



EnterpriseOne JDE5
Tax Reference
PeopleBook

May 2002

EnterpriseOne JDE5
Tax Reference PeopleBook
SKU JDE5ETG0502

Copyright© 2003 PeopleSoft, Inc. All rights reserved.

All material contained in this documentation is proprietary and confidential to PeopleSoft, Inc. ("PeopleSoft"), protected by copyright laws and subject to the nondisclosure provisions of the applicable PeopleSoft agreement. No part of this documentation may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, including, but not limited to, electronic, graphic, mechanical, photocopying, recording, or otherwise without the prior written permission of PeopleSoft.

This documentation is subject to change without notice, and PeopleSoft does not warrant that the material contained in this documentation is free of errors. Any errors found in this document should be reported to PeopleSoft in writing.

The copyrighted software that accompanies this document is licensed for use only in strict accordance with the applicable license agreement which should be read carefully as it governs the terms of use of the software and this document, including the disclosure thereof.

PeopleSoft, PeopleTools, PS/nVision, PeopleCode, PeopleBooks, PeopleTalk, and Vantive are registered trademarks, and Pure Internet Architecture, Intelligent Context Manager, and The Real-Time Enterprise are trademarks of PeopleSoft, Inc. All other company and product names may be trademarks of their respective owners. The information contained herein is subject to change without notice.

Open Source Disclosure

This product includes software developed by the Apache Software Foundation (<http://www.apache.org/>). Copyright (c) 1999-2000 The Apache Software Foundation. All rights reserved. THIS SOFTWARE IS PROVIDED "AS IS" AND ANY EXPRESSED OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE ARE DISCLAIMED. IN NO EVENT SHALL THE APACHE SOFTWARE FOUNDATION OR ITS CONTRIBUTORS BE LIABLE FOR ANY DIRECT, INDIRECT, INCIDENTAL, SPECIAL, EXEMPLARY, OR CONSEQUENTIAL DAMAGES (INCLUDING, BUT NOT LIMITED TO, PROCUREMENT OF SUBSTITUTE GOODS OR SERVICES; LOSS OF USE, DATA, OR PROFITS; OR BUSINESS INTERRUPTION) HOWEVER CAUSED AND ON ANY THEORY OF LIABILITY, WHETHER IN CONTRACT, STRICT LIABILITY, OR TORT (INCLUDING NEGLIGENCE OR OTHERWISE) ARISING IN ANY WAY OUT OF THE USE OF THIS SOFTWARE, EVEN IF ADVISED OF THE POSSIBILITY OF SUCH DAMAGE.

PeopleSoft takes no responsibility for its use or distribution of any open source or shareware software or documentation and disclaims any and all liability or damages resulting from use of said software or documentation.

Table of Contents

Overview	1
Overview of Tax Processing.....	1
Tax Rules.....	1
Tax Explanation Codes	1
Tax Rate Areas.....	1
Types of Taxes	1
Setup	4
Setting Up Tax Information.....	4
Setting Up Tax Authorities.....	4
Setting Up Tax Rules.....	5
Setting Up AAls for Taxes	10
Setting Up Tax Rate Areas.....	14
Setting Up Default Values for Taxes	18
Tax Explanation Codes	20
Setting Up the Post Program to Update the Taxes Table (F0018).....	39
Processing Options for General Ledger Post (R09801).....	40
Daily	42
Entering Tax Information on Purchase and Sales Orders.....	42
Entering Invoices and Vouchers with Taxes	46
Rounding Versus Soft Rounding	46
Revising Invoices and Vouchers with Taxes	55
Invoice and Voucher Batch Processing with Taxes	58
Fields Required for Processing Tax Information on Invoices and Vouchers.....	59
Tax Considerations for Entering the Journal Entry Transactions - Batch File table (F0911Z1)	60
Entering Journal Entries with Tax.....	60
Example: Journal Entry with Tax	61
Processing Options for Journal Entries with VAT (P09106).....	64
Periodic	65
Tax File Revisions	65
Tax Reports.....	69
Use and VAT Tax Report	69
Tax Summary Report Use/VAT	70
Sales Tax Report.....	71
VAT Exception Report by Tax Area.....	72
GST/PST Tax Report.....	73
VAT Journals	74
Advanced & Technical	75
Purging the Taxes Table	75

Overview

Overview of Tax Processing

Tax assessment, collection, reporting, and payment can be very complicated processes depending on the tax requirements for your government. J.D. Edwards tax processing software helps to eliminate the confusion by providing all the tax algorithms that you need to automate tax calculations. You use a set of defined tax explanation codes to direct the system to calculate taxes. If you need to change the tax amount, the system provides a set of rules that you customize to help you maintain acceptable changes to tax amounts.

Components of tax processing include the following.

Tax Rules

Tax rules do the following:

- Establish tolerance amounts or percentages to provide warning and error messages when the system-calculated tax amount is changed for VAT
- Establish whether you want taxes calculated on the gross amount, including or excluding the discount amount
- Establish whether you want the discount calculated on the gross, including or excluding the tax amount
- Establish whether you want to allow taxes to be understated in the Accounts Receivable system

Tax Explanation Codes

Tax explanation codes perform specific calculations based on the type of type of tax you use.

Tax Rate Areas

Tax rate areas do the following:

- Define tax rates to be paid to tax authorities
- Define offset accounts to use for posting tax amounts, when applicable
- Define whether a portion of the tax amount is nonrecoverable
- Define whether you want to calculate tax-on-tax for tax explanation codes C and B
- Define taxes associated with items
- Define a maximum cost associated with an item

Types of Taxes

When you process transactions with taxes, you choose a tax explanation code that represents the type of tax that you need to assess. Only three tax types exist:

- Sales

- Use
- Value Added (VAT)

All other tax explanation codes represent a combination of these tax types.

Sales Tax (Seller-Assessed)

When you sell or purchase goods, you might be required to pay a sales tax. The system calculates sales tax on the gross amount of the transaction. Customers who buy goods for their own use pay sales tax at the time of purchase. In most cases, the seller of the goods and services calculates and remits sales taxes to the appropriate tax authority. Suppliers who buy goods for resale do not pay sales tax.

When a company is the end user, it must pay all the sales taxes due. For example, in Denver, Colorado, a company must pay the state sales tax and also the Denver city sales tax. The remitter of the taxes can vary, however. Sales taxes can be remitted to the tax authorities by either the seller or the buyer.

Sales tax is the primary type of tax used in the United States.

Use Tax (Self-Assessed)

When the buyer of goods and services calculates and remits sales tax, the tax is known as *use tax*. A use tax might be levied when a company keeps the goods that it manufactures for its own use. For example, a pencil manufacturer might owe a use tax when it keeps some of the pencils that it manufactures for the use of its employees. A use tax might also be levied when a buyer in one tax area is responsible for direct payment of local sales taxes on goods and services purchased outside the local tax area. For example, a catalog company in New York does not collect sales taxes from buyers in Colorado; the buyers must pay the Colorado tax authorities directly.

Use tax is used in the Accounts Payable system only.

Value Added Taxes (VAT)

A value added tax (VAT) is a tax that is collected at each stage in the production and distribution of goods and services as value to the goods is added. As a business adds value to a product (for example, packaging a product), the business must pay VAT on the added value (the value of the packaging). In other words, the business must pay tax on the difference between the selling price of the packaged product and the cost of materials and services purchased to produce the product. The VAT amount is collected when the business sells the product.

Value added taxes (VAT) are assessed on most sales and purchases. Only a few goods and services are tax-free or not taxable in full.

Goods and services belong in one of three categories:

- **Taxable.** A business that produces only taxable products must collect VAT on its sales and can request a tax credit for the VAT paid on its purchases (purchases of materials that make up the product).
- **Tax-exempt.** A business that produces only tax-exempt products does not need to collect VAT on its sales and cannot request tax credit for the VAT paid on its purchases. Because the business cannot recover any of the VAT paid on purchases, costs can increase. Businesses that provide services such as loans, mortgages, life insurance, and property insurance are examples in this category.

- Zero-rated (tax-free). A business that produces only zero-rated products is not required to collect VAT on its sales, but can obtain tax credit for VAT paid on its purchases. Businesses that produce basic food products or produce goods for export are examples in this category.

Businesses that produce products that belong to a combination of the above categories must separately track the taxes paid for tax-exempt purchases and those paid for taxable or zero-rated purchases.

Example

A simple VAT example for the production and sale of a book is shown below:

	Purchase			Sale			
	Price Paid	VAT	Total	Price Charged	VAT	Total	Paid to Govt.
Forester (log)	0.00	0.00	0.00	10.00	.70	10.70	.70
Mill (paper)	10.00	.70	10.70	15.00	1.05	16.05	.35
Printer (book)	15.00	1.05	16.05	30.00	2.10	32.10	1.05
Wholesaler	30.00	2.10	32.10	35.00	2.45	37.45	.35
Retailer	35.00	2.45	37.45	40.00	2.80	42.80	.35
Total Tax to Government							2.80

The steps required to calculate and pay a 7% VAT in the example above are summarized as follows:

1. Add VAT to the selling price of the goods or services. For example, when the mill sells paper, it adds 1.05 (7% of the 15.00 price charged) to the 15.00 sale price and sells the paper for 16.05.
2. Add all VAT paid to suppliers. For example, the mill paid .70 VAT to the forester.
3. For the current tax period, subtract the sum of the VAT amounts paid (step 2 above) from the sum of the VAT amounts received (step 1 above). This is the amount of VAT that is owed to the government. For example, the mill remits .35 to the tax authority (1.05 added to its selling price minus .70 paid to the forester). If a business calculates a negative amount, it can request a refund from the government.

Depending on the product category (taxable, tax-exempt, or zero-rated), the business might or might not be able to take advantage of all three steps. A business can add 7% of the selling price (step 1) only for taxable products. A business can subtract the sum of the VAT paid to its suppliers from the VAT owed on the value added (steps 2 and 3) only for taxable products and zero-rated products.

VAT is used worldwide and encompasses a variety of value-added taxes, such as:

- IVA in Italy
- TVA in Belgium
- GST in Singapore
- GST in Canada

Setup

Setting Up Tax Information

Various tax authorities assess and collect taxes. To comply with governmental tax regulations, you must set up tax information. After you set up this information, you can:

- Track taxes according to different tax rates and areas
- Assign a default tax rate to a customer or supplier
- Apply a tax rate to an entire transaction or transaction pay item
- Enter a tax amount or have the system calculate the amount
- Track tax history in a separate table

Setting Up Tax Authorities

Tax authorities are government agencies that assess and collect taxes. For tracking and reporting purposes, your organization must set up an address book record for each tax authority to which it remits taxes.

See Also

- ❑ *Working with Address Book Records* in the *Address Book Guide*

Before You Begin

- ❑ Set up a user defined code (01/ST) for search type TAX that you can assign to address book records to differentiate tax authorities from other address book records.

► To set up tax authorities

Use one of the following navigations:

From the Tax Processing and Reporting menu (G0021), choose Tax Authorities.

From the Daily Processing menu (G01), choose Address Book Revisions.

1. On Work With Addresses, click Add.

2. On Address Book Revision, complete the following fields.
 - Address Number
If you leave this field blank, the system assigns the address number from the Next Numbers program.
 - Alpha Name
 - Search Type
3. If the mailing name is different from the alpha name, click the Mailing tab and complete the following field:
 - Mailing Name
4. Click OK.

Setting Up Tax Rules

You set up tax rules so that the system can calculate any applicable taxes when you enter transactions with taxes. You can define tax rules differently by company and by system. The system uses these rules to:

- Establish tolerance limits on changes that you make to the tax amount when you use VAT tax explanation codes (V, C, and B)
- Determine whether the tax calculation includes the discount amount
- Determine whether the discount calculation includes the tax amount

- Determine whether taxes are calculated for sales orders at the order or detail level
- Allow taxes to be understated

Note

If you do not set up rules for a specific company, the system uses the rules that you define for company 00000. If you do not set up rules for company 00000, the system uses only the following default rules:

- Tolerance limits are set to zero
 - Tax is calculated on gross including discount
-

When you set up tax rules for the Accounts Payable system, you also set up rules for Procurement. When you set up tax rules for the Accounts Receivable system, you also set up rules for Sales Order Management.

Not all of the tax rules apply to all systems.

Tolerance Rules

When you enter a tax amount that differs from the system-calculated tax amount, the system automatically issues a warning message for all tax types except VAT.

For VAT taxes, the system uses the tolerance rules that you set up to determine when to issue a warning or error message. The system does not issue a warning message until the difference between the tax amount that you enter and the tax amount that the system calculates exceeds the tolerance limit established for a warning. By setting up tolerance information, you control the type of message that the system issues.

Tolerance rules:

- Apply to both understated and overstated amounts.
- Apply only to VAT taxes and can be defined as either a percentage or amount.

For the Accounts Receivable system, the tolerance rules that you define do not apply to VAT taxes unless you also activate the option to understate taxes.

Calculation Rules for Discount and Tax Amounts

When you enter transactions with discounts and taxes, you must specify how you want the system to calculate the discount and tax amounts. Calculation rules specify which method to use for calculating discount and tax amounts when both are specified. The rules control how the system validates the correct tax amount, based on the total amount transaction.

Calculation rules are not displayed if you choose the General Accounting system.

Edit Rules

You have only the option to understate tax amounts when you choose the Accounts Receivable system.

The edit rules activate the tolerance rules for VAT taxes for Accounts Receivable only. If you do not allow taxes to be understated, the tolerance rules that you set up apply to sales taxes only.

