

COLOMBIA Localization



1. Purpose of the document

The purpose of this document is to provide a general description of the features, functionalities, and considerations of the **COLOMBIA** localization solution for Dynamics 365 Business Central.

The information contained herein does not constitute a commercial offer, contractual commitment, guarantee of regulatory, tax, or legal compliance, or maintenance obligation, and is subject to change without notice. The functionalities described may vary depending on the product version, country, applicable regulations, and the specific context of each implementation and each customer, with the latter being responsible for understanding their own business, processes, requirements, and applicable regulations.

Implementation of the solution requires the active participation of the customer, including, among other things, the need to understand and map their processes, business needs, and requirements, as well as to evaluate the suitability of the features described herein for their operation.

This document does not replace the functional, technical, legal, and/or tax analysis that must be performed as part of a formal implementation project.

2. General scope of LATAM for Dynamics 365 BC

Each of the LATAM localizations developed by AlfaPeople for the countries described on the AlfaPeople website is designed to incorporate additional functionality into Microsoft Dynamics 365 Business Central in order to support the management of accounting, tax, and operational processes that are typically required in the various countries of the region.

These solutions are built on the international version (W1) of Dynamics 365 Business Central and can be implemented independently by country or integrated into a multi-country environment, depending on the technological and

operational strategy of each organization and the specific contract signed by the customer.

The localizations complement the standard functionality of the product without modifying its core functionality, maintaining an architecture aligned with Microsoft best practices.

3. Important considerations

- The features described are a general reference and may require additional configuration depending on the applicable scenario.
- The effective use of the localization depends on the parameterization and proper use of the system, as well as the correct definition of the processes adopted by the customer, compatible with their operation.
- Any functionality, element, or requirement not expressly described in the scope of each localization is not included.
- Validation of regulatory, accounting, legal, and tax compliance is the responsibility of the customer, as is the verification of any other requirements and functionalities necessary for its operation.
- Any calculation performed automatically by the Localization is based on the information entered by the customer. Therefore, the customer is responsible for the accuracy and veracity of the information, as well as for the verification and validation of the results.
- The content of this document may be modified, updated, or replaced at any time, without prior notice, as a result of changes to the product, applicable regulations, or the solution strategy.
- We emphasize that, despite the provisions and functionalities described in this document, the customer is and remains solely responsible for the decisions made in their business and for compliance with their actions.

4. Architecture and implementation approach

LATAM localizations are designed to operate on a standardized, flexible, and scalable architecture. Multiple countries can coexist within the same Dynamics 365 Business Central instance, facilitating centralized management, financial consolidation, and standardization of regional processes.

The implementation of one or more localizations must be evaluated considering the operating model, tax complexity, and regulatory requirements of each country and each customer.

5. Location description – COLOMBIA

The **COLOMBIA** localization for Microsoft Dynamics 365 Business Central is designed to incorporate functionalities that support the management of tax, accounting, and operational requirements commonly associated with current regulations in that country.

National Tax and Customs Directorate (DIAN), among other local entities that may be applicable depending on the operational context of each country.

The solution covers processes related to accounting, taxes, invoicing, and report generation, which can be used to support the management of obligations before national or local tax authorities and regulatory bodies, as provided for in this document, such as: the



6. Features included

The features available in the current version of **COLOMBIA** Localization are listed below:

