



IL_Electronic invoicing and allocation numbers

SAP Business One 10.0 SP2311

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Public

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Background

The Ministry of Finance of Israel has published the country's economic plan for the years 2023 and 2024. One of the main objectives of the program is to combat fraud and tax evasion due to the use of illegal invoices in the country to avoid tax payments. To achieve this, a model for sending invoices in electronic format and in real-time to the tax authorities is planned.

In accordance with the plan, beginning January 1, 2024, the tax authorities will assign unique allocation numbers online to A/R invoices whose value exceeds a NIS 25,000 threshold; the threshold will decrease in the subsequent five years, so that by January 1, 2028, the threshold will be NIS 5,000. From the beginning of the implementation of the program, there will be an obligation to obtain allocation numbers from the tax authorities for invoices that meet the prescribed amounts. Only tax invoices that have approval and allocation numbers will be usable by receivers for input tax deductions.

Solution

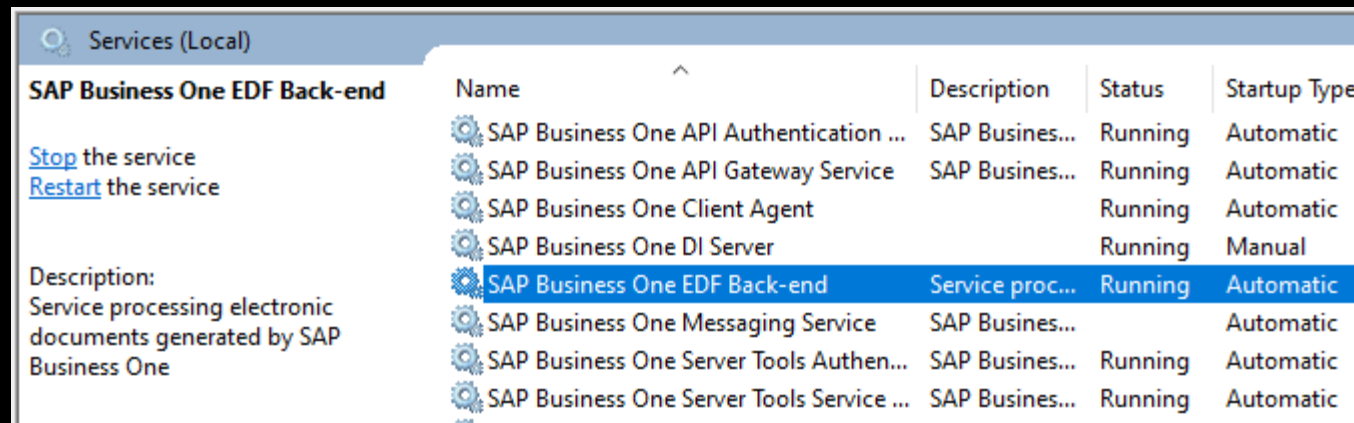
SAP intends to provide a support package to solve the symptom that is described in SAP Note.

To allow for this requirement, some changes are available in the Israel (IL) localization as of SAP Business One SP 2311, and SAP Business One, version for SAP HANA SP 2311.

To send relevant A/R invoices and A/R reserved invoices to the Israel Tax Authority (ITA) and receive allocation numbers from the tax authorities for those invoices, follow the process.

Environment Setup

1. SAP Business One Electronic Document Service (EDS) component is installed. For more information see SAP Note 2952067 - Electronic Document Service .
2. Ensure that the appsettings.json file under C:\Program Files\SAP\SAP Business One EDS\conf includes EII related connectors and components.
3. Restart “SAP Business One EDF Back-end” service.