Examples: Calculations for Tax Rules

The system calculates gross and discount amounts using the tax rules that you set up. Each of the following examples uses a different combination of rules to calculate:

- Tax on gross including or excluding the discount amount
- Discount on gross including or excluding the tax amount

The examples use the following amounts:

- Taxable amount: 1,000
- Gross amount: Varies
- Tax rate: 10%
- Tax amount: 100
- Discount: 1%

Example 1

Calculate Tax on Gross (Including Discount)	
Calculate Discount on Gross (Including Tax)	
Discount Formula	$(\text{Taxable Amount} + \text{Tax Amount}) \times \text{Discount Percent} = \text{Discount Available}$ $(1,000 + 100) \times .01 = 11.00$
Gross Formula	$\text{Taxable Amount} + \text{Tax Amount} = \text{Gross Amount}$ $1,000 + 100 = 1,100$
Taxable Formula	$\text{Gross Amount} / (1 + \text{Tax Rate}) = \text{Taxable Amount}$ $1,100 / 1.1 = 1,000$

Example 2

Calculate Tax on Gross (Including Discount)	
Calculate Discount on Gross (Excluding Tax)	
Discount Formula	$\text{Taxable Amount} \times \text{Discount Percent} = \text{Discount Available}$ $1,000 \times .01 = 10.00$
Gross Formula	$\text{Taxable Amount} + \text{Tax Amount} = \text{Gross Amount}$ $1,000 + 100 = 1,100$
Taxable Formula	$\text{Gross Amount} / (1 + \text{Tax Rate}) = \text{Taxable Amount}$ $1,100 / 1.1 = 1,000$

Example 3

Calculate Tax on Gross (Excluding Discount)	
Calculate Discount on Gross (Including Tax)	
Discount Formula	$(\text{Tax Amount} / [(1 - \text{Discount Percent}) \times \text{Tax Rate}] + \text{Tax Amount}) \times \text{Discount Percent} = \text{Discount Available}$ $(100 / [(1 - .01) \times .1] + 100) \times .01 = 11.10$
Gross Formula	$\text{Taxable Amount} + \text{Tax Amount} + \text{Discount Amount} = \text{Gross Amount}$ $1,000 + 100 + 11.10 = 1,111.10$
Taxable Formula	$\text{Gross Amount} - \text{Tax Amount} - \text{Discount Amount} = \text{Taxable Amount}$ $1,111.10 - 100 - 11.10 = 1,000$

Example 4

Calculate Tax on Gross (Excluding Discount)	
Calculate Discount on Gross (Excluding Tax)	
Discount Formula	$(\text{Taxable Amount} \times \text{Discount Percent}) / (1 - \text{Discount Percent}) = \text{Discount Available}$ $(1,000 \times .01) / (1 - .01) = 10.10$
Gross Formula	$\text{Taxable Amount} + \text{Tax Amount} + \text{Discount Amount} = \text{Gross Amount}$ $1,000 + 100 + 10.10 = 1,110.10$
Taxable Formula	$\text{Gross Amount} - \text{Tax Amount} - \text{Discount Amount} = \text{Taxable Amount}$ $1,110.10 - 100 - 10.10 = 1,000$

► **To set up tax rules**

From the Tax Processing and Reporting menu (G0021), choose Tax Rules.

1. On Work With Tax Rules, click Add.

The screenshot shows the PeopleSoft web interface for 'Tax Rules - Tax Rules Revisions'. The window has a title bar with 'PeopleSoft' and navigation icons. Below the title bar is a 'Select Workspace' dropdown set to 'Active Foundation'. The main content area is titled 'Active Foundation' and includes buttons for 'Personalize', 'Change Role', and 'Sign Out'. The 'Tax Rules - Tax Rules Revisions' window contains a toolbar with 'OK', 'Cancel', and 'Tools' buttons. The 'Company' field is set to '00001'. Below it are radio buttons for 'A/R', 'A/P', and 'G/L'. The 'Tolerance' section has 'Warning' and 'Error' tabs, with 'Warning' selected. It shows a percentage tolerance of 2.000 and an error tolerance of 10.000. The 'Calculations' section has radio buttons for 'Tax on Gross Including Discount' (selected) and 'Tax on Gross Excluding Discount', and checkboxes for 'Discount on Gross Including Tax' and 'Sales Order Taxes at Order Level'. The 'Edit' section has a checkbox for 'Allow Understatement of Tax Amt'.

2. On Tax Rules Revisions, complete the following field:

- Company

If you do not define rules for a specific company, the system uses the rules that you define for company 00000.

3. Click one of the following options:

- A/P

The rules that you establish for Accounts Payable also apply to the Procurement system.

- A/R

The rules you establish for Accounts Receivable also apply to the Sales Order Management system.

- G/L

4. Under Tolerance, click one of the following options to specify the type of tolerance that you want to establish:
 - %
 - Amt
5. Complete the following fields to specify the range for the type of tolerance that you selected:
 - Tolerance Rate - Warn
 - Tolerance Rate - Error
6. Under the Calculations heading, click one of the following options:
 - Tax on Gross Including Discount
 - Tax on Gross Excluding Discount
7. Complete the following options:
 - Discount on Gross Including Tax

If this option is turned on, tax will be included in the gross amount that is used to calculate the discount.
 - Sales Order Taxes at Order Level

If this option is turned on, the system sums the detail line items, then calculates the tax on the total amount. If you do not complete the option, the system calculates the tax on each detail line item, then sums the tax for the order.

The system displays this field only when you choose the option for A/R.
 - Allow Understatement of Tax Amt

The system displays this field only when you choose the option for A/R.
8. Click OK.

Setting Up AAls for Taxes

If you are required to collect or pay taxes, you must set up your system so that the tax amounts are applied to the correct general ledger accounts. The system applies tax amounts automatically to the account that you specify in an Automatic Accounting Instruction (AAI).

When you set up AAls for a specific type of tax, such as VAT, you specify which accounts you want the system to debit and credit for the tax amount. If you pay taxes in multiple currencies, you need to set up tax AAls for each company.

The financial systems (Accounts Payable, Accounts Receivable, and General Accounting) use different AAls than the distribution systems (Sales Order Management and Procurement).

See Also

- ❑ *Automatic Accounting Instructions (AAIs) in the General Accounting Guide* for information about adding, reviewing, and revising financial AAIs.
- ❑ *Setting Up Automatic Accounting Instructions in the Sales Order Management Guide* for information about adding, reviewing, and revising distribution AAIs.

Financial AAIs for Taxes

You can enter taxes on invoices, vouchers, journal entries, purchase orders, and sales orders. If you enter VAT or Use taxes, you must set up an AAI to debit or credit the appropriate tax account for each of the following systems:

- Accounts Payable
- Accounts Receivable
- General Accounting
- Procurement
- Sales Order Management

VAT Tax AAIs for Accounts Payable, Accounts Receivable, and General Accounting (PTxxxx, RTxxxx, GTxxxx)

When you post a transaction with VAT taxes, the system uses an AAI to locate the general ledger account to use to post the tax amount. Because you might require a different account for different tax authorities, you can specify a G/L Offset value for each tax authority that you set up in the tax rate area, and then set up a corresponding AAI that includes that value. The G/L offset can be up to four characters in length and follows the AAI item. Examples are PTVATA, RTVATB, and GTTXX. Specifying a value in the G/L Offset field allows you to direct VAT tax amounts to different accounts by offset (or tax authority) for each company and differentiates VAT tax accounts from use tax accounts in the Accounts Payable system.

You can set up the AAI for each company or for company 00000 only. If you do not set up company-specific AAIs, the system uses the AAI set up for company 00000. If you do not use a G/L offset, the system uses the account associated with the AAI item (PT, RT, GT) only.

The following table shows the hierarchy that the system uses to determine the account to which VAT tax amounts are posted.

Hierarchy	Company	Accounts Payable	Accounts Receivable	General Accounting
1	Company specific	PT + G/L Offset	RT + G/L Offset	GT + G/L Offset
2	Company 00000	PT + G/L Offset	RT + G/L Offset	GT + G/L Offset
3	Company specific	PT	RT	GT
4	Company 00000	PT	RT	GT

You must specify a business unit and object account when you set up tax AAls for Accounts Payable and Accounts Receivable. The subsidiary field is optional. For tax AAls for General Accounting, if you do not specify a business unit, the system uses the business unit from the account entered on the journal entry.

VAT Tax AAls for Procurement (PTVATD)

The Procurement system uses the same AAI item as the Accounts Payable system (PT), except when you have a purchase order with retainage and you defer VAT. In this case, when you match the voucher to the receipt using the Voucher Match program (P4314), the system uses the AAI item PTVATD to locate the account for the deferred VAT. The system uses this AAI only when:

- The processing option (Retainage tab) for the Voucher Match program (P4314) is set to apply tax to the retained amount.
- You use a tax type of C or V.

When you release retainage, this AAI reverses debits and credits with the VAT Payables (PCVATP) AAI.

If you do not set up this AAI, the system returns an error.

Use Taxes (PT) - Accounts Payable and Procurement

Use taxes (tax explanation code U and B) do not use a G/L offset to specify a tax account; the system always uses PT (blank). You can set up the AAI for each company or for company 00000 only. If you do not set up company-specific AAls, the system uses the AAI set up for company 00000.

Unlike VAT taxes, you can specify use tax accounts by tax rate area. Instead of using multiple AAls to specify different tax accounts, you set up different tax accounts for each tax rate area by defining the subsidiary portion of the account as the tax rate area. For example, if the tax account were 1.4433 and the tax rate area were ONT (for Ontario), you would set up 1.4433.ONT in the Account Master table (F0901). Thus, you would have a unique account number for each tax rate area.

When you set up the AAI for PT, you do not specify a subsidiary account; you specify the business unit and object account only. The system ignores the subsidiary account if one exists. When you post the voucher, the system looks for the account number specified in the AAI in conjunction with the tax rate area specified on the voucher. If the account number exists, the system uses it. If the account number, including the tax rate area, does not exist, the system uses the account number. For example, if you set up PT for 1.4433 and enter tax rate area DEN on the voucher, the system searches for 1.4433.DEN. If the system cannot locate this account number, it uses 1.4433.

Distribution AAls for Taxes

Transactions in the Sales Order Management and Procurement systems use both distribution and financial AAls. The distribution AAls are set up on multiple tables, each of which applies to a certain type of transaction. Not all transactions with taxes use the distribution AAls.

The following table shows the distribution AAI tables that you must set up to enter purchase orders and sales orders with taxes for the specified tax explanation code. Any other tax explanation codes that you enter on the order revert to the financial AAls (RT, PT, GT).

System	AAI Table	Description	Tax Explanation Code	Transaction Type
Sales Order Management	4250	Tax liability	S	N/A
Procurement	4350	Purchase tax accrual	S	3-Way Match (Inventory)
			U	3-Way Match (Inventory)
	4355	Received not vouchered tax	S	3-Way Match (Inventory) 3-Way Match (Non-Inventory)
			U	3-Way Match (Inventory) 3-Way Match (Non-Inventory)

Note

The system also uses the distribution AAls for tax explanation codes B and C for the sales and use portion of the tax amount.

Each AAI table allows you to set up different general ledger accounts based on the company, document type, and G/L class code that you enter. You enter the same value in the G/L Cat field (GLPT) that you have set up in the G/L Offset field in your tax rate areas. For example, if you had a tax rate area set up for CO that includes a G/L offset TXTX, and you had another tax rate area ONT that includes a G/L offset TXY, you would set up two distribution AAls. The following example illustrates how the distribution AAls correlate to the tax rate area.

Tax Rate Area Setup

Tax Rate Area	G/L Offset	Tax Rate
CO	TXTX	7.3
ONT	TXTY	5.0

Distribution AAI Set Up

AAI Table 4250					
Company	Document Type	G/L Cat	Branch Plant	Object	Subsidiary
00001	SD	TXTX	1	4551	

00001	SD	TXTY	1	4552	
00002	SO	TXTX	1	4553	
00002	SO	TXTY	1	4554	

Note

You can define a flexible account number for the AAI table 4250. The system searches for the account number in the Sales Flex Accounting table (F4096) based on the AAI table. If the AAI table is not defined to use flexible accounts, the system uses the account number that is set up in the Distribution/Manufacturing - AAI Values table (F4095).

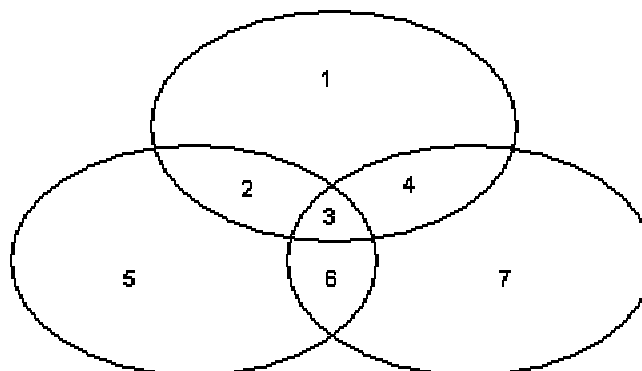
Setting Up Tax Rate Areas

To calculate and track the different taxes that you pay to your suppliers or for your customers, you must set up tax rate areas. Each tax area is a physical, geographic area, such as a state, province, or county. Different tax authorities assess a variety of taxes for each geographic area. Additionally, each authority within a tax area can have a different tax rate.

The Tax Rates/Areas program (P4008) also provides features for special situations. For example, you can specify whether tax is calculated as "tax-on-tax," whether a portion of the tax is nonrecoverable (available for input credits), and whether maximum unit cost is associated with a particular item.

The following diagram illustrates how some tax areas could be organized:

Tax Rate Areas



The three circles represent three tax authorities. The seven numbered areas represent tax areas.

Notice that tax authority jurisdiction can overlap and that a tax area can be assessed taxes by one or more tax authorities. The tax rate for a tax authority does not vary from one tax area to another. Tax authority A assesses a 3% tax in tax areas 2, 3, 5, and 6.

For each tax area, however, the total tax burden can vary. It is the cumulative effect of multiple tax authorities for a single tax area that causes the tax burden to vary from one tax area to another. For example, the businesses located in tax area 5 must remit tax to only one tax authority (Tax Authority A for 3%). Businesses in tax area 2 remit taxes to two tax authorities (Tax Authorities A for 3% and B for 2%), and businesses in tax area 3 remit taxes to all three tax authorities.

You can run a report to review all of the tax areas that are set up.

Tax Rate Areas for Items

You can specify tax information for an item or group of items. To specify tax information for an item, set the processing option to validate information against the Item Branch File table (F4102) and enter the item number in the tax rate area.

To specify a tax rate for an item group, enter one of the valid options in the Sales Taxable Y/N field from the Item Branch/Plant Info. form (W41026A). Options 3 through 8 are for grouping items together based on the tax rate. You set up the tax rate by area for one of the options and then specify the option for like items on the Item Branch/Plant Info. form.

See Also

- ❑ *Setting Up Base Pricing Structure* in the *Sales Order Management Guide* for more information about setting up item and customer price groups
- ❑ *Setting Up a Tax Rate for Intra-Community VAT* in the country-specific *Global Solutions Guide*

Before You Begin

- ❑ Set up the tax authorities in the address book.
- ❑ Set up the necessary tax AAls.

► To set up tax rate areas

From the Tax Processing and Reporting menu (G0021), choose Tax Rate/Areas.

1. On Work With Tax Rate/Areas, click Add.

PeopleSoft®

Select Workspace: Active Foundation

Active Foundation Personalize Change Role Sign Out

Tax Rate/Areas - Tax Rate/Area Revisions

OK Cancel Form Tools

Tax Rate/Area: CO Effective Date: 01/01/97

Description: Colorado State & Regional Tax Expiration Date: 12/31/06

Tax Authorities

Address	Tax Authority	G/L Offset	Tax Rate	
4010	Colorado State Treasurer	TXTX	3.800	<input type="checkbox"/> Compound Tax
				<input type="checkbox"/> VAT Expense
				<input type="checkbox"/> VAT Expense
				<input type="checkbox"/> VAT Expense
TOTAL TAX			3.800	

InventoryPurchasingSales Order

Item Number: Maximum Unit Cost:

2. On Tax Rate/Area Revisions, complete the following fields:

- Tax Rate/Area
- Description
- Effective Date
- Expiration Date
- Tax Auth 1

Enter the address number of the tax authority.

- G/L Offset

Only tax explanation code V uses the G/L Offset for the 2nd and subsequent tax authorities. The system ignores the field for all other tax explanation codes.