| PROCESS | FUNCTIONALITY | DESCRIPTION |
|----------------------------|-------------------------------|---|
| Localization Configuration | Document Types | Configuration of the different types of documents required in Colombia (electronic invoices, credit notes, debit notes, among others), ensuring that each transaction complies with the tax and accounting requirements defined by current regulations. |
| Localization Configuration | Tax Type | Definition of the tax treatment of each document, allowing the system to automatically identify its tax and accounting impact in accordance with Colombian legislation. |
| Configuration Location | Department | Configuration of the country's geographical structure (departments), allowing information to be segmented and supporting regional tax validations where applicable. |
| Location Configuration | City Code | Parameterization of city codes required for the correct identification of third parties and compliance with legal requirements in electronic documents and tax reports. |
| Location Configuration | Third-Party Tax ID | Configuration and validation of the NIT for customers, suppliers, and other third parties, ensuring consistency in tax information and correct issuance of documents to regulatory entities. |
| Location Configuration | Point of Sale | Definition and administration of points of sale (if applicable), allowing for the control of independent numbering and compliance with tax requirements associated with each establishment. |
| Location Configuration | CIIU Codes | Parameterization of CIIU codes associated with the economic activity of the company and/or third parties, ensuring consistency with the RUT and regulatory compliance. |
| Location Configuration | Document Numbering | Configuration of authorized numbering ranges, ensuring consecutive control, compliance with current resolutions, and document traceability. |
| Location Configuration | Selection of location reports | Activation and parameterization of tax reports specific to the Colombia location, facilitating compliance with legal obligations. |
| Location Configuration | Renumbering of documents | Functionality that allows controlled adjustments to be made to document numbering under specific scenarios, maintaining traceability and regulatory compliance. |

| PROCESS | FUNCTIONALITY | SCOPE |
|-----------------------|----------------------------------|---|
| Query / Report | Tax Movement Analysis | Generation of detailed reports to consult and analyze accounting movements associated with taxes, facilitating reconciliations and tax reviews. |
| Consultation / Report | VAT Movement Analysis | Specific report for tracking and controlling VAT generated and deductible, supporting the preparation of tax returns. |
| Consultation / Report | Tax Movements Purchases to Excel | Structured export to Excel of tax information associated with purchases, allowing for additional analysis and preparation of tax reports. |
| Query / Report | Sales Tax Movements to Excel | Export to Excel of tax movements related to sales, facilitating internal validations and support for tax returns. |
| Query / Report | Journal | Generation of the official journal with complete details of the accounting movements recorded in the system, complying with the formal requirements demanded in Colombia and serving as support for audits. |
| Query / Report | Summary journal | Issuance of the journal in summary format, presenting accounting transactions grouped by period, facilitating executive review and legal compliance when this modality applies. |
| Consultation / Report | Balance sheet | Generation of the financial statement that reflects the company's economic situation (assets, liabilities, and equity) on a specific date, under the accounting structure configured in the system. |
| Query / Report | Trial balance | Report that validates the consistency of accounting information by showing opening balances, debit/credit movements, and closing balances per account, facilitating closings and internal controls. |
| Tax | VAT parameterization | Configuration of VAT rates (taxable, exempt, excluded), allowing automatic calculation in purchase and sale documents in accordance with current regulations. |
| Taxes | Withholding Tax | Parameterization of concepts and withholding percentages applicable to purchases and payments, ensuring correct settlement and accounting records. |
| Taxes | VAT Withholding | Configuration of VAT withholdings according to transaction type and third party, ensuring tax compliance. |
| Tax | Industry and Commerce Tax (ICA) | Parameterization of ICA rates and calculation rules according to municipality and economic activity, when applicable. |
| Taxes | Self-withholdings | Configuration of self-withholdings in accordance with the company's tax liability. |
| Taxes | Tax Accounting Groups | Definition of accounting groups that allow you to automate tax calculations according to customer, supplier, product, or service type. |

| PROCESS | FUNCTIONALITY | SCOPE |
|----------------------|---------------------------------------|--|
| Taxes | Automatic Sales Calculation | Automatic application of taxes and withholdings when generating sales invoices, reducing manual errors and ensuring tax consistency. |
| Taxes | Automatic Calculation on Purchases | Automatic settlement of taxes and withholdings on supplier invoices, according to the tax configuration of the third party and the item purchased. |
| Taxes | Automatic Accounting | Automatic generation of accounting records associated with each tax, ensuring traceability and correct financial allocation. |
| Taxes | Tax Reconciliation | Tools to validate tax accounting balances against movements generated in the system. |
| Taxes | Withholding Reports | Generation of detailed reports on withholdings made and received, facilitating the preparation of returns and certificates. |
| Tax | Withholding Certificates | Issuance of withholding certificates for third parties, ready for delivery and compliance with legal obligations. |
| Tax | Basis for Tax Returns | Structured information that supports the preparation of returns such as VAT, Withholding Tax, and ICA. |
| Tax | Tax Closing | Allows controlled adjustments to be made to tax records before the final closing of the period, maintaining traceability and documentary support for audits. |
| Taxes | Document Traceability | Record of all operations and adjustments made during the period, ensuring full support for audits and reviews by the DIAN or local authorities. |
| Electronic Invoicing | Issuance of Electronic Sales Invoices | Generation of electronic sales invoices from Business Central in accordance with the technical and fiscal requirements in force in Colombia, including mandatory validations and the structure required by the DIAN. |
| Electronic Invoicing | Electronic Credit Notes | Issuance of electronic credit notes associated with previously issued invoices, complying with the validations and grounds defined by Colombian regulations. |
| Electronic Invoicing | Electronic Debit Notes | Generation of electronic debit notes in accordance with legal guidelines, allowing formal adjustments to issued invoices. |
| Electronic Invoicing | Integration with Technology Provider | Integration with authorized technology provider NOOVA for the transmission, validation, and reception of electronic documents before the DIAN, ensuring compliance with the prior validation model. |