Getting started

1. Access the Electronic Document Service Dashboard at [https://\[ServerName\]:7299](https://[ServerName]:7299), activate protocol ConnectorEII-1 (EII) then its status changed to 'Processing'.
2. In Administration → System Initialization → Company Details → Accounting Data tab, make sure the following fields are configured correctly, as those are mandatory for this process:
 - ❑ Federal Tax ID 1
 - ❑ Software License Number – This new field contains the SAP Business One software license number as provided by the Israeli Tax Authorities at <https://www.gov.il/he/service/itc-software-registry-for-computerized-accounting-systems>. By default, the current software license number for version 10.0 **00094516** is displayed.
 - ❑ Unified Federal Tax ID – If you work with partnerships, in this new field choose the field that you have defined as the unified federal tax ID. If not, choose the default field, Federal Tax ID 1.
 - ❑ Threshold Value – The current default value is 25,000 NIS as defined by the ITA, is displayed.

The screenshot shows the configuration page for ConnectorEII-1 (EII), which is in a 'Processing' state. The page is divided into two main sections: 'Event Information' and 'Options'. Under 'Event Information', there are three rows: 'Event types' with a value of 17, 'Processed events' with a value of 44537, and 'Generated events' with a value of 66650. Under 'Options', there are two dropdown menus: 'Activate' set to 'Auto' and 'Log Level' set to 'Info'. At the bottom of the page, there are links for 'Logs' and 'Entries'.

Software License Number	00094516
Unified Federal Tax ID	Federal Tax ID 1
Threshold Value for Electronic Invoice	25,000.00

Getting started

3. In Administration → System Initialization → Document Settings → Electronic Documents tab, Electronic Invoices for Israel section:
- ❑ Enable the protocol.
 - ❑ Double click the Processing Target Setup field and make sure “Electronic Invoice Connector” is active.
 - ❑ Authorization – In this field the user who is the company representative registered in ITA portal need to click the Authorization to ITA link to open the ITA website (as defined in the OAuth2 Base URL field which includes the localhost and the port) and get the authorization. Once you are authorized you can see the updated status in the Authorization Status field, including the expiration date and time.
 - ❑ If the expiration date is approaching, you can click the authorization link again and get a new authorization with a new expiration date.
Note: There is no notification prior to the expiration date.
 - ❑ Default eDoc Generation Type – It is recommended to leave the default value “Not Relevant” in this field. When the conditions for sending an invoice to receive an allocation number are met, the system will automatically change the ‘eDoc Generation Type’ field in the specific invoice to ‘Generate’. Anyway, you can change the generation type before adding the invoice.

<u>Electronic Invoices for Israel</u>	
Enable Protocol	<input checked="" type="checkbox"/>
Processing Target Setup	Double-click to open
OAuth2 Base URL	https://openapi.taxes.gov.il/shaam/tsandbox/longtimeb
Invoices Endpoint(Dealer Side)	https://openapi.taxes.gov.il/shaam/tsandbox/Invoices/
Invoice-Information Endpoint(Customer Side)	https://openapi.taxes.gov.il/shaam/tsandbox/invoice-in
Emergency-Invoices Endpoint	https://openapi.taxes.gov.il/shaam/tsandbox/emergenc
Authorization	Authorization to ITA
Authorization Status	Authorized, Expiration Time: 2024-02-26 17:44:32
Default eDoc Generation Type	Generate - Later

Getting started

4. In Administration → System Initialization → Document Numbering set a series for **digital** documents and make sure to select the Digital Series column for that series.
Note! Only documents that are created in this specific series will be able to go through the electronic invoicing process.
5. In the print layout designer of the invoice and in crystal reports, manually add the Allocation Number field so it will be printed on the invoices.

The screenshot displays four overlapping windows from the SAP system:

- Administration:Printing Header:** A layout designer window for an A/R Invoice. It shows various fields in Hebrew, including 'A/R Invoice:Allocation Number for IL' (מספר הקצאה) and 'A/R Invoice:Licensed Dealer No.' (מספר ע.מ.).
- Series - A/R Invoices - Setup:** A table defining document series. The 'Digital Series' column for the 'Dgs1' series is checked, indicating it is a digital series.
- Field Index:** A list of fields with their Unique IDs and content. The field 'F_2023' (מספר הקצאה) is highlighted.
- Properties - Field (Text) : F_2023:** A configuration window for the 'F_2023' field, showing its Unique ID, Field Type (Text), and Link To (F_2024).