- Tax Rate

Note

If you use tax explanation codes B (VAT + Use) or C (VAT + sales), you must enter the VAT tax authority and tax rate on the first line of the tax rate area.

3. To calculate tax on the previous tax rate entered, activate the following option:
 - Compound Tax
The system calculates only compound tax when you use tax explanation codes B and C. To process compound taxes for tax explanation code V (VAT), use V+.
4. To calculate a nonrecoverable VAT percentage, complete steps 5 and 6; otherwise, proceed to step 7.
5. Turn on the following option:
 - VAT Expense
6. Complete the following field to specify the nonrecoverable VAT percent:
 - Tax Rate
The nonrecoverable percent applies to the first tax rate only when using tax explanation codes C and B.
7. Verify the system-supplied information in the following field:
 - TOTAL TAX
8. To specify tax rate/area information for an inventory item, complete the following fields:
 - Item Number
You can enter an item number or an item group (3–8). If you enter an item group, you must set the Validation processing option to 0; otherwise, the system validates the number specified for a group as an item.
 - Maximum Unit Cost
These fields are used in the sales and procurement systems only. You can disable these fields by setting a processing option.
9. Click OK.
10. To print the tax rates that are set up, choose Tax Area Report from the Report menu.

Processing Options for Tax Rate/Areas (P4008)

Item#/MaxCost

Enter 1 to show these fields OR 0 to hide them:
Validation

Enter 1 to validate item numbers OR 0 to not validate:

Setting Up Default Values for Taxes

When you enter transactions with taxes, you can enter the tax information on the transaction or set up default values that the system uses during the entry process. Default tax values include the tax rate area and tax explanation code, and can be set up in the customer or supplier record or in the business unit record (tax rate area only). Regardless of whether you establish default values, you can override the tax information when you enter the transaction.

The following table shows the default tax rate area and tax explanation code that the system uses for each type of transaction that you enter:

Transaction Entered	Tax Rate Area Used	Tax Explanation Code Used
Purchase order	Supplier record	Supplier record
Sales order	Customer record	Customer record
Voucher	Business unit; then supplier record	Supplier record
Invoice	Business unit; then customer record	Customer record
Journal entry	None	None

Purchase Order Entry

The system uses tax defaults that you set up in the supplier record when you enter purchase orders. When you enter purchase orders, you use processing options to specify whether to retrieve the tax rate area from the ship-to or supplier address book number. The system always uses the tax explanation code from the supplier record.

Sales Order Entry

The system uses tax defaults that you set up in the customer record when you enter a sales order. When you enter direct ship, transfer orders, or sales orders with different sold-to or ship-to addresses, the system retrieves the tax rate area from the ship-to address and the tax explanation code from the sold-to address.

Voucher and Invoice Entry

When you enter a voucher or invoice, the system uses the tax rate area associated with the business unit, if one exists. If a tax rate area is not set up for the business unit, the system uses the tax rate area from the supplier or customer record. The system uses the tax explanation code from the supplier or customer record regardless of whether it uses the tax rate area from the business unit.

Journal Entries

The system does not use default tax information when you enter a journal entry with VAT.

► To set up tax defaults for the supplier

Use one of the following navigations:

From the Supplier & Voucher Entry menu (G0411), choose Supplier Master Information.

From the Supplier Management menu (G43A16), choose Purchasing Instructions.

From the Non-Stock Purchasing System Setup menu (G43B41), choose Purchasing Instructions.

1. On Work With Supplier Master, locate the supplier record and click Select.
2. On Supplier Master Revision, click the Tax Information tab and complete the following fields:
 - Tax Expl Code 2
 - Tax Rate / Area
3. Click OK.

► To set up tax defaults for the customer

Use one of the following navigations:

From the Customer Invoice Entry menu (G03B11), choose Customer Master Information.

From the Sales Order Management Setup menu (G4241), choose Customer Billing Instructions.

1. On Work With Customer Master, locate and choose the customer record and click Select.
2. On Customer Master Revision, click the Tax Information tab and complete the following fields:
 - Tax Expl Code
 - Tax Rate/Area
3. Click OK.

► To set up tax defaults for the business unit

From the Organization & Account Setup menu (G09411), choose Revise Single Business Unit.

1. On Work With Business Units, locate and choose the business unit, and then click Select.
2. On Revise Business Unit, click the More Detail tab.

3. Complete the following field and click OK:

- Tax Rate/Area

Tax Explanation Codes

You might be required to calculate, pay, collect, and track taxes on invoices that you receive from your suppliers and send to your customers. When this is necessary, you need to enter a tax explanation code on the transaction. You can enter the tax explanation code on the transaction entry form, or let the system use a default tax explanation code that you set up on the customer or supplier record.

Tax explanation codes are hard-coded user defined codes (00/EX) that specify the algorithm the system uses to calculate the tax amount and which, if any, G/L account is used to record tax information. Each tax explanation code specifies a particular algorithm that affects the amount to distribute in the general ledger. You can create your own tax explanation codes, but they must begin with the letter S, U, V, B, C, or E and use the same algorithm as the corresponding standard tax explanation codes. For example, S1 will function exactly like S and V7 will function exactly like V. Any tax explanation codes that you create and use that don't follow these guidelines will be ignored by the system.

The letter T follows some tax explanation codes. You use this type of tax explanation code when you want to enter only the tax portion of the transaction. For example, if you enter a voucher and do not include the tax information, you can enter another voucher and use the appropriate tax explanation code followed by the letter T to indicate that the entire voucher represents a tax amount.

Not every tax explanation code is applicable to every system in J.D. Edwards software.

The following table lists the available tax explanation codes, the systems that use each code, and the gross and G/L distribution amounts that the system calculates when the taxable amount is entered:

Tax Explanation			
Code	Description	System Used*	Gross and G/L Distribution Amounts
S	Seller-assessed sales tax	A/P, A/R, P/O, S/O	Gross = Goods + Sales tax Distribution = Goods + Sales tax
ST	Same as S, but taxes only	A/P, A/R	Gross = Sales tax Distribution = Sales tax
U	Self-assessed sales tax	A/P, P/O	Gross = Goods Distribution = Goods + Use tax
UT	Same as U, but taxes only	A/P	Gross = 0 Distribution = Use tax
V	Value added tax	A/P, A/R, G/A, P/O, S/O	Gross = Goods + VAT Distribution = Goods
VT	Same as V, but taxes only	A/P, A/R, G/A	Gross = VAT Distribution = 0
V+	Same as V, but calculated as tax on a tax	A/P, A/R, P/O, S/O	Gross = Goods + VAT Distribution = Goods

B	VAT + Use tax	A/P, P/O	Gross = Goods + VAT Distribution = Goods + Use tax
BT	Same as B, but taxes only	A/P	Gross = VAT Distribution = Use tax
C	VAT + Sales tax	A/P, A/R, P/O, S/O	Gross = Goods + VAT + Sales tax Distribution = Goods + Sales tax
CT	Same as C, but taxes only	A/P, A/R	Gross = VAT + Sales tax Distribution = Sales tax
E	Tax exempt	A/P, A/R, P/O, S/O	Gross = Goods Distribution = Goods

*A/P = Accounts Payable

A/R = Accounts Receivable

G/A = General Accounting (journal entries)

P/O = Procurement

S/O = Sales Order Management

Sales Tax (\$) – Purchase Order to Voucher

When you enter purchase orders with sales tax (tax explanation code S), the system uses distribution AAls to record the tax and, if you are purchasing for stock, update the inventory account. These AAls differ depending on whether you are purchasing for stock and whether you use two-way or three-way matching.

The examples that follow show the AAls that the system uses and the tables and accounts that the system updates when you run the program specified. All of the examples are for a purchase order in the amount of 1,000 USD with a 10% sales tax rate. The system was set up to create the journal entries in detail.

Purchasing for Stock Items – Three-Way Voucher Match

When you purchase for stock, you must use three-way voucher matching. When you enter the purchase order receipt, the system records the tax in two general ledger accounts: Purchase Tax Accrual and Received Not Vouchered Tax. When the system creates the voucher, it offsets the Received Not Vouchered Tax account. You use the Purchase Tax Accrual account to track the tax portion of the item. You do not remit sales tax to a tax authority because the seller (supplier) pays it.

Example: Purchasing for Stock Items – Three-Way Voucher Match					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Enter Receipts by PO (P4312) Creates a journal entry	DM – 4310 DM – 4350 DM – 4320 DM – 4355	F0911	Inventory Asset Purchase Tax Accrual (asset) Received Not Vouchered Received Not Vouchered Tax	1,000 100	1,000 100

Voucher Match (P4314) Creates a voucher	DM – 4320 DM – 4355	F0411 F0911	Taxable (1,000) Tax (100) Gross (1,100) Received Not Vouchered Received Not Vouchered Tax	1,000 100	
Post General Ledger (R09801) Posts the voucher to the general ledger	FIN – PC	F0911	A/P Trade		1,100

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

Note

When you enter tax information during the voucher match process, instead of when you enter the purchase order, the system does not make an entry to the account associated with DMAAI 4355; instead, the system debits the account for DMAAI 4350, as well as the Received Not Vouchered account, and credits the A/P Trade account when the voucher is posted.

Purchasing for Nonstock Items – Three-Way Voucher Match

When you purchase for a nonstock item, you can use either two-way or three-way voucher matching. When you use three-way voucher matching and enter the purchase order receipt, the system records the tax in the Received Not Vouchered Tax account, which is offset when the system creates the voucher. The system records the sales tax on the voucher only and includes it in the amount of the expense distribution. The system does not record sales tax in a separate account because you do not remit it to a tax authority; the supplier pays it.

Example: Purchasing for Nonstock Items – Three-Way Voucher Match					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Enter Receipts by PO (P4312) Creates a journal entry	DM – 4320 DM – 4355	F0911	Expense Account from PO line Received Not Vouchered Received Not Vouchered Tax	1,100	1,000 100
Voucher Match (P4314) Creates a voucher	DM – 4320 DM – 4355	F0411 F0911	Taxable (1,000) Tax (100) Gross (1,100) Received Not Vouchered Received Not Vouchered Tax	1,000 100	
Post General Ledger (R09801) Posts the voucher to the general ledger	FIN – PC	F0911	A/P Trade		1,100

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

Purchasing for Nonstock Items – Two-Way Voucher Match

When you use two-way voucher matching, the system does not use the Received Not Vouchered accounts because you do not enter purchase order receipts; you enter the purchase order and create the voucher. The system does not record the sales tax in any general ledger account at any time during the process. The system records the sales tax on the voucher only and includes it in the amount of the expense distribution. The system does not record sales tax in a separate account because you do not remit it to a tax authority; the supplier pays it.

Example: Purchasing for Nonstock Items – Two-Way Voucher Match					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Voucher Match (P4314) Creates a voucher		F0411 F0911	Taxable (1,000) Tax (100) Gross (1,100) Expense Account from PO line	 1,100	
Post General Ledger (R09801) Posts the voucher to the general ledger	FIN – PC	F0911	A/P Trade		1,100

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

Sales Tax (S) – Sales Order to Invoice

When you enter a sales order with sales tax (tax explanation code S) and run Update Customer Sales (R42800), the system uses distribution AAIs to record the Store Sales, Tax Liability, Cost of Goods (COG) Sold, and Inventory accounts. You offset the Tax Liability account when you pay the tax authority.

The following example shows the AAI that the system uses and the tables and accounts that the system updates when you run the specified program. The example is for a sales order in the amount of 1,000 USD with a 10% sales tax rate.

Example: Sales Order to Invoice					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Update Customer Sales (R42800) Creates an invoice	DM – 4230 DM – 4250 DM – 4220 DM – 4240	F03B11 F0911	Taxable (1,000) Tax (100) Gross (1,100) Store Sales Tax Liability COG Sold Inventory	 900	 1,000 100 900
Post General Ledger (R09801) Posts the invoice to the general ledger	FIN – RC	F0911	A/R Trade	1,100	

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

Sales Tax (S) – Voucher and Invoice Entry

When you enter a voucher or invoice with sales tax, the system calculates the tax amount but does not create a separate entry to the general ledger. The sales tax appears only in the voucher or invoice record. For vouchers, the tax is part of the expense, so you do not need to enter the tax in a specific account. For invoices, however, you might want to track the sales tax in a separate account because you must pay it. In this instance, you would need to subtract the sales tax amount from the revenue and enter it separately. Alternatively, you can use tax explanation code V for the system to record the tax in the account specified by PTxxxx (for payables) or RTxxxx (for receivables). See *VAT Tax (V) – Voucher and Invoice Entry*.

The following example shows the AAI that the system uses and the tables and accounts that the system updates when you enter and post a voucher or invoice. The examples are for a taxable amount of 1,000 USD with a 10% sales tax rate.

Example: Voucher Entry					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Standard Voucher Entry (P0411) Creates a voucher		F0411	Taxable (1,000) Tax (100) Gross (1,100)		
		F0911	Expense	1,100	
Post General Ledger (R09801) Posts the voucher to the general ledger	FIN – PC	F0911	A/P Trade		1,100

Example: Invoice Entry					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Standard Invoice Entry (P03B11) Creates an invoice		F03B11	Taxable (1,000) Tax (100) Gross (1,100)		
		F0911	Revenue Sales Tax		1,000 100
Post General Ledger (R0911) Posts the invoice to the general ledger	FIN – RC	F0911	A/R Trade	1,100	

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

Use Tax (U) – Purchase Order to Voucher

When you enter a purchase order with use tax (tax explanation code U), the system calculates the tax amount and makes a separate entry to the general ledger when you post the transaction.

The examples that follow show the AAIs that the system uses and the tables and accounts that the system updates when you run the program specified. All of the examples are for a purchase order in the amount of 1,000 USD with a 10% use tax rate. The system was set up to create the journal entries in detail.

Purchasing for Stock Items – Three-Way Voucher Match

When you purchase for stock, you must use three-way voucher matching. When you enter the purchase order receipt, the system records the tax in two general ledger accounts: Purchase Tax Accrual and Received Not Vouchered Tax. When the system creates the voucher, it offsets the Received Not Vouchered Tax account and records the tax in the Purchase Tax Accrual asset account only for tracking purposes. When you post the voucher, the system records the tax in the Use Tax Payable account. When you pay the tax authority, you enter a voucher that offsets the Use Tax Payable account.

Example: Purchasing for Stock Items – Three-Way Voucher Match					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Enter Receipts by PO (P4312) Creates a journal entry	DM – 4310 DM – 4350 DM – 4320 DM – 4355	F0911	Inventory Asset Purchase Tax Accrual (asset) Received Not Vouchered Received Not Vouchered Tax	1,000 100	1,000 100
Voucher Match (P4314) Creates a voucher	DM – 4320 DM – 4355	F0411 F0911	Taxable (1,000) Tax (100) Gross (1,000) Received Not Vouchered Received Not Vouchered Tax	 1,000 100	
Post General Ledger (R09801) Posts the voucher to the general ledger	FIN – PT FIN – PC	F0911	Use Tax Payable A/P Trade		100 1,000

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

Purchasing for Nonstock Items – Three-Way Voucher Match

When you purchase for a nonstock item, you can use either two-way or three-way voucher matching. When you use three-way voucher matching and enter the purchase order receipt, the system records the tax in the Received Not Vouchered Tax account, which is offset when the system creates the voucher. The system does not include the use tax in the gross amount of the voucher, nor does it include it in the amount of the expense distribution. The system records the tax in a separate account that is offset when you remit the tax to the tax authority.