| PROCESS | FUNCTIONALITY | SCOPE |
|--|--|--|
| Electronic Invoicing | Management of the status of transmitted documents. | Consultation and tracking of the status of sent documents (Successful, Pending, Sent with errors), ensuring traceability and control over the electronic operation. |
| Electronic Invoicing | Storage and Traceability | Storage and traceability of electronic documents issued and received, ensuring availability for audits and requirements of control entities. |
| Exogenous DIAN Information (Magnetic media) | DIAN Concept Parameterization | Configuration of concepts defined by DIAN for reporting exogenous information, associating them with accounting accounts and transaction types. |
| DIAN exogenous information (Magnetic media) | Format Configuration | Parameterization of current official formats (according to annual resolution), allowing for the correct structuring of the information to be reported. 1001/1003/1005/1006/1007/1008/1009 |
| DIAN exogenous information (Magnetic media) | Account Association | List of accounting accounts and third parties with the corresponding concepts to ensure correct classification of information. |
| Exogenous DIAN information (Magnetic media) | CSV file generation | Generation of files with the structure of each format defined by the DIAN, downloaded in .CSV format ready to be converted to XML. |
| Exogenous DIAN information (Magnetic media) | Third-party consolidation | Automatic consolidation of reportable information by NIT, including accumulated values as required by current regulations. |
| DIAN exogenous information (Magnetic media) | Information validation | Validations prior to the generation of formats: -Generation of information in uppercase format. -Generation of movements with the company's NIT if the parameter is activated. -Control of "deductible" and "non-deductible" types according to the parameter assigned for format 1001. -Accumulation of amounts for the NIT for smaller amounts per item if the parameter is activated. |
| Exogenous District Information (Magnetic media) | District Concept Parameterization | Configuration of concepts defined by SHD for reporting exogenous information, associating them with accounting accounts and transaction types. |
| District Exogenous Information (Magnetic media) | Format Configuration | Parameterization of the most relevant official formats (according to annual resolution), allowing the information to be reported to be structured correctly. Art. 2, Art. 3, Art. 4, Art. 6 |

| PROCESS | FUNCTIONALITY | SCOPE |
|--|------------------------------------|--|
| Exogenous District Information (Magnetic media) | Association of Accounting Accounts | List of accounting accounts and third parties with the corresponding concepts to ensure correct classification of information. |
| Exogenous DIAN information (Magnetic media) | Generation of .XLSX files | Generation of files with the structure of each format defined by SHD, downloaded in .xlsx format ready to be converted to XML. |
| Exogenous DIAN information (Magnetic media) | Third-party consolidation | Automatic consolidation of reportable information by NIT, including accumulated values as required by current regulations. |

7. Exclusions and scope notes

- Requirements not explicitly described in this document are not part of the scope of the localization.
- Integrations with third parties, electronic invoicing providers, or other external systems may require additional components and contracts.
- Regulatory changes that occur after the

preparation of this document may not be covered by the functionalities described herein, which will require additional analysis and adjustments.

8. Additional information

For more information about AlfaPeople's LATAM localization solutions, we recommend contacting your sales representative or our team through the channels available on our website. We are here to help!



More information

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🌐 <http://www.alfapeople.com>