions are required.

Brazilian Localization Scope Documentation

The user interface and online help for Microsoft Dynamics NAV is translated into Brazilian Portuguese. Additional documentation, such as white papers and training materials, may be available in English, only, and might not be available in Brazil.

The features that Fênix delivers and supports as part of the Brazilian localization for Microsoft Dynamics NAV are listed in [Table 1](#). Fênix Sistemas e Consultoria is to be consulted on details about each of the features.

Fênix aims to provide regulatory features with enough time for installation. Our goal is to release tax and regulatory updates that contain required changes in advance of the effective date or other date mandated by the applicable government authority, whether at the federal or state level (only for the states identified in the [Brazilian localization strategy](#) section), to implement the tax, accounting, financial, or regulatory/statutory reporting requirements that commonly affect a majority of businesses in Brazil so that our channel partners and customers have sufficient time to update their customer solutions.

We strive to meet the dates mandated by the applicable government authority. However, various factors can adversely impact the timely delivery of tax and regulatory updates, including:

- Legislative or regulatory changes made by the government with insufficient notice prior to the date the law takes effect;
- Feature, functionality, infrastructure and/or architectural limitations of the affected software version(s) generally available in the marketplace;
- Complexity and coverage of the coding, redesign, or enhancement of the software required to implement the legislation or regulatory requirements; and/or schedule conflicts.

If it is not feasible to meet these dates, we use commercially reasonable efforts to develop and release tax and regulatory updates as soon as possible.

Any dates that Fênix publishes are for planning purposes, only, and are subject to change at any time without notice.

Fênix makes no representations, nor does it offer guarantees about the timeliness or completeness of any tax or regulatory update that it provides and, to the maximum extent permitted under applicable law, disclaims all implied warranties and conditions, such as implied warranties or conditions of merchantability and fitness for a particular purpose.

Table 1. Brazilian localization features for NAV

Area	Item
Fiscal Information	<ul style="list-style-type: none"> • Category: Private persons, Juridical persons, Foreigner; • CNPJ/CPF, IE, CCM, Type of Establishment, NIT, INSS-CEI, CNAE, ISS, ICMS non-contributor, Usage and Consumption, Suframa (Free Economic Zone of Manaus tax), Type of bookkeeping (centralized or non-centralized), Tax Regime; • Branches; • Code of fiscal classification and inventory items exceptions (NCM); • Inventory Items Source; • Type of Item; • CFOP (Fiscal Code of Operations and Obligations); • Tax situation code definition for IPI, ICMS, PIS, COFINS; • Legal Texts; • Type of fiscal document: Invoice Series, Invoice Sub-series, Invoice Template, Invoice Numerical Sequence, Fiscal Documents Issuers. • Services Register; • Revenue / Retention codes definitions (DARF) applicable to taxes over services rendered; • Definition of ICMS Calculation Adjustment Codes; • Definition of tax aliquot based on customer/sales * vendor/purchases * product group/products area codes; • Invoice Templates 1, 1 A and 55.
Area	Item
Taxes	<ul style="list-style-type: none"> • Configuration by type of tax, calculation and accounting of: IPI, ICMS, ISS, PIS, COFINS, INSS retained, IRRF, CSL retained, COFINS retained, PIS retained, INSS, II, ISS retained and ST; • Tax Matrix: pre-setting of several fiscal information used in business transactions: CFOP, CST ICMS, CST IPI, CST PIS, CST COFINS, Type Fiscal Doc and legal texts; • Withholding tax on Invoice issuing: IRRF, INSS retained, ISS retained; • Withholding tax on payment: PIS retained, COFINS retained, CSL retained; • Tax substitution applied to ICMS over sales and purchases, based on Value Added Margin, on NCM and on Federal Unit; • Base reduction percent; • Difference on ICMS aliquot; • Configuration of tax credit; • Configuration of tax aliquot; • Configuration of fiscal code available by type of tax and applicable to the fiscal books (Fiscal Value): <ul style="list-style-type: none"> 1 – Taxable 2 – Exempt 3 – Others • Configurable Taxation code made available and activated by type of

tax;

- Configurable parameterization of taxes based on Customer/Vendor area code and Tax/Product group;
- Configuration of Retained taxes over payment
- Tax accounting: ICMS and IPI.