Example: Purchasing for Nonstock Items – Three-Way Voucher Match					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Enter Receipts by PO (P4312) Creates a journal entry	DM – 4320 DM – 4355	F0911	Expense Account from PO line Received Not Vouchered Received Not Vouchered Tax	1,100	1,000 100
Voucher Match (P4314) Creates a voucher	DM – 4320 DM – 4355	F0411 F0911	Taxable (1,000) Tax (100) Gross (1,000) Received Not Vouchered Received Not Vouchered Tax	 1,000 100	

Post General Ledger (R09801) Posts the voucher to the general ledger	FIN – PT FIN – PC	F0911	Use Tax Payable A/P Trade		100 1,000
---	----------------------	-------	------------------------------	--	--------------

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

Purchasing for Nonstock Items – Two-Way Voucher Match

When you use two-way voucher matching, the system does not use the Received Not Vouchered accounts because you do not enter purchase order receipts; you enter the purchase order and create the voucher. When the system creates the voucher, it does not include the use tax in the gross amount of the voucher, nor does it include it in the amount of the expense distribution. The system records the tax in a separate account that is offset when you remit the tax to the tax authority.

Example: Purchasing for Nonstock Items – Two-Way Voucher Match					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Voucher Match (P4314) Creates a voucher		F0411 F0911	Taxable (1,000) Tax (100) Gross (1,000) Expense Account from PO line	 1,000	
Post General Ledger (R09801) Posts the voucher to the general ledger	FIN – PT FIN – PC	F0911	Use Tax Payable A/P Trade		100 1,000

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

Use Tax (U) – Voucher Entry

When you enter a voucher with use tax, the system calculates the tax amount and creates a separate entry to the Use Tax Payable account when you post the transaction. You offset this account when you pay the tax authority.

The following example shows the AAIs that the system uses and the tables and accounts that the system updates when you enter and post a voucher that has a taxable amount of 1,000 USD with a 10% use tax rate.

Example: Voucher Entry					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Standard Voucher Entry (P0411) Creates a voucher		F0411 F0911	Taxable (1,000) Tax (100) Gross (1,000) Expense	 1,100	

Post General Ledger (R09801) Posts the voucher to the general ledger	FIN – PT FIN – PC	F0911	Use Tax Payable A/P Trade		100 1,000
---	----------------------	-------	------------------------------	--	--------------

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

VAT Tax (V) – Purchase Order to Voucher

When you enter a purchase order with VAT tax (tax explanation code V), the system calculates the tax amount and makes a separate entry to the general ledger when you post the transaction.

The examples that follow show the AAI's that the system uses and the tables and accounts that the system updates when you run the program specified. All of the examples are for a purchase order in the amount of 1,000 USD with a 10% VAT tax rate. The system was set up to create the journal entries in detail.

Purchasing for Stock Items – Three-Way Voucher Match

When you purchase for stock, you must use three-way voucher matching. When you enter the purchase order receipt, the system does not accrue the tax; tax is recorded in the Received Not Vouchered Tax account only, and then is offset when the system creates the voucher. When you post the voucher, the system records the tax in the VAT recoverable tax account. Rather than pay a tax authority, you pay the seller (supplier) for the amount of the goods plus tax and recover the tax amount from the tax authority later.

Example: Purchasing for Stock Items – Three-Way Voucher Match					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Enter Receipts by PO (P4312) Creates a journal entry	DM – 4310 DM – 4320	F0911	Inventory Asset Received Not Vouchered	1,000	1,000
Voucher Match (P4314) Creates a voucher	DM – 4320	F0411 F0911	Taxable (1,000) Tax (100) Gross (1,100) Received Not Vouchered	1,000	
Post General Ledger (R09801) Posts the voucher to the general ledger	FIN – PTxxx FIN – PC	F0911	VAT Recoverable Tax A/P Trade	100	1,100

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

Purchasing for Nonstock Items – Three-Way Voucher Match

When you purchase for a nonstock item, you can use either two-way or three-way voucher matching. When you use three-way voucher matching and enter the purchase order receipt, the system records the tax in the Received Not Vouchered Tax account, which is offset when the system creates the voucher. When you post the voucher, the system records the tax in

the VAT Recoverable Tax account. Rather than pay a tax authority, you pay the supplier for the amount of the goods plus tax and recover the tax amount from the tax authority later.

Example: Purchasing for Nonstock Items – Three-Way Voucher Match					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Enter Receipts by PO (P4312) Creates a journal entry	DM – 4320 DM – 4355	F0911	Expense Account from PO line Received Not Vouchered Received Not Vouchered Tax	1,000	1,000 100
Voucher Match (P4314) Creates a voucher	DM – 4320	F0411 F0911	Taxable (1,000) Tax (100) Gross (1,100) Received Not Vouchered	 1,000	
Post General Ledger (R09801) Posts the voucher to the general ledger	FIN – PTxxxx FIN – PC	F0911	VAT Recoverable Tax A/P Trade	100	1,100

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

Purchasing for Nonstock Items – Two-Way Voucher Match

When you use two-way voucher matching, the system does not use the Received Not Vouchered accounts because you do not enter purchase order receipts; you enter the purchase order and create the voucher. When the system creates the voucher, it includes the VAT tax in the gross amount of the voucher, but not in the expense distribution. When you post the voucher, the system records the tax in the VAT Recoverable tax account. Rather than pay a tax authority, you pay the supplier for the amount of the goods plus tax and recover the tax amount from the tax authority later.

Example: Purchasing for Nonstock Items – Two-Way Voucher Match					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Voucher Match (P4314) Creates a voucher		F0411 F0911	Taxable (1,000) Tax (100) Gross (1,100) Expense Account from PO line	 1,000	
Post General Ledger (R09801) Posts the voucher to the general ledger	FIN – PTxxxx FIN – PC	F0911	VAT Recoverable Tax A/P Trade	100	1,100

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

VAT Tax (V) – Sales Order to Invoice

When you enter a sales order with VAT tax (tax explanation code V) and run Update Customer Sales (R42800), the system uses distribution AAls to record the Cost of Goods (COG) Sold and Inventory accounts. Although the VAT amount appears on the sales update report, the system does not record it in the VAT Payables account until you post the invoice. You offset the VAT Payables account when you pay the tax authority.

The following example shows the AAI that the system uses and the tables and accounts that the system updates when you run the specified program. The example is for a sales order in the amount of 1,000 USD with a 10% VAT tax rate.

Example: Sales Order to Invoice					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Update Customer Sales (R42800) Creates an invoice		F03B11	Taxable (1,000) Tax (100) Gross (1,100)		
	DM – 4230 DM – 4220 DM – 4240	F0911	Store Sales COG Sold Inventory	900	1,000 900
Post General Ledger (R09801) Posts the invoice to the general ledger	FIN – RTxxxx FIN – RC	F0911	VAT Payables A/R Trade	1,100	100

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

VAT Tax (V) – Voucher and Invoice Entry

When you enter a voucher or invoice with VAT tax, the system calculates the tax amount and creates a separate entry to the general ledger when you post the transaction. In Accounts Payable, you offset the VAT Recoverable Tax account when you receive payment from the tax authority. In Accounts Receivable, you offset the VAT Payables account when you pay the tax.

The following example shows the AAI that the system uses and the tables and accounts that the system updates when you enter and post a voucher or invoice. The examples are for a taxable amount of 1,000 USD with a 10% VAT tax rate.

Example: Voucher Entry					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Standard Voucher Entry (P0411) Creates a voucher		F0411	Taxable (1,000) Tax (100) Gross (1,100)		
		F0911	Expense	1,000	
Post General Ledger (R09801) Posts the voucher to the general ledger	FIN – PTxxxx FIN – PC	F0911	VAT Recoverable Tax A/P Trade	100	1,100

Example: Invoice Entry					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Standard Invoice Entry (P03B11) Creates an invoice		F03B11 F0911	Taxable (1,000) Tax (100) Gross (1,100) Revenue		 1,000
Post General Ledger (R09801) Posts the invoice to the general ledger	FIN – RTxxxx FIN – RC	F0911	VAT Payables A/R Trade	1,100	100

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

VAT + Sales Tax (C) – Purchase Order to Voucher

When you enter a purchase order using tax explanation code C for VAT + sales tax, the system calculates the tax amount and makes a separate entry to the general ledger for the VAT portion of the tax when you post the transaction.

The examples that follow show the AAls that the system uses and the tables and accounts that the system updates when you run the program specified. All of the examples are for a purchase order in the amount of 1,000 USD with a 7% VAT and 3% sales tax rate. The system was set up to create the journal entries in detail.

Note

If you use tax-on-tax calculations, which you specify in the tax rate area by activating the Compound Tax field, the system uses the following formula to calculate the tax amount:

$(\text{Taxable} + \text{VAT}) \times \text{sales tax rate} = \text{tax}$

$(1,000 + 70) \times .03 = 32.10$

Purchasing for Stock Items – Three-Way Voucher Match

When you enter the purchase order receipt, the system records the sales tax in two general ledger accounts: Purchase Tax Accrual and Received Not Vouchered Tax. When the system creates the voucher, it offsets the Received Not Vouchered Tax account. You use the Purchase Tax Accrual account to track the sales tax portion of the item. You do not remit sales tax to a tax authority because the seller (supplier) pays it. The gross amount of the voucher includes both the sales and VAT taxes; the G/L distribution includes the goods + sales tax only. When you post the voucher, the system records the VAT in the VAT Recoverable Tax account. Rather than pay a tax authority, you pay the seller (supplier) for the amount of the goods plus VAT and recover the VAT amount from the tax authority later.

Example: Purchasing for Stock Items – Three-Way Voucher Match					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Enter Receipts by PO (P4312) Creates a journal entry	DM – 4310 DM – 4350 DM – 4320 DM – 4355	F0911	Inventory Asset Purchase Tax Accrual (asset) Received Not Vouchered Received Not Vouchered Tax	1,000 30	1,000 30
Voucher Match (P4314) Creates a voucher	DM – 4320 DM – 4350 DM – 4355 DM – 4350	F0411 F0911	Taxable (1,000) Tax (100) Gross (1,100) Received Not Vouchered Purchase Tax Accrual (asset) Received Not Vouchered Tax Purchase Tax Accrual (asset)	 1,000 30 30	 30
Post General Ledger (R09801) Posts the voucher to the general ledger	FIN – PTxxxx FIN – PC	F0911	VAT Recoverable Tax A/P Trade	70	1,100

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

Purchasing for Nonstock Items – Three-Way Voucher Match

When you purchase for a nonstock item, you can use either two-way or three-way voucher matching. When you use three-way voucher matching and enter the purchase order receipt, the system records the sales tax in the Received Not Vouchered Tax account, which is offset when the system creates the voucher. When the system creates the voucher, it includes both the sales and VAT tax amounts in the gross amount, but only the sales tax in the expense distribution. When you post the voucher, the system records the VAT in the VAT Recoverable Tax account. Rather than pay a tax authority, you pay the supplier for the amount of the goods plus VAT and recover the VAT amount from the tax authority later.

Example: Purchasing for Nonstock Items – Three-Way Voucher Match					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Enter Receipts by PO (P4312) Creates a journal entry	DM – 4320 DM – 4355	F0911	Expense Account from PO line Received Not Vouchered Received Not Vouchered Tax	1,030	1,000 30
Voucher Match (P4314) Creates a voucher	DM – 4320 DM – 4355	F0411 F0911	Taxable (1,000) Tax (100) Gross (1,100) Received Not Vouchered Expense Account Received Not Vouchered Tax Expense Account	 1,000 30 30	 30

Post General Ledger (R09801) Posts the voucher to the general ledger	FIN – PTxxxx FIN – PC	F0911	VAT Recoverable Tax A/P Trade	70	1,100
--	--------------------------	-------	----------------------------------	----	-------

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

Purchasing for Nonstock Items – Two-Way Voucher Match

When you use two-way voucher matching, the system does not use the Received Not Vouchered accounts because you do not enter purchase order receipts; you enter the purchase order and create the voucher. When the system creates the voucher, it includes both the sales and VAT tax amounts in the gross amount of the voucher, but only the sales tax in the expense distribution. When you post the voucher, the system records the VAT in the VAT Recoverable Tax account. Rather than pay a tax authority, you pay the supplier for the amount of the goods plus VAT and recover the VAT amount from the tax authority later.

Example: Purchasing for Nonstock Items – Two-Way Voucher Match					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Voucher Match (P4314) Creates a voucher		F0411	Taxable (1,000) Tax (100) Gross (1,100)		
	DM – 4315* DM – 4315*	F0911	Expense Account Expense Account	1,000 30	
Post General Ledger (R09801) Posts the voucher to the general ledger	FIN – PTxxxx FIN – PC	F0911	VAT Recoverable Tax A/P Trade	70	1,100

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

VAT + Sales Tax (C) – Sales Order to Invoice

When you enter a sales order using tax explanation code C for VAT + sales tax and then run Update Customer Sales (R42800), the system uses distribution AAIs to record the Store Sales, Tax Liability, Cost of Goods (COG) Sold, and Inventory accounts. Although the VAT amount appears on the sales update report, the system does not record it in the VAT Payables account until you post the invoice. You offset the VAT Payables account when you pay the tax authority.

The following example shows the AAI that the system uses and the tables and accounts that the system updates when you run the specified program. The example is for a sales order in the amount of 1,000 USD with a 7% VAT and 3% sales tax rate.

Example: Sales Order to Invoice					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Update Customer Sales (R42800) Creates an invoice		F03B11	Taxable (1,000) Tax (100) Gross (1,100)		
	DM – 4230 DM – 4250 DM – 4220 DM – 4240	F0911	Store Sales Tax Liability COG Sold Inventory	900	1,000 30 900
Post General Ledger (R09801) Posts the invoice to the general ledger	FIN – RTxxxx FIN – RC	F0911	VAT Payables A/R Trade	1,100	70

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

Note

If you use tax-on-tax calculations, which you specify in the tax rate area by activating the Compound Tax field, the system multiplies the sales tax rate by the VAT tax rate and adds the amount to the sales tax. In the example above, the sales tax would be 30.21 {30 + [(0.03 x .07) x 100] = 30.21} if the tax rate area was set up for tax-on-tax.

VAT + Sales Tax (C) – Voucher and Invoice Entry

When you enter a voucher or invoice using tax explanation code C for VAT + sales tax, the system calculates the sales tax amount but does not create a separate entry to the general ledger. For vouchers, the sales tax is part of the expense, so you do not need to enter the tax in a specific account. For invoices, however, you might want to track the sales tax in a separate account because you must pay it. In this instance, you would need to subtract the sales tax amount from the revenue and enter it separately. The system records the VAT amount when you post the transaction. In Accounts Payable, you offset the VAT Recoverable Tax account when you receive payment from the tax authority. In Accounts Receivable, you offset the VAT Payables account when you pay the tax.

The following example shows the AAI that the system uses and the tables and accounts that the system updates when you enter and post a voucher or invoice. The examples are for a taxable amount of 1,000 USD with a 7% VAT and 3% sales tax rate.

Example: Voucher Entry					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Standard Voucher Entry (P0411) Creates a voucher		F0411	Taxable (1,000) Tax (100) Gross (1,100)		
		F0911	Expense	1,030	
Post General Ledger (R09801) Posts the voucher to the general ledger	FIN – PTxxxx FIN – PC	F0911	VAT Recoverable Tax A/P Trade	70	1,100

Example: Invoice Entry					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Standard Invoice Entry (P03B11) Creates an invoice		F03B11	Taxable (1,000) Tax (100) Gross (1,100)		
		F0911	Revenue Sales Tax		1,000 30
Post General Ledger (R09801) Posts the invoice to the general ledger	FIN – RTxxxx FIN – RC	F0911	VAT Payables A/R Trade	1,100	70

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

Note

If you use tax-on-tax calculations, which you specify in the tax rate area by activating the Compound Tax field, the system uses the following formula to calculate the tax amount:

$(\text{Taxable} + \text{VAT}) \times \text{sales tax rate} = \text{Tax}$

$(1,000 + 70) \times .03 = 32.10$

VAT + Use Tax (B) – Purchase Order to Voucher

When you enter a purchase order using tax explanation code B for VAT + use tax, the system calculates the tax amount and makes two entries to the general ledger when you post the transaction: one for the use portion of the tax and one for the VAT portion of the tax.

The examples that follow show the AAI's that the system uses and the tables and accounts that the system updates when you run the program specified. All of the examples are for a purchase order in the amount of 1,000 USD with a 7% VAT and 3% use tax rate. The system was set up to create the journal entries in detail.

Note

If you use tax-on-tax calculations, which you specify in the tax rate area by activating the Compound Tax field, the system uses the following formula to calculate the tax amount:

$(\text{Taxable} + \text{VAT}) \times \text{use tax rate} = \text{Tax}$

$(1,000 + 70) \times .03 = 32.10$

Purchasing for Stock Items – Three-Way Voucher Match

When you purchase for stock, you must use three-way voucher matching. When you enter the purchase order receipt, the system records the tax in two general ledger accounts: Purchase Tax Accrual and Received Not Vouchered Tax. When the system creates the voucher, it offsets the Received Not Vouchered Tax account and records the tax in the Purchase Tax Accrual asset account only for tracking purposes. When you post the voucher, the system records the tax in the VAT Recoverable Tax and Use Tax Payable accounts.

When you pay the tax authority, you enter a voucher that offsets the Use Tax Payable account.

Example: Purchasing for Stock Items – Three-Way Voucher Match					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Enter Receipts by PO (P4312) Creates a journal entry	DM – 4310 DM – 4350 DM – 4320 DM – 4355	F0911	Inventory Asset Purchase Tax Accrual (asset) Received Not Vouchered Received Not Vouchered Tax	1,000 30	1,000 30
Voucher Match (P4314) Creates a voucher	DM – 4320 DM – 4355 DM – 4350 DM – 4350	F0411 F0911	Taxable (1,000) Tax (100) Gross (1,070) Received Not Vouchered Received Not Vouchered Tax Purchase Tax Accrual (asset) Purchase Tax Accrual (asset)	 1,000 30 30	 30
Post General Ledger (R09801) Posts the voucher to the general ledger	FIN – PTxxxx FIN – PT FIN – PC	F0911	VAT Recoverable Tax Use Tax Payable A/P Trade	70	30 1,070

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

Purchasing for Nonstock Items – Three-Way Voucher Match

When you purchase for a nonstock item, you can use either two-way or three-way voucher matching. When you use three-way voucher matching and enter the purchase order receipt, the system records the tax in the Received Not Vouchered Tax account, which is offset when the system creates the voucher. The system includes the VAT tax only in the gross amount of the voucher (not the use tax), but includes only the use tax in the expense distribution. The system records the tax in a separate account that is offset when you remit the tax to the tax authority.

Example: Purchasing for Nonstock Items – Three-Way Voucher Match					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Enter Receipts by PO (P4312) Creates a journal entry	DM – 4320 DM – 4355	F0911	Expense Account from PO line Received Not Vouchered Received Not Vouchered Tax	1,030	1,000 30
Voucher Match (P4314) Creates a voucher	DM – 4320 DM – 4355 DM – 4350 DM – 4350	F0411 F0911	Taxable (1,000) Tax (100) Gross (1,070) Received Not Vouchered Received Not Vouchered Tax Purchase Tax Accrual (asset) Purchase Tax Accrual (asset)	 1,000 30 30	 30

Post General Ledger (R09801) Posts the voucher to the general ledger	FIN – PTxxx FIN – PT FIN – PC	F0911	VAT Recoverable Tax Use Tax Payable A/P Trade	70	30 1,070
---	-------------------------------------	-------	---	----	-------------

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

Purchasing for Nonstock Items – Two-Way Voucher Match

When you use two-way voucher matching, the system does not use the Received Not Vouchered accounts because you do not enter purchase order receipts; you enter the purchase order and create the voucher. The system includes the VAT tax only in the gross amount of the voucher (not the use tax), but includes only the use tax in the expense distribution. The system records the tax in a separate account that is offset when you remit the tax to the tax authority.

Example: Purchasing for Nonstock Items – Two-Way Voucher Match					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Voucher Match (P4314) Creates a voucher		F0411	Taxable (1,000) Tax (100) Gross (1,070)		
		F0911	Expense Account from PO line	1,030	
Post General Ledger (R09801) Posts the voucher to the general ledger	FIN – PTxxx FIN – PT FIN – PC	F0911	VAT Recoverable Tax Use Tax Payable A/P Trade	70	30 1,070

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

VAT + Use Tax (B) – Voucher Entry

When you enter a voucher using tax explanation code B for VAT + use tax, the system calculates the use tax amount and includes it in the expense distribution. When you post the voucher, the system creates entries to the:

- Use Tax Payable account, which you offset when you pay the tax authority
- VAT Recoverable Tax account, which you offset when you receive payment from the tax authority

The following example shows the AAI that the system uses and the tables and accounts that the system updates when you enter and post a voucher or invoice. The examples are for a taxable amount of 1,000 USD with a 7% VAT and 3% use tax rate.

Example: Voucher Entry					
Program	AAI*	Table	Accounts & Fields Updated	F0911	
				DR	CR
Standard Voucher Entry (P0411) Creates a voucher		F0411	Taxable (1,000) Tax (100) Gross (1,070)		
		F0911	Expense	1,030	
Post General Ledger (R09801) Posts the voucher to the general ledger	FIN – PT FIN – PTxxxx FIN – PC	F0911	Use Tax Payable VAT Recoverable Tax A/P Trade	70	30
					1,070

* DM – AAI = Distribution/Manufacturing AAI (F4950); FIN – AAI = Financial AAI (F0012)

Note

If you use tax-on-tax calculations, which you specify in the tax rate area by activating the Compound Tax field, the system uses the following formula to calculate the tax amount:

$(\text{Taxable} + \text{VAT}) \times \text{use tax rate} = \text{Tax}$

$(1,000 + 70) \times .03 = 32.10$

Tax Exempt (E)

If you want to make a purchase or sales order line item or a voucher or invoice pay item, tax exempt, you use tax explanation code E. When you use tax explanation code E, the system maintains the tax explanation code and tax rate area values, but removes the taxable and tax amounts from the voucher or invoice.

You must have the AAI for PT set up to enter tax-exempt purchase orders or vouchers. You must have the AAI for RT set up to enter tax-exempt sales orders or invoices.

If you set the processing option in the General Ledger Post Report program (R09801) to update the Taxes table (F0018) for all tax explanation codes, tax-exempt transactions are excluded.

Nonrecoverable VAT

When they sell their goods, most countries that pay value added taxes (VAT) fully recover the amount of VAT that they paid. In other words, VAT paid in accounts payable is offset against any VAT collected in accounts receivable to reduce the amount owed to the government or, in some cases, to generate a tax rebate. Exceptions to this rule might include expenses such as meals and entertainment, which are only 50% recoverable.

When you cannot recover all of the VAT that you pay, you must set up the tax rate area to indicate the percentage of tax that is nonrecoverable (or available for input credits). When you use the tax rate area in a transaction, the system reduces the amount of VAT, which is recoverable, by the percent that is nonrecoverable. The system does not create a separate entry to an account for the nonrecoverable amount or store nonrecoverable tax amounts.

The system recognizes only nonrecoverable VAT when using type explanation codes V, B, and C.

Example: Using Nonrecoverable VAT

When you set up a tax rate area that has nonrecoverable VAT, you enter the percent of the nonrecoverable tax on a separate line. Although the system requires a tax authority, it does not use the tax authority for reporting. When you specify a nonrecoverable percent, such as 50, the percent applies to the total tax on the tax rate area. However, if you set up the tax rate area for multiple tax authorities, the system applies the nonrecoverable tax to the first tax authority defined.

For example, the following tax rate area has two tax authorities specified, as well as a nonrecoverable percent.

Tax Authorities	Address	Tax Authority	G/L Offset	Tax Rate	
	4090	Revenue of Canada	GST	7.000	
	4030	Treasurer of Ontario	PST	8.000	<input type="checkbox"/> Compound Tax
	4090	Revenue of Canada		50.000	<input checked="" type="checkbox"/> VAT Expense
					<input type="checkbox"/> VAT Expense
					<input type="checkbox"/> VAT Expense
				TOTAL TAX	15.000

When you enter a voucher or invoice and use this tax rate area (ONT), the system will apply the entire 50% to the account associated with the G/L Offset GST.

In this example, the AAls associated with the tax rate area point to the following accounts:

- 1.4444 for RTGST
- 1.4445 for RTPST

If you enter an invoice for a taxable amount of 1,000 USD, the system will calculate the tax amount as 150 USD (1,000 x .15) and the gross amount as 1,150 (1,000 + 150). When you post the invoice, the system creates the following entries:

Doc Type	Account	Account Description	Debit	Credit	Calculation
RI	3.5010	Store Sales		1,075	Taxable + (Tax x 50%)

AE	1.1210	A/R Trade	1,150		Taxable + Tax
AE	1.4444	VAT Payable (GST)	5*		$(1,000 \times 7\%) - 75 = -5$
AE	1.4445	VAT Payable (PST)		80	$1,000 \times 8\% = 80$

*Normally, the entry to VAT Payable is credit, but because the system calculates a – 5 (credit), it debits the account.

Setting Up the Post Program to Update the Taxes Table (F0018)

Use one of the following navigations:

From the Journal Entry, Reports, & Inquiries menu (G0911), choose Post General Journal.

From the Supplier and Voucher Entry menu (G0411), choose Post Vouchers to G/L.

From the Customer Invoice Entry menu (G03B11), choose Post Invoices to G/L.

To report on tax amounts that you owe or collect, you must update the Taxes table (F0018). The system automatically updates the F0018 table when you post invoices, vouchers, and journal entries with taxes if you set the appropriate processing options for the versions of the post program that you use to post these transactions.

The default versions of the General Ledger Post Report (R09801) that the system uses are:

- ZJDE0001 (General Ledger Post)
If you enter journal entries with VAT tax, you must set the processing options to update the F0018 table on this version of the post.
- ZJDE0002 (Voucher Post)
If you enter invoices with taxes, you must set the processing options to update the F0018 table on this version of the post.
- ZJDE0006 (Invoice Post)
If you enter invoices with taxes, you must set the processing options to update the F0018 table on this version of the post.

If you use different versions of the post program to post transactions with taxes, you must set the processing option on those versions to update the F0018 table.

You can choose to update the table for all tax explanation codes, all tax amounts, or tax explanation codes relating to Use and VAT only.

Note

If you post transactions with taxes and do not have the processing options set to update the Taxes (F0018) table, you must manually enter tax information into the F0018 table. You cannot post transactions again to update the table. See *Tax File Revisions*.

Processing Options for General Ledger Post (R09801)

Print

1) Enter which Account Number to print on the report. '1' = Structured Account; '2' = Short Account ID; '3' = Unstructured Account; '' = Default Account Format.

Account Format

Versions

1) Enter a version of the Detailed Currency Restatement (R11411) to execute. If left blank, Detailed Currency Restatement entries will not be created. (i.e. ZJDE0001)

Detailed Currency Restatement Version

2) Enter a version of the Fixed Asset Post (R12800) to execute. If left blank, Fixed Asset Post will not be executed. (i.e. ZJDE0001)

Fixed Asset Post Version

3) Enter a version of the 52 Period Post (R098011) to execute. If left blank, 52 Period Post will not be executed. (i.e. ZJDE0001)

52 Period Post Version

Edits

1) Enter a '1' if you wish to update Account ID, Company, Fiscal Year, Period Number, Century, and Fiscal Quarter in records being posted, prior to editing and posting the records.

Update Transaction

Taxes

1) Enter when to update the Tax File (F0018). '1' = V.A.T. or Use Tax only; '2' = for all Tax Amounts; '3' = for all Tax Explanation Codes; '' = no update to Tax File (Default).

Update Tax File

2) Adjust V.A.T. Account for Discount Taken. The Tax Rules file must be set to Calculate Tax on Gross Amount, including Discount and Calculate Discount on Gross Amount, including Tax. Tax explanation must be a 'V'.

'1' = Update VAT only; '2' = Update VAT, Ext. Price and Taxable. (for discounts taken)

3) Adjust V.A.T Account for Receipt Adjustments and Write Offs. Tax explanation must be a 'V'.

'1' = Update VAT only; '2' = Update VAT, Ext. Price and Taxable. (for receipt adjustments and write offs)

Process

1) Enter a '1' if you wish to explode parent item time down to the assembly component level. Component billing rates will be used. (This applies to batch type 'T' only.)

Explode parent item time.

Cash Basis

1) Enter a '1' to create and post Cash Basis accounting entries. (Applies to batch types G, K, M, W, RB only.)

Obsolete

2) Enter units ledger type for Cash Basis Accounting entries. (Default of blank will use "ZU" ledger type.)

Units Ledger Type

3) Enter a version of "Create Cash Basis Entries" (R11C850) to execute. (Default of blank will use version ZJDE0001.)