#	Name	First No.	Next No.	Last No.	Prefix	Suffix	Remarks	Group	Period Ind.	Cancellation	Lock	Digital Series
1	ראשית	1	356	999				1	ברירת מחדל	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	Dgs1	1000	1022					1	ברירת מחדל	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Unique ID	Type	Content
F_012	T	A/R Invoice:Bill To
F_013	T	שעה
F_014	T	A/R Invoice:Generation Time
F_016	T	לידי
F_079	√	SystemString (ContinueNotice)
F_092	T	Contact Persons:Contact Person Name
F_2011	T	A/R Invoice:Customer/Vendor Code
F_2021	T	A/R Invoice:Licensed Dealer No.
F_2022	T	מספר ע.מ.
F_2023	T	מספר הקצאה
F_2024	T	A/R Invoice:Allocation Number for IL

Property	Value
Unique ID	F_2023
Field Type	Text
Link To	F_2024
Visible	<input checked="" type="checkbox"/>

Scenario

1. Go to Sales A/R → A/R Invoices and create an A/R invoice (or an A/R reserve invoice) with Digital series.
2. In the Electronic Documents tab, make sure that the eDoc Generation Type is set to Generate.

Note: The system automatically set the generation type of the invoice to Generate, if the following four conditions are met:

1. The invoice amount before VAT is higher or equal to the threshold value defined in the company details.
2. The invoice includes a VAT component.
3. The customer is an "authorized dealer" (has Federal Tax ID).
4. The customer's 'Type of Business' is not 'Private'.

The screenshot shows the 'A/R Invoice' form with the following details:

Customer	C20000_DUP1	No.	Dgs1	1022
Name	שות רואי חשבון ויועצים עסקיים	Status	Open	
Contact Person	תומר אזולאי	Posting Date	04/12/23	
Customer Ref. No.		Due Date	31/01/24	
BP Currency	ILS	Document Date	04/12/23	
		Allocation Number		

The 'Electronic Documents' tab is selected, and the 'eDoc Generation Type' dropdown menu is open, showing the following options:

- Not Relevant
- Not Relevant
- Generate
- Generate - Later

Scenario

Note: Invoice can have one of three statuses:

- ❑ Not relevant - the invoice will not be sent electronically.
- ❑ Generate - the invoice will be sent electronically while adding the document.
- ❑ Generate Later - the invoice will not be sent electronically while adding the document. You can send it later from the Electronic Document Monitor.

3. Add the invoice.

4. Go to Reports > Electronic Document Monitor to follow the electronic invoice status.

- ❑ New - the invoice is added but is not yet sent to the ITA.
- ❑ In Process - the invoice is being sent to the ITA
- ❑ OK - the invoice is successfully sent to the ITA and was approved. In addition, an allocation number was received from the ITA and was updated in the invoice's header.
- ❑ Error - in this case, check the corresponding message to get detailed information.

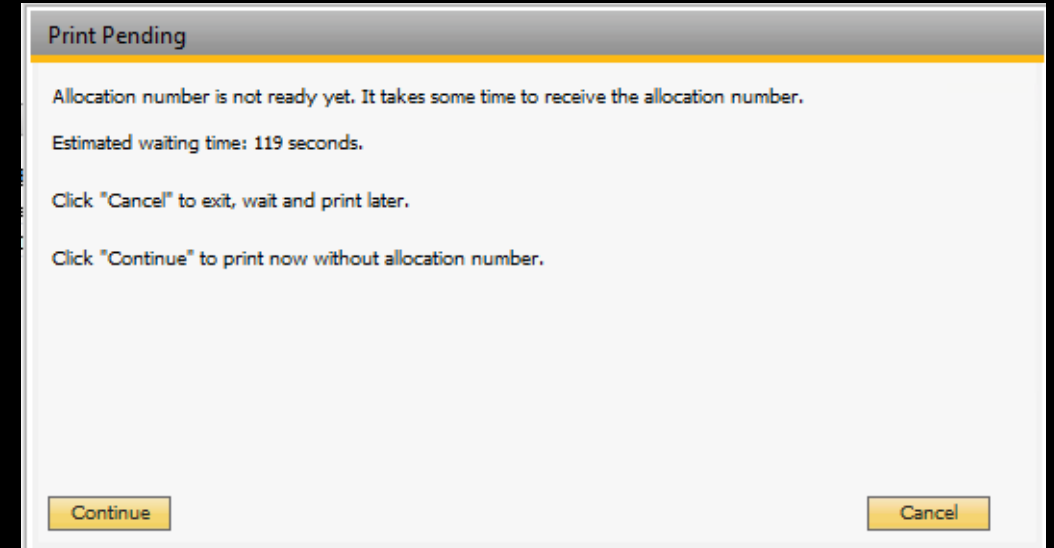
- ❑ From the monitor you can export the invoice details and check the invoice log.

