

# Ecuador 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 **ECUADOR** localization solution for Microsoft Dynamics 365 Business Central.

The information contained herein does not constitute a commercial offer, contractual commitment, regulatory, fiscal, or legal compliance guarantee, nor a 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. The customer is 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 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 features 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 proper system parameterization and use, 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 within the scope of each localization is not included.
- The 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 truthfulness 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 the compliance of 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 instance of Dynamics 365 Business Central, 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 – ECUADOR

The **ECUADOR** 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.

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 **Internal Revenue Service (SRI)**, among other local agencies that may be applicable depending on the operational context of each country.



## 6. Included features

The features available in the current version of COSTA RICA Localization are listed below:

PROCESS	FUNCTIONALITY	DESCRIPTION
<b>Location configuration</b>	Issuer tax data configuration	Configuration of the company's tax data.
<b>Location settings</b>	Identification type	Definition of the identification types to be used for customers and suppliers. Table 2.
<b>Location configuration</b>	Identification No.	Assignment of identification numbers to customers and suppliers.
<b>Location configuration</b>	Identification number control	Control over the RUC identification number and assignment of the check digit.
<b>Location configuration</b>	Taxpayer type	Defines the tax classification for customers and suppliers.
<b>Location configuration</b>	Provinces	Province, city, and postal code codes.
<b>Location settings</b>	Issuance Points	Point of sale settings.
<b>Location settings</b>	Establishment	Configuration of establishments where documents can be issued or registered.
<b>Location settings</b>	Numbering authorization	Configuration of authorization numbers related to establishments.
<b>Location configuration</b>	Document types	Configuration of different types of billing documents (sales invoices, credit notes, etc.). Table 4.
<b>Location configuration</b>	Tax type	Defines the tax regime for taxpayers in accordance with Ecuadorian regulations.
<b>Location configuration</b>	Document numbering	Control of number sequences by document type and tax regime.
<b>Location configuration</b>	Support codes	Configuration of supporting documents for issuing withholding receipts. Table 5.
<b>Location configuration</b>	Regime code	Configuration of regime codes. Table 7.

PROCESS	FUNCTIONALITY	DESCRIPTION
<b>Location settings</b>	Payment methods	Configuration of payment and collection methods. Table 13.
<b>Location settings</b>	Countries	Configuration of country codes and approval of tax havens. Tables 16 and 17.
<b>Location configuration</b>	Types of foreign income	Configuration of types of foreign income. Table 18.
<b>Taxes</b>	Standard VAT configuration	Configuration of different VAT percentages and recording in accounting accounts. Table 12.
<b>Taxes</b>	VAT withholding on purchase invoices	Configuration of percentages and definition of accounting accounts for calculating VAT withholding on purchases. Table 11.
<b>Tax</b>	VAT withholding on sales invoices	Configuration of percentages and definition of accounting accounts for calculating VAT withholding on sales. Table 11.
<b>Tax</b>	Withholding tax on purchase invoices	Configuration of percentages and definition of accounting accounts for calculating withholding tax on purchases. Table 3.10.
<b>Taxes</b>	Withholding tax on sales invoices	Configuration of percentages and definition of accounting accounts for calculating withholding tax on sales. Table 3.10.
<b>Tax</b>	ICE amount field in purchases	Manual entry of the amount corresponding to the ICE tax on purchases, for electronic transmission and ATS.
<b>Electronic invoicing</b>	Electronic invoicing connector	Connection with the electronic provider Gurusoft.
<b>Electronic invoicing</b>	Approval of electronic invoicing codes	List of electronic invoicing codes required by the SRI in all tables for issuing documents.
<b>Electronic invoicing</b>	Issuance of electronic sales invoices	Document that is legally valid and is generated, validated, issued, and received electronically.

PROCESS	FUNCTIONALITY	DESCRIPTION
<b>Electronic invoicing</b>	Issuing electronic sales credit notes	Document to cancel, reverse, or record returns, discounts, or rebates on a previous electronic sales invoice.
<b>Electronic invoicing</b>	Issuing electronic sales debit notes	Document used to increase the value of a customer's account, such as interest or late payment charges.
<b>Electronic invoicing</b>	Issuance of electronic delivery note	Document that requires information such as sender, recipient, carrier, and list of goods, and must be done with the associated sales invoice already sent to the IRS.
<b>Electronic invoicing</b>	Issuance of electronic withholding receipt 1.0	Legally valid digital document supporting the withholding of taxes by a withholding agent.
<b>Electronic invoicing</b>	Issuance of electronic withholding receipt 2.0	Legally valid digital document supporting the withholding of taxes by a withholding agent.
<b>Electronic invoicing</b>	Issuance Settlement of purchases of goods and provision of services	Used to support the acquisition of goods (or services) from suppliers who do not issue invoices, such as individuals without a Tax Identification Number (RUC).
<b>Electronic invoicing</b>	Cancellation of electronic documents.	Updating the cancellation status of electronic documents. (Cancellation must be done directly at the SRI).
<b>Electronic invoicing</b>	Generation of electronic PDF documents	Download the graphic representation of electronic documents in PDF format (standard format).
<b>Electronic invoicing</b>	Generation of XML electronic document	Download the stamped electronic document in XML format.
<b>Process</b>	Refund registration	Registration of refunds on purchases affecting the ATS.
<b>Query/Report</b>	Journal	Official books required for submission in Ecuador.
<b>Consultation / Report</b>	Summary journal	Official books required for submission in Ecuador.
<b>Consultation / Report</b>	Balance sheet	Official books required for submission in Ecuador.

PROCESS	FUNCTIONALITY	DESCRIPTION
<b>Query / Report</b>	Trial balance	Official books required for filing in Ecuador.
<b>Consultation / Report</b>	VAT return on purchases	Official books required for submission in Ecuador.
<b>Consultation / Report</b>	Sales VAT return	Official books required for submission in Ecuador.
<b>Consultation / Report</b>	Configuration of reports 103 and 104	Official books required for submission in Ecuador.
<b>Consultation / Report</b>	Withholding report	Official books required for submission in Ecuador.
<b>Consultation / Report</b>	Proof of withholdings	Official books required for submission in Ecuador.
<b>Consultation / Report</b>	Sales and purchases tax report	Official books required for submission in Ecuador.
<b>Consultation / Report</b>	Simplified transaction annex - ATS	Official books required for submission in Ecuador.
<b>Consultation / Report</b>	Tax Movement Analysis	Generation of detailed reports on tax movements.
<b>Query / Report</b>	VAT Movement Analysis	Specific reports on movements related to VAT.
<b>Forms</b>	Form 104	Exportable query of value added tax form.
<b>Forms</b>	Form 103	Exportable withholding tax form query.

## 7. Exclusions and scope notes

- Requirements not explicitly described in this document are not part of the localization scope.
- 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 may 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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