Obsolete

What You Should Know About Processing Options

Enter When to Update the Tax File (F0018) (1)	<ul style="list-style-type: none">Option 1 The system updates the Taxes table (F0018) for the following tax explanation codes only: V, VT, V+, U, UT or U+.Option 2 The system updates the Taxes table (F0018) for all tax amounts. The system does not update the Taxes (F0018) table for transactions with tax explanation code E (exempt).Option 3 The system updates the Taxes (F0018) table for all tax explanation codes including E (exempt).																																								
Adjust V.A.T Account for Discount Taken (2)	<p>The system uses the following algorithms to adjust the tax amount for discounts taken:</p> <ul style="list-style-type: none">Discount Taxable = [Discount Taken] / (1 + [Tax Rate])Discount Tax = [Discount Taxable] x [Tax Rate] <p>For example:</p> <p>Tax Rate = 25%</p> <p>Discount Taken = 12.5 USD</p> <table><tr><td>F0018 records</td><td>Gross Amount</td><td>Taxable Amount</td><td>Tax Amount</td></tr><tr><td>Voucher</td><td>1,250.00</td><td>1,000.00</td><td>250.00</td></tr><tr><td>Disc. Adj.</td><td>-12.50</td><td>-10.00</td><td>-\$2.50</td></tr><tr><td></td><td>\$1,237.50</td><td>\$990.00</td><td>\$247.50</td></tr><tr><td></td><td></td><td></td><td></td></tr><tr><td colspan="2">Discount Taken = 10</td><td></td><td></td></tr><tr><td></td><td>Gross Amount</td><td>Taxable Amount</td><td>Tax Amount</td></tr><tr><td>Voucher</td><td>1,250.00</td><td>1,000.00</td><td>250.00</td></tr><tr><td>Disc. adjustment</td><td>-10.00</td><td>-8.00</td><td>-2.00</td></tr><tr><td></td><td>1,240.00</td><td>992.00</td><td>248.00</td></tr></table>	F0018 records	Gross Amount	Taxable Amount	Tax Amount	Voucher	1,250.00	1,000.00	250.00	Disc. Adj.	-12.50	-10.00	-\$2.50		\$1,237.50	\$990.00	\$247.50					Discount Taken = 10					Gross Amount	Taxable Amount	Tax Amount	Voucher	1,250.00	1,000.00	250.00	Disc. adjustment	-10.00	-8.00	-2.00		1,240.00	992.00	248.00
F0018 records	Gross Amount	Taxable Amount	Tax Amount																																						
Voucher	1,250.00	1,000.00	250.00																																						
Disc. Adj.	-12.50	-10.00	-\$2.50																																						
	\$1,237.50	\$990.00	\$247.50																																						
Discount Taken = 10																																									
	Gross Amount	Taxable Amount	Tax Amount																																						
Voucher	1,250.00	1,000.00	250.00																																						
Disc. adjustment	-10.00	-8.00	-2.00																																						
	1,240.00	992.00	248.00																																						

Daily

Entering Tax Information on Purchase and Sales Orders

In most business environments, you are required to pay taxes on the items that you purchase or sell. When you enter a purchase or sales order with taxes, you must enter a tax rate area and tax explanation code on the order or use default tax information that you set up for the supplier or customer. See *Setting Up Default Values for Taxes*.

During order entry, the system retrieves the tax explanation code and tax rate areas from the customer or supplier record. For direct ship, transfer orders, or sales orders with alternate sold-to and ship-to addresses, the system retrieves the tax explanation code from the sold-to address and the tax rate area from the ship-to address.

If you enter purchase or sales orders using a *header* form, which is specified by a processing option, the tax information that you enter applies to all the items that you enter on the *detail* form. You can override this tax information on the individual order to accommodate each item or service.

Taxes are applicable for the item or service only if you specify the detail line as taxable. You specify items as taxable for sales or purchasing in the Item Branch/Plant program (P41026), but you can override this field on the detail line.

The system does not store tax amounts on orders; the system stores tax amounts on the voucher or invoice record that the system creates from the order.

► To enter tax information on the purchase order

From the Purchase Order Processing menu (G43A11), choose Enter Purchase Orders.

Note

The processing option for Header Display, on the Processing tab, must contain the value 1 for the header form to display.

1. On Work With Order Headers, click Add to enter a new purchase order.

Enter Purchase Orders - [Order Header]

File Edit Preferences Form Window Help

OK Can... Dis... Abo Links Quote... OLE ... Internet

Order Number 2060 OP 00001 Branch/Plant 30

Currency USD Exchange Rate Base USD Foreign

Address Numbers
 Supplier 4343 Parts Emporium
 Ship To 6031 Eastern Distribution Center
 Buyer
 Carrier
 Pmt. Remark
 Description

Dates
 Order Date 5/10/2005
 Requested 5/12/2000
 Scheduled Pick 5/12/2000
 Cancel Date

Tax Expl Code Hold Code Blank - Hold Codes 42/HC
 Tax Rate/Area
 Certificate Retainage %
 Tax ID 611483910 Ordered By JG5941598
 Person/Corp. ID C Order Taken By

Messages

2. On Order Header, complete the following required fields:

- Branch/Plant
- Supplier
- Order Date

The system automatically completes this field with the current date.

- Tax Rate/Area

If you leave this field blank, the system updates it with the value from the supplier record when you click OK. A processing option specifies whether the system uses values from the supplier or the ship-to record.

- Tax Expl Code

If you leave this field blank, the system updates it with the value from the supplier record when you click OK. A processing option specifies whether the system uses values from the supplier or the ship-to record.

3. Click OK.

4. On Order Detail, follow the steps to enter the purchase order.

See *Entering Order Detail Information* in the *Procurement Guide*.

5. Verify or override the information in the following fields:

- Tax Y/N

If you order an item, the system uses the value in the Purchasing Taxable (Y/N) field (IBTX) in the Item Branch File table (F4102). You can override the value for each detail line. The value must be Y for the system to calculate taxes on the voucher.

- Expl Code
- Tax Rate/Area

6. Click OK.

► **To enter tax information during voucher match**

From the Receipts Matching and Posting menu (G43A15), choose Match Voucher to Open Receipt.

1. On Supplier Ledger Inquiry, click Add.
2. On Voucher Match, follow the steps to match the receipt or order detail line to the voucher.

See Creating Vouchers in the Procurement Guide.

3. In the detail area, complete the following fields to enter tax information:

- Tax Y/N
- Tax Expl
- Tax Area

4. Click OK.

Note

The system creates different journal entries when you enter the tax during the voucher match process than when you enter the tax information during purchase order entry. See *Tax Explanation Codes* for specific examples.

► **To enter tax information on the sales order**

From the Sales Order Processing menu (G4211), choose Enter Orders Header.

Note

The processing option for Header Display, on the Process tab, must contain the value 1 for the header form to display.

1. On Work With Sales Order Headers, click Add to enter a new sales order.

PeopleSoft

Select Workspace: Active Foundation

Active Foundation

Personalize Change Role Sign Out

Enter Orders Header - Sales Order Header

OK Cancel Form Tools

Order Number 2401 SO 00200

Sales Order Header Additional Header Information

Branch/Plant M30

Currency USD Exchange Rate Base Foreign

Messages

Address Numbers

Sold To

Ship To

Customer PO

Print Message

Hold Code Blank - Hold Codes 42HC

Tax Area/Code

Tax Certificate No.

Order Date 6/10/05

Cancel Date

Requested Date 6/11/05

Price Pickslip

Invoice Copies

Ordered By

Taken By

2. On Sales Order Header, complete the following fields:

- Branch/Plant
- Sold To
- Ship To
- Tax Area/Code

If you leave these fields blank, the system uses the values from the customer record (F03012) when you click OK.

- Order
- Requested

3. Click OK.

4. On Sales Order Detail Revisions, follow the steps to enter the order.

See *Working with Detail Information* in the *Sales Order Management Guide*.

5. To verify or override tax information, choose the order detail line, and then choose SOE Additional from the Row menu.

6. On SOE – Additional Information, click the Additional Info2 tab and verify or override the information in the following fields:

- Sales Taxable

The value must be Y for the system to calculate taxes on the invoice.

- Tax Expl Code
- Tax Rate/Area

7. Click OK.

Entering Invoices and Vouchers with Taxes

When you enter invoices and vouchers with taxes, the system calculates amounts according to the information that you enter. In addition to the tax rate area and tax explanation code, if you enter the gross amount, the system calculates the taxable and tax amounts. If you enter the taxable amount, the system calculates the gross and tax amounts. The system calculates any remaining amounts, regardless of which combination of fields you complete.

Amounts on a pay item are either taxable or nontaxable, but never both. You cannot specify nontaxable portions of a pay item; however, you can specify nontaxable portions of an invoice by creating a pay item that is tax exempt (using tax explanation code E).

The amount to distribute in the general ledger depends on the tax explanation code that you use. For specific examples, see *Tax Explanation Codes*. Amounts are based on the mode of the transaction: if you enter the transaction in a foreign currency, the tax amounts to distribute will appear in the foreign currency.

See Also

- ❑ *Setting Up Tax Rules*
- ❑ *Tax Explanation Codes*
- ❑ *Entering Standard Invoices* in the *Accounts Receivable Guide*
- ❑ *Entering Standard Vouchers* in the *Accounts Receivable Guide*

Before You Begin

- ❑ Verify that the processing option for the Invoice Entry MBF Processing Options program (P03B0011) is set appropriately for the service/tax date (on the Defaults tab) and for entering invoices with VAT (on the Taxes tab).
- ❑ Verify that the processing option for the Voucher Entry MBF Processing Options program (P0400047) is set appropriately for the service/tax date (on the Defaults tab) and for entering vouchers with VAT (on the Currency tab).
- ❑ Set up the appropriate AAls.
- ❑ Set up the appropriate tax rate areas.
- ❑ Set up the tax rules.

Rounding Versus Soft Rounding

If you process a significant number of invoices and vouchers that have discounts, taxes, or both, rounding differences can add up quickly. This topic describes the differences between rounding and soft rounding. The system uses rounding on transactions with a single pay item and soft rounding on transactions with multiple pay items.

Rounding

Rounding automatically occurs when the system performs a calculation and the result does not exactly equal the lowest currency unit. In this situation, the following occurs:

- If the amount is 5 or greater, the system rounds up.
- If the amount is less than 5, the system rounds down.

For example, if the result of a calculation is 0.55672 and the currency is Canadian dollars (CAD), which has two decimal places, the system uses the third number to the right of the decimal to determine the rounding. In this example, it rounds the amount up to 0.56. Conversely, if the amount were 0.55472, the system would use 4 to determine the rounding and rounds the amount down to 0.55.

Soft Rounding

When the total of two or more amounts must equal a specific amount, the system uses soft rounding to force the total. For example, if you split a voucher for 100 Japanese yen (JPY) into three payments, the system calculates the first pay item at 33, the second at 34, and the third at 33 so that the total of the three pay items equals 100. If the system did not use soft rounding, you would have to enter an amount that could be divided equally among pay items or submit pay items that did not equal the total amount due, which would not be acceptable.

To minimize the negative effects of rounding, the system uses soft rounding on transactions with multiple pay items. The system stores the amount that it adds or subtracts to a calculated amount in a cache (memory), and then adds or subtracts that amount from the next pay item as follows:

- If the system rounds up the amount for a pay item, it subtracts that amount from the next pay item before rounding that pay item.
- If the system rounds down the amount for a pay item, it adds that amount to the next pay item before rounding that pay item.

If the system did not perform soft rounding, you might overpay or underpay as well as overcharge or undercharge. While soft rounding does not control overpayments or underpayments and overcharges or undercharges between transactions, it does minimize the impact of rounding within a single transaction. The system does not carry soft rounding amounts from one transaction to another.

Soft Rounding Example: Multiple Pay Items and One Tax Rate Area

This example illustrates how the system performs soft rounding for a transaction with multiple pay items and one tax rate area.

In this example, the gross amount is 1100 JPY (Japanese yen), pay items are rounded to the nearest yen, and decimals are equal to 0. The total rounded amount of all pay items must equal 1100 JPY.

A	B		C	D	E	F	G
Beginning Cache Amount	Taxable Amount	Tax Area	Tax Rate	Unrounded Tax Amount	Temporary Tax Amount	Rounded Tax Amount	Difference +/- (Ending Cache Amount)
0	500	JGN	7.5	37.5	37.5	38	+ 0.5
+ 0.5	250	JGN	7.5	18.75	18.25	18	– 0.25
– 0.25	100	JGN	7.5	7.5	7.75	8	+ 0.25
+ 0.25	250	JGN	7.5	18.75	18.5	19	+ 0.5

The system uses the following formula to calculate amounts:

A – Beginning Cache Amount = 0 (zero) for the first pay item. Each successive pay item = Ending Cash Amount from the previous pay item.

D – Unrounded Tax Amount = B x C.

E – Temporary Tax Amount = D – A.

F – Rounded Tax Amount = Round E.

G – Difference (Ending Cache Amount) = F – E.

Using this formula, the system calculates the pay item amounts as follows:

Pay item 001:

Beginning Cache Amount = 0

Unrounded Tax Amount = 500 x 7.5% = 37.5

Temporary Tax Amount = 37.5 – 0 = 37.5

Rounded Tax Amount = 38

Difference (Ending Cache Amount) = 38 – 37.5 = + 0.5

The ending cache amount (+ 0.5) becomes the beginning cache amount (+ 0.5) for the next pay item.

Pay item 002:

Beginning Cache Amount = + 0.5

Unrounded Tax Amount = 250 x 7.5% = 18.75

Temporary Tax Amount = 18.75 – 0.5 = 18.25

Rounded Tax Amount = 18

Difference (Ending Cache Amount) = $18 - 18.25 = -0.25$

The ending cache amount (-0.25) becomes the beginning cache amount (-0.25) for the next pay item.

Pay item 003:

Beginning Cache Amount = -0.25

Unrounded Tax Amount = $100 \times 7.5\% = 7.5$

Temporary Tax Amount = $7.5 - (-0.25) = 7.75$

Rounded Tax Amount = 8

Difference (Ending Cache Amount) = $8 - 7.75 = +0.25$

The ending cache amount ($+0.25$) becomes the beginning cache amount ($+0.25$) for the next pay item.

Pay item 004:

Beginning Cache Amount = $+0.25$

Unrounded Tax Amount = $250 \times 7.5\% = 18.75$

Temporary Tax Amount = $18.75 - 0.25 = 18.5$

Rounded Tax Amount = 19

Difference (Ending Cache Amount) = $19 - 18.5 = +0.5$

There are no more pay items for this transaction, so the system does not store the ending cache amount ($+0.5$).

With soft rounding, the rounded tax amounts equal 83 ($38 + 18 + 8 + 19$). Without soft rounding, each unrounded tax amount would be rounded up to the nearest yen and the total would be 84 ($38 + 19 + 8 + 19$). Although the difference between the amounts is only .01, the differences become noticeable when you enter a significant number of invoices and vouchers.

Note

If you were to manually calculate the tax amounts based on the total taxable amount, the total would be 82.5 ($1100 \times .075$), which rounds up to 83.

Soft Rounding Example: Multiple Pay Items and Tax Rate Areas

This example illustrates how the system performs soft rounding for a transaction with multiple pay items and tax rate areas.