Area	Item
Invoicing	<ul style="list-style-type: none">• Definition of types of sales operations (used in operations in which inventory movement does not generate revenue) – Simple Shipment;• Transport information: carrier, freight type;• Manual or configurable legal texts;• Sales of products or services;• Sales of product with tax substitution• Sales of products to the Free Economic Zone of Manaus;• Sales to end user;• Simple shipment with control of owned material in possession of third-party;• Sales canceling (sales credit note);• Price Complementary note;• IPI Complementary note;• ICMS Complementary note;• Accounting visualization prior to posting;• Sales return.

Area	Item
Purchases	<ul style="list-style-type: none"> • Purchase Quotation, Purchase Order, according to the Brazilian localization scope; • Purchase for usage and consumption; • Configurable or manual legal texts; • Transport information: carrier, freight type; • Definition of types of purchase operations (used in operations in which inventory movement does not generate account payables); • Purchase of products or services; • Simple shipment; • Identification of fixed asset purchase for control of 1/48 ICMS; • Direct import; • Import for usage and consumption; • Import Complementary notes; • Automatic Pro-rata by value of import custom expenses; • Canceling of purchases (purchase debit notes); • Purchase return; • Price Complementary notes; • ICMS Complementary notes; • IPI Complementary notes; • Accounting visualization prior to posting.

Area	Item
Receive	<ul style="list-style-type: none"> • Based on fiscal criteria specified on the sales orders; • Possibility of adjust tax calculation per item and tax code; • Application of tax credit rights and inventory adjustment according to configurations of credit rights and taxes, based on the tax situation code (fiscal value); • Issuing of inbound Invoices to non-contributor vendors; • Referenced Invoices; • Reference to Invoice-related legal process.

Area	Item
Financial	<ul style="list-style-type: none"> • Retained taxes over payment; • Calculation of Retained taxes and calculation of their expiry date; • Payment buy file transfer with bank; • Flip generation; • Interest and fine applied to overdur payments; • Centralized payment tracking, taking into account taxes withheld over payment; • Advance payment to customers and vendors.

Area	Item
Reports	<ul style="list-style-type: none"> • Journal; • Analytical Ledger • Trial Balance; • Kardex Items. • Cash Flow.

Area	Item
Electronic Invoice	<ul style="list-style-type: none"> • Service Electronic Invoice of main capitals via webservice; • Product Electronic Invoice via webservice.

Table 2. Reports and Fiscal Files Supported

	Item
Fiscal Books	<ul style="list-style-type: none"> • Inbound Register Book mod. P1-A; • Outbound Register Book mod. P2-A; • ICMS Calculation Register Book mod. 9; • IPI Calculation Register Book mod. 8; • Production and Inventory Control Book mod. 3; • Inventory register Book mod. 7; • Services Sold Register Book mod. 51; • Services Taken Register Book mod. 56; • Issuer Codes List generation; • Items Code List generation; • Electronic GIA ICMS generation for São Paulo; • GIA ICMS Rio de Janeiro, Espírito Santo e Bahia auxiliary report generation; • SINTEGRA; • DIRF related to services taken from Private persons and Juridical persons; • DCTF; • FCI.
	Item
CIAP	<ul style="list-style-type: none"> • Control of credit in instalments (48 installments according to the period); • CIAP Book; • Individual control of assets aquired and/or received through transfer with asset identification (asset number, description); • Allow total or partial write-down for sales or transfer transactions and calculate credit appropriation in the respective asset; • Monthly Acquisitions; • CIAP "C" Book; • CIAP "D" Book.
	Item
Service Transactions	<ul style="list-style-type: none"> • DIRF composition; • Service Invoices Report – mod. 56; • Service Invoices Report – mod. 51; • Siscoserv.
	Item

SPED

- SPED Fiscal;
- SPED Accounting;
- Fcont;
- SPED Contributions (PIS and Cofins);
- SPED ECF;
- Reinf.

Functionality that implicate in specific development:

- "Special Regime" *
- Specific Segments
- Solutions for specific sectors
- Requirements for "Regulatory agencies"
- Customer specific requirements related to specific activities, events, or facts
- Payroll Integration
- Electronic tax coupon integration
- Quality Management

Notes

* Special Regime – any differentiated handling adopted in peculiar cases, regarding ICMS requirements general rules and fulfillment of ancillary obligations, upon the manifestation of treasury technical body, in order to facilitate the fulfillment of tax obligations by the contributor, without any tax load exoneration resulting therefrom.