The screenshot shows the 'Electronic Document Monitor' interface. It features a search bar at the top with 'Custom Search' and a 'Contents' tab. Below the search bar, there are several filter fields: 'Protocol' (set to 'Electronic Invoices'), 'View Type' (a dropdown menu), 'Status' (a dropdown menu), 'Processing Target' (set to 'All'), and 'Branch' (a dropdown menu). The main part of the interface is a table with the following columns: '#', 'Type', 'Status', 'Doc. Number', 'Created By', and 'Message'. The table contains 13 rows of data, with statuses ranging from 'OK' to 'Aborted'.

#	Type	Status	Doc. Number	Created By	Message
5	A/R Invoice	OK	⇒ IN 1005	יהונתן דוד	Invoice approved
6	A/R Invoice	OK	⇒ IN 1007	יהונתן דוד	Invoice approved
7	A/R Invoice	Aborted	⇒ IN 1008	יהונתן דוד	Unprocessable Entity: Valid
8	A/R Invoice	Aborted	⇒ IN 1009	יהונתן דוד	Unprocessable Entity: Valid
9	A/R Invoice	OK	⇒ IN 1010	יהונתן דוד	Invoice approved
10	A/R Invoice	OK	⇒ IN 1011	יהונתן דוד	Invoice approved
11	A/R Invoice	OK	⇒ IN 1012	יהונתן דוד	Invoice approved
12	A/R Invoice	OK	⇒ IN 1014	יהונתן דוד	Invoice approved
13	A/R Invoice	OK	⇒ IN 1015	יהונתן דוד	Invoice approved
14	A/R Invoice	OK	⇒ IN 1016	יהונתן דוד	Invoice approved
15	A/R Invoice	OK	⇒ IN 1017	יהונתן דוד	Invoice approved
16	A/R Invoice	OK	⇒ IN 1018	יהונתן דוד	Invoice approved
17	A/R Invoice	OK	⇒ IN 1019	יהונתן דוד	Invoice approved

Additional Information

- ❑ When you work with the function of printing the document while adding it, a prompt message will pop-up when adding this invoice, notifying you that the allocation number is not yet ready. You can choose to cancel the printing operation and wait for receiving the allocation number, so it will be printed on your original invoice.
- ❑ For A/P invoices you can manually insert the allocation number.
- ❑ The PCN file is updated with the allocation number (OINV AllocNum/ OPCH AllocNum) where relevant.



Notes

- ❑ SAP is not responsible for the content that is sent to the tax authorities, but only for the transfer of the data provided by the customer.
- ❑ There are other options to execute this process, as explained in the Israeli Tax Authorities instructions published at the ITA website.
- ❑ In a case of a technical failure, either on SAP side or on the ITA side, there is an option for emergency allocation number as detailed in the tax authorities' website.

Open Issues

1. In Preview build: “Digital Series” is not supported. That is, it works without “Digital Series” enabled.
2. In Preview build: In some scenarios, “eDoc Generation Type” is not changed according to the 4 conditions.
3. In Preview build: Electronic Invoice flow from DI may fail sometimes.
4. In Recurring Transactions and Document Generation Wizard, default “eDoc Generation Type” is not changed according to the 4 conditions. This is under checking.

Q & A

1. In the layout: How to have the last 9 digits of the allocation number in **bold**
2. System alerts for authorization expiration date
3. Allocation number for JE.

Thank you.

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