In this example, the gross amount is 3375 JPY (Japanese yen), pay items are rounded to the nearest yen, and decimals are equal to 0. There are two tax rate areas (JGN and JLN) and

two pay items per tax rate area. For illustration purposes, the pay items for each tax rate area are shown separately (first and second example), and then combined (third example).

Soft rounding is performed by tax rate area and cache amounts are stored by tax rate area so that each tax authority receives the most accurate amount.

Tax Rate Area JGN (7.5%)

A Beginnin g Cache Amount	B Taxable Amount	C Tax Area	C Tax Rate	D Unrounded Tax Amount	E Temporary Tax Amount	F Rounded Tax Amount	G Difference +/- (Ending Cache Amount)
0	900	JGN	7.5	67.5	67.5	68	+ 0.5
+ 0.5	825	JGN	7.5	61.875	61.375	61	– 0.375

The system uses the following formula to calculate amounts:

A – Beginning Cache Amount = 0 (zero) for first pay item. Each successive pay item = Ending Cash Amount from previous pay item.

D – Unrounded Tax Amount = B x C.

E – Temporary Tax Amount = D – A.

F – Rounded Tax Amount = Round E.

G – Difference (Ending Cache Amount) = F – E.

Using this formula, the system calculates the pay item amounts as follows:

Pay item 001:

Beginning Cache Amount = 0

Unrounded Tax Amount = 900 x 7.5% = 67.5

Temporary Tax Amount = 67.5

Rounded Tax Amount = 68

Difference (Ending Cache Amount) = 68 – 67.5 = + 0.5

The ending cache amount (+ 0.5) becomes the beginning cache amount (+ 0.5) for the next pay item.

Pay item 002:

Beginning Cache Amount = + 0.5

Unrounded Tax Amount = 825 x 7.5% = 61.875

Temporary Tax Amount = 61.875 – 0.5 = 61.375

Rounded Tax Amount = 61

Difference (Ending Cache Amount) = 61 – 61.375 = – 0.375

No more pay items for this tax rate area remain, so the system does not store the ending cache amount difference (– 0.375).

With soft rounding, the rounded tax amounts for tax rate area JGN equals 129 (68 + 61). Without soft rounding, each unrounded tax amount would be rounded up to the nearest yen and the total for tax rate area JGN would be 130 (68 + 62). Although the difference between the amounts is only .01, the differences become noticeable when you enter a significant number of invoices and vouchers.

Tax Rate Area JLN (11%)

A Beginning Cache Amount	B Taxable Amount	C Tax Area	D Tax Rate	D Unrounded Tax Amount	E Temporary Tax Amount	F Rounded Tax Amount	G Difference +/- (Ending Cache Amount)
0	875	JLN	11	96.25	96.25	96	– 0.25
– 0.25	775	JLN	11	85.25	85.5	86	+ 0.5

Pay item 001:

Beginning Cache Amount = 0

Unrounded Tax Amount = $875 \times 11\% = 96.25$

Temporary Tax Amount = $96.25 - 0 = 96.25$

Rounded Tax Amount = 96

Difference (Ending Cache Amount) = $96.25 - 96 = -0.25$

The ending cache amount (– 0.25) becomes the beginning cache amount (– 0.25) for the next pay item.

Pay item 002:

Beginning Cache Amount = – 0.25

Unrounded Tax Amount = $775 \times 11\% = 85.25$

Temporary Tax Amount = $85.25 - (-0.25) = 85.5$

Rounded Tax Amount = 86

Difference (Ending Cache Amount) = $86 - 85.5 = +0.5$

There are no more pay items for this tax rate area, so the system does not store the ending cache amount difference (+ 0.5).

With soft rounding, the rounded tax amounts for tax area JLN equals 182 (96 + 86). Without soft rounding, each unrounded tax amount would be rounded up to the nearest yen and the total for tax rate area JLN would be 181 (96 + 85). Although the difference between the amounts is only .01, the differences become noticeable when you enter a significant number of invoices and vouchers.

Alternating Tax Rate Areas JGN and GLN (7.5% and 11%)

This example consolidates the pay items and tax rate areas from the two previous examples into one example. In this example, the tax rate areas alternate between pay items. That is, the first and third pay items are for one tax rate area, and the second and fourth pay items are for another.

A Beginning Cache Amount	B Taxable Amount	C Tax Area	C Tax Rate	D Unrounded Tax Amount	E Temporary Tax Amount	F Rounded Tax Amount	G Difference +/- (Ending Cache Amount)
0	900	JGN	7.5	67.5	67.5	68	+ 0.5
0	875	JLN	11	96.25	96.25	96	- 0.25
+ 0.5	825	JGN	7.5	61.875	61.37 5	61	- 0.375
- 0.25	775	JLN	11	85.25	85.5	86	+ 0.5

► To enter an invoice with taxes

From the Customer Invoice Entry menu (G03B11), choose Standard Invoice Entry.

1. On Work with Customer Ledger Inquiry, click Add.

Standard Invoice Entry - [Standard Invoice Entry]

File Edit Preferences Form Row Window Help

OK Del... Can... New... Dis... Abo Links G/L Di... OLE ... Internet

Document No/Type/Co 00001 Batch No 5886

Customer 3333 Continental Incorporated On Credit Hold per Accounting

Company 00001 Financial/Distribution Company ☐ Discount %

Invoice Date 6/30/05 G/L Date 6/30/05 Payment Terms 001

Currency USD Exchange Rate Base USD ☐ Foreign

Pay Item	Gross Amount	Remark	Taxable Amount	Tax	Tax Area	Tax Expl	Discour Availabl
001	1,000.00		931.97	68.03	DEN	V	
002	2,000.00		1,847.58	152.42	NYC	S	
003	3,000.00		2,771.36	228.64	NYC	V	
004							

Gross 8,000.00 Disc 55.51 Tax 449.09 Taxable 5,550.91

Row:4

2. On Standard Invoice Entry, follow the steps to enter basic invoice information.
See *Entering Standard Invoices* in the *Accounts Receivable Guide*.
3. In the detail area, complete one of the following fields:
 - Gross Amount
 - Taxable AmountIf you are using Vertex, you must complete the Taxable Amount field.
4. Complete the following fields:
 - Tax Area
 - Tax ExplTo see the system-calculated information, click the next detail line.
5. Click OK.
6. On G/L Distribution, complete the necessary G/L distribution information.
See the task *To enter G/L distribution information* in the *Accounts Receivable Guide*.

Note

When you enter an invoice for taxes only using tax explanation codes ST, VT, and CT, you can enter the transaction one of two ways:

- You can complete the Tax field for the total amount of the transaction
- You can complete the Taxable field and let the system calculate the tax amount.

Unless you are using tax explanation code ST, no G/L distribution exists to complete. If you are entering a tax-only transaction for sales tax (ST), the amount to distribute is the tax amount only.

► To enter a voucher with taxes

From the Supplier & Voucher Entry menu (G0411), choose Standard Voucher Entry.

1. On Supplier Ledger Inquiry, click Add.

Standard Voucher Entry - [Enter Voucher - Payment Information]

File Edit Preferences Form Row Window Help

OK Del... Can... New... Dis... Abo Links G/L Di... OLE ... Internet

Document No/Typ/Co 3147 PV 00050 Batch No 5827 Prev Doc

Company 00050 Project Management Company

Supplier Number 4347 S&J Contracting Business Unit 5351

Invoice Number 45788 ☐ Discount % Payment Terms

Invoice Date 7/1/2005 G/L Date 7/31/2005 Service/Tax Date 7/31/2005

Currency USD Exchange Rate Base USD ☐ Foreign

	Open Amount	G/L Bank Account Number	Payee Number	G/L Offset	Tax Ex	Tax Rate/Area	Tax Amount
	15,000.00	50.1110.BEAR	4347		S	CO	549.13

Gross 15,000.00 Disc 722.54 Tax 549.13 Taxable 14,450.87

Row:1

- On Enter Voucher - Payment Information, follow the steps to enter a standard voucher.

See *Entering Voucher Information* in the *Accounts Payable Guide*.

- In the detail area, complete one of the following fields:

- Gross Amount
- Taxable Amount

- Complete the following fields:

- Tax Ex
- Tax Rate/Area

To see the system-calculated information, click the next detail line.

- Click OK.
- On G/L Distribution, complete the necessary G/L distribution information.
See *Entering G/L Distribution Information* in the *Accounts Payable Guide*.

Note

When you enter a voucher for taxes only using tax explanation codes ST, VT, BT, and CT, you can enter the transaction one of two ways:

- You can complete the Tax field for the total amount of the transaction

- You can complete the Taxable field and let the system calculate the tax amount.

Unless you are using tax explanation code ST, no G/L distribution exists to complete. If you are entering a tax-only transaction for sales tax (ST), the amount to distribute is the tax amount only.

Revising Invoices and Vouchers with Taxes

To change the amount of a posted invoice or voucher with taxes, you enter a new gross amount and remove the tax amount and taxable amount information. The system recalculates the tax information. When a transaction has multiple tax rates, you must change tax information for each pay item that differs from the default information.

You can also change tax amounts that the system calculates. For sales and use tax, the system returns a warning message. For VAT taxes (tax explanation code V, B, and C), tax amounts that you enter manually on the transaction are validated against tolerance ranges that you set up for each company. If you exceed the tolerance range, the system returns an error or warning.

Although you can revise tax information on a posted invoice or voucher, you cannot add tax information to a posted transaction. However, you can enter tax information as an additional pay item using the tax-only explanation codes (ST, UT, VT, BT, or CT), or enter a new tax-only transaction.

To add tax-only information, complete the Taxable Amount field instead of the Gross Amount field.

Caution

When you revise an invoice or voucher that has taxes, the system attempts to recalculate tax amounts, even if you do not attempt to revise an amount field. For example, if you revise the invoice remark on an invoice with taxes, the system will attempt to recalculate the tax and gross amount on the invoice. If the gross amount does not equal the taxable plus taxable amounts, within the tolerance ranges established in the Tax Rules, the system returns a warning or error message and your change will not be accepted.

If you do not need to change an amount, use the Speed Status Change programs (P03B114 and P0411S) to revise transaction information, such as due dates and remarks.

► To revise an invoice with taxes

From the Customer Invoice Entry menu (G03B11), choose Standard Invoice Entry or Customer Ledger Inquiry.

1. On Work with Customer Ledger Inquiry, follow the steps to locate the invoice that you want to revise.

*See the task **To locate invoices** in the **Accounts Receivable Guide**.*

2. Choose the invoice and click Select.

3. On Standard Invoice Entry, choose the pay item and revise one of the following fields:
 - Gross Amount
 - Taxable Amount
4. Clear the information from one of the following fields:
 - Gross Amount
If you revised the Taxable Amount in the previous step, clear the value from this field.
 - Taxable Amount
If you revised the Gross Amount in the previous step, clear the value from this field.
5. Clear the information from the following field:
 - Tax
6. If the invoice is not posted, you can also revise the following fields:
 - Tax Area
 - Tax Expl
7. Click OK.
8. On G/L Distribution, revise the following field and click OK:
 - Amount
If the invoice is posted, you cannot revise this field; you must enter a balancing amount on a new journal entry line. See *Revising Posted Invoices* in the *Accounts Receivable Guide*.

► **To revise a voucher with taxes**

From the Supplier & Voucher Entry menu (G0411), choose Standard Voucher Entry.

1. On Supplier Ledger Inquiry, follow the steps to locate the voucher that you want to revise.
See the task *To locate a voucher* in the *Accounts Payable Guide*.
2. Choose the voucher and click Select.
3. On Enter Voucher - Payment Information, choose the pay item and revise one of the following fields:
 - Gross Amount
 - Taxable Amount

4. Clear the information from the one of the following fields:
 - Gross Amount
If you revised the Taxable Amount in the previous step, clear the value from this field.
 - Taxable Amount
If you revised the Gross Amount in the previous step, clear the value from this field.
5. Clear the information from the following field:
 - Tax Amount
6. If the voucher is not posted, you can also revise the following fields:
 - Tax Ex
 - Tax Rate/Area
7. Click OK.
8. On G/L Distribution, revise the following field and click OK:
 - Amount
If the voucher is posted, you cannot revise this field; you must enter a balancing amount on a new journal entry line. See *Revising Posted Vouchers* in the *Accounts Payable Guide*.

► **To enter a tax-only invoice**

From the Customer Invoice Entry menu (G03B11), choose Standard Invoice Entry or Customer Ledger Inquiry.

1. On Work with Customer Ledger Inquiry, click Add.
2. On Standard Invoice Entry, follow the steps to enter basic invoice information.
See Entering Standard Invoices in the Accounts Receivable Guide
3. In the detail area, complete the following fields:
 - Taxable Amount
 - Tax Area
 - Tax Expl
Use one of the following codes: ST, CT, or VT.
4. To see the system-calculated information for the Gross Amount and Tax fields, click the next detail line. Otherwise, click OK.
5. On G/L Distribution, complete the necessary G/L distribution information.
If you use tax explanation code VT (for VAT, tax only), the system does not display the G/L Distribution form because no amount is available to distribute.

See the task *To enter G/L distribution information* in the *Accounts Receivable Guide*.

6. Click OK.

► To enter a tax-only voucher

From the Supplier & Voucher Entry menu (G0411), choose Standard Voucher Entry.

1. On Supplier Ledger Inquiry, click Add.
2. On Enter Voucher - Payment Information, follow the steps to enter a standard voucher.

See *Entering Voucher Information* in the *Accounts Payable Guide*.

3. In the detail area, complete the following fields:

- Taxable Amount
- Tax Area
- Tax Expl

Use one of the following codes: ST, VT, UT, BT, or CT.

4. To see the system-calculated information for the Gross Amount and Tax fields, click the next detail line. Otherwise, click OK.

If you use tax explanation code UT (for use tax, tax only), the system does not calculate a gross amount.

5. On G/L Distribution, complete the necessary G/L distribution information.

See the task *To enter general ledger information* in the *Accounts Payable Guide*.

If you use tax explanation code VT (for VAT, tax only) the amount to distribute will be zero.

6. Click OK.

Invoice and Voucher Batch Processing with Taxes

When you use batch processing to create invoices and vouchers from transactions entered in a legacy system, you might want to include tax information on the transactions.

If you complete the Taxable, Non-Taxable, and Tax Amount fields, you can let the system calculate the value for the Gross Amount field. The system calculates the gross amount based on the information that you enter in the tax amount fields. Conversely, if you complete the Gross Amount field, you should not complete the Taxable, Non-Taxable, and Tax Amount fields.

The following table provides the mapping requirements to process transactions with taxes.

Fields Required for Processing Tax Information on Invoices and Vouchers

The fields listed in the following table for the Batch Invoices (F03B11Z1) and Voucher Transactions - Batch File (F0411Z1) tables are required for processing tax information on invoices and vouchers.

If you do not enter tax information in the batch tables, but have default values in the Customer Master by Line of Business table (F03012), Supplier Master table (F0401), or Business Unit Master table (F0006), the system uses the appropriate values to calculate taxes.

Note

The Business Unit Master table (F0006) contains only the Tax Rate Area field. For the value in the Tax Rate Area field to be supplied as the default in this record, you must provide a value in the Tax Explanation Code field.

To bypass tax defaults, set the processing option on the Defaults tab of the Batch Invoice Processor program (R03B11Z1I) or the Batch Voucher Processor program (R04110Z).

Field Name	Alias	Type	Length	Values to Enter/Definition
Taxable Amount	ATXA	Number	15	Enter the amount of the transaction that is taxable. If the total gross amount of the transaction is not taxable, you must enter the non-taxable portion of the transaction in the Non-Taxable field (ATXN). The sum of the Taxable (ATXA), Non-Taxable (ATXN), and Tax Amounts (STAM) fields must equal the gross amount of the transaction. If you leave the Gross Amount field (AG) blank, the system calculates the gross amount based on the taxable (ATXA) and non-taxable (ATXN) amounts.
Non-Taxable Amount	ATXN	Number	15	Enter the amount of the transaction that is not taxable. The sum of the taxable, non-taxable, and tax amounts must equal the gross amount of the transaction.
Tax Amount	STAM	Number	15	This field identifies the amount of tax that is calculated for the transaction. If you leave this field blank, the system calculates the tax amount based on values in the Taxable Amount (ATXA), Tax Explanation Code (EXR1), and Tax Rate/Area (TXA1) fields.
Tax Rate/Area	TXA1	Alpha	10	The tax rate area specifies at what percent the tax is calculated and defines the taxing authority. The value that you enter in this field must exist in the Tax Areas table (F4008).
Tax Expl Code 1	EXR1	Alpha	1	The value that you enter in this field must exist in UDC 00/EX (Tax Explanation Codes). All values are hard coded to perform tax calculations specific to the setup of the tax rate area and in conjunction with the tax rules by company.
Service/Tax Date	DSVJ	Date	6	This date corresponds to the effective date used in the Tax Rate Area field (TXA1). Enter the date in the format that your database accepts. If you leave this field blank, the system uses the value from the G/L date.

				Alternatively, you can leave this field blank and complete the fields DSVM (mm), DSVD (dd), DSVY (yy), and DSV# (cc) in the month/day/year/century format. Enter the prefix of the year in the Century field (DSV#). For example, enter 19 for 1999, or enter 20 for 2005.
--	--	--	--	--

Tax Considerations for Entering the Journal Entry Transactions - Batch File table (F0911Z1)

When you enter corresponding distribution information in the Journal Entry Transactions – Batch File table (F0911Z1) for the batch invoice or voucher that you are processing, the amount that you distribute varies depending on the tax explanation code that you use on the invoice or voucher.

See *Tax Explanation Codes* for information about how the system calculates the distribution amount for each tax explanation code.

See Also

- ❑ *Batch Invoice Processing* in the *Accounts Receivable Guide* for detailed information about processing batch invoices.
- ❑ *Batch Voucher Processing* in the *Accounts Payable Guide* for detailed information about processing batch vouchers.

Entering Journal Entries with Tax

If you do business in a country that assesses a recoverable value-added tax (VAT) or similar taxes, you might need to enter a journal entry with VAT.

You use the Journal Entries with VAT program (P09106) when you want to record a taxable entry without updating the Accounts Payable Ledger (F0411) or Customer Ledger (F03B11) tables. For example, you would do this if you want to enter bank charges.

The system provides a field for the address book number, which you can use to associate the entry with an employee, supplier, customer, or company. Depending on the setting of the processing option, the system might require an address book number for each detail line (general ledger distribution). You can enter a default address book number in the header area. The system uses this number for address book numbers that you leave blank on detail lines.

When you enter a journal entry with VAT, you can specify either the taxable or gross amount. The system calculates the tax and the amount that you did not specify (gross or taxable) based on the tax area. You must use a tax explanation code of V, V+ (tax on tax), or VT (tax-only); the program does not accept any other tax explanation codes.

Because only one G/L distribution line might be specified for taxes, the system does not use the default tax rate based on the business unit entered on the account.

When you enter a journal entry with VAT, the system:

- Automatically updates the Taxes table (F0018)

The system ignores the tax processing options when you post the journal entry.

- Creates Account Ledger records (F0911) for the tax account specified in the AAI item GTxxxx (where xxxx is the G/L offset from the tax rate area)

You cannot create model journal entries or reversing journal entries with this type of journal entry.

Note

The additional entries that the system creates cannot be reviewed from the Journal Entries with VAT program. You must use the standard Journal Entries program (P0911) to review these entries. The system differentiates entries that you enter from those the system creates by updating the ALT5 field in the Account Ledger table (F0911) as follows:

- V
This code identifies the account entered in the Journal Entries with VAT program (P09106) that has tax information specified.
 - T
This code identifies the entry to the tax account that the system creates based on the AAI item GTxxxx.
 - O
This code identifies the offset account entered in the Journal Entries with VAT program (P09106).
-

Example: Journal Entry with Tax

If you have tax on a bank charge, your entry might look like the following example:

Account Number	Gross Amount	Tax Amount	Tax Explanation Code	Tax Area
7001.8810	1,000–	60	V	BE6
70.1110.BBL	1,060–			

The resulting entry to the general ledger would look like the following example:

Account Number	Description	Amount
7001.8810	Bank Charges	1,000
70.1240	VAT	60
70.1110.BBL	Bank Account	1,060–

If you have tax on a bank charge that contains the tax area BE6, you enter a gross amount of 1000 to your account for bank charges. The system calculates and enters a tax amount of 60. You must enter an offset of 1,060– (gross amount and tax amount).

The journal entry contains a debit of 1,000 to bank charges, a debit of 60 to the tax account, and a credit of 1,060— to the bank account.

See Also

- ❑ *Entering Basic Journal Entries in the General Accounting Guide*
- ❑ *Master Business Function in the General Accounting Guide*
- ❑ *Processing Options for the Journal Entry MBF (P0900049) in the General Accounting Guide*

Before You Begin

- ❑ Set up the general accounting tax AAls.

► To enter journal entries with tax

From the G/L Advanced & Technical Operations menu (G0931), choose Journal Entries with VAT.

1. On Work with Journal Entries with VAT, click Add.
2. On Journal Entries with VAT, complete the following fields:
 - G/L Date
 - Explanation
3. Complete the following optional field in the header area:
 - Address Number
4. Complete the following fields for each G/L distribution with tax:
 - Account Number
 - Tx Ex
You must use V.
 - Tax Area
5. Complete one of the following the fields:
 - Taxable Amount
If you enter the taxable amount, the system calculates the gross amount.
 - Gross Amount
If you enter the gross amount, the system calculates the taxable amount.
6. If necessary, complete the following field in the detail area:
 - Address Number

7. Review the calculated tax in the following field:

- Tax

If you change the tax amount, the system validates your change against the Tax Rules. See *Setting Up Tax Rules*.

8. Complete the G/L distribution for offsetting entries as needed.

Note

The system updates the Taxable Amount field even when you do not specify tax information. The system uses the gross amount as the taxable amount. The system does not update these journal entry lines in the Taxes table (F0018).

9. Click OK.

► **To enter a tax-only journal entry**

From the G/L Advanced & Technical Operations menu (G0931), choose Journal Entries with VAT.

1. On Work with Journal Entries with VAT, click Add.

2. On Journal Entries with VAT, complete the following fields:

- G/L Date
- Explanation

3. Complete the following optional field in the header area:

- Address Number

4. Complete the following fields for the tax-only G/L distribution:

- Account Number
- Tx Ex
You must use VT.
- Tax Area

5. Complete one of the following fields. The system updates the other field based on the value specified.

- Gross Amount
- Tax

6. Complete the G/L distribution for offsetting entries as needed and click OK.

Processing Options for Journal Entries with VAT (P09106)

Batch Type

1. Enter a default batch type

Batch Type

Addr # Required

1. Enter a '1' if the address book number field is required to be filled in the grid. If left blank no error will be set.

Address Book Number

MBF Version

1. To override standard journal entry processing (version ZJDE0001 for application P0900049), enter an override version number. This should only be changed by persons responsible for system wide setup.

Version

Periodic

Tax File Revisions

The system updates the Taxes table (F0018) when you post transactions with taxes if the appropriate processing option is set in the version of the post program that you submit. The system uses the information from the Taxes table (F0018) when you print tax reports.

You use the Tax File Revisions program (P0018) to review, add, delete, and modify records in the Taxes table (F0018). For example, if you did not set the appropriate processing option in the version of the General Ledger Post Report program (R09801) to update the F0018 table, you might need to enter the tax information manually using the Tax File Revisions program. Similarly, you might want to delete a transaction from the table. The system does not allow revisions to documents that begin with the letter P or R (which are normally used for voucher and invoice transactions).

Because you cannot revise invoice or voucher records in the Taxes table (F0018), you must either:

- Make revisions using the standard entry program, and then post those changes to update the Taxes table (F0018). See *Revising Invoices and Vouchers with Taxes*.
- Add a new transaction to the Taxes table (F0018) to adjust the tax amount appropriately.

Caution

The system does not update the original transaction with revisions that you make to the transaction in the Taxes table (F0018).

► To add tax information

From the Tax Processing and Reporting menu (G0021), choose Tax File Revisions.

1. On Work With Tax File, click Add.

DocumentType/Number/Company: JE 1067 00070

Order Suffix:

Line Number	Co	Account Number	Address Number	Tx Ex	Tax Rate/ Area	Tax Point Date	G/L Date	Non-Taxable Amount
1.000	00070	70.1240		V	QUE	6/30/05	6/30/05	

2. On Tax File Revisions, complete the following fields in the header:

- DocumentType/Number/Company
If you need to add a document for tax explanation code V, the document type, document number, and document company that you specify must exist in the Account Ledger table (F0911).
- Order Suffix

3. In the detail area, complete the following required fields:

- Co
- Address Number
- Tx Ex
- Tax Rate/ Area
- Tax Point Date
- G/L Date
- Taxable Amount
- Extended Cost

Enter the sum of the taxable and tax amounts.

4. In the detail area, complete the following optional fields:

- Line Number
- Account Number
- Non-Taxable Amount
- Tax

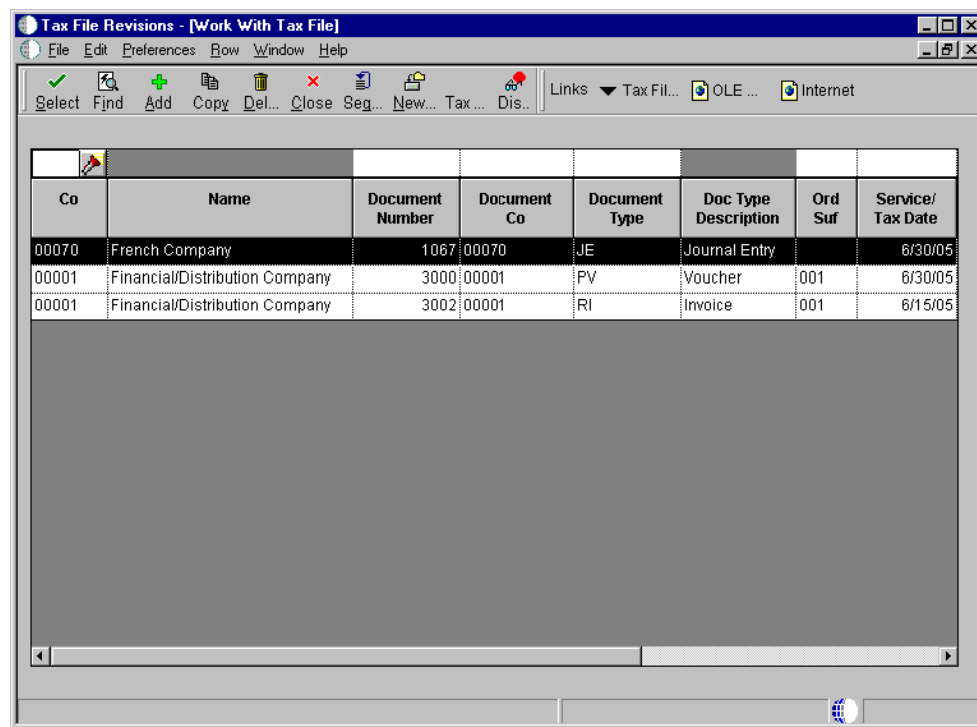
Although you can enter the tax amount, the system might return an error if the amount that you enter differs from the system-calculated amount. For error-free processing, leave this field blank and let the system assign the amount.

5. Click OK.

► **To revise tax information**

From the Tax Processing and Reporting menu (G0021), choose Tax File Revisions.

1. On Work With Tax File, click Find.



Co	Name	Document Number	Document Co	Document Type	Doc Type Description	Ord Suf	Service/Tax Date
00070	French Company	1067	00070	JE	Journal Entry		6/30/05
00001	Financial/Distribution Company	3000	00001	PV	Voucher	001	6/30/05
00001	Financial/Distribution Company	3002	00001	RI	Invoice	001	6/15/05

2. Choose the tax record to revise and click Select.

Note

You can revise journal entry transactions only. Vouchers and invoices cannot be revised using this application; you must use the standard entry program.

Tax File Revisions - [Tax File Revisions]

File Edit Preferences Window Help

OK Del... Can... New... Dis... Abo Links ▼ Displ... OLE ... Internet

DocumentType/Number/Company JE 1067 00070

Order Suffix

Line Number	Co	Account Number	Address Number	Tx Ex	Tax Rate/ Area	Tax Point Date	G/L Date	Non-Taxable Amount
1.000	00070	70.1240		V	QUE	6/30/05	6/30/05	

3. On Tax File Revisions, change any of the following fields in the detail area as needed and click OK:

- Account Number
- Address Number
- Tx Ex
- Tax Rate/ Area
- Tax Point Date
- G/L Date
- Non-Taxable Amount
- Taxable Amount
- Tax

If you change the taxable or nontaxable amounts and you clear the Tax field, the system recalculates the tax amount based on the changes to the taxable or nontaxable amounts.

- Extended Cost

Tax Reports

The reason for updating and tracking tax information in the Taxes table (F0018) is to perform tax reporting. Several tax reports are available that provide detail and summary information and can be modified using data selection to select any records from the Taxes table (F0018). Many of the reports have been updated to report on any tax explanation code to increase flexibility, and some of the reports have multiple versions with data selection preset for this purpose.

The following reports have also been updated to provide intracommunity reporting:

- Use and VAT Tax (R0018P)
- Tax Summary Report/Use VAT (R0018P1)

See Also

- The country-specific Global Solutions Guide for country-specific tax reports

Use and VAT Tax Report

From the Tax Processing and Reporting menu (G0021), choose Use and VAT Tax.

The Use and VAT Tax report lists transaction details from the Taxes table (F0018) and provides totals for each tax rate area for each document type by company. The report provides columns to print the following information:

- Tax area
- Item number
- Tax rate
- Tax area description
- Gross amount
- Taxable amount
- Tax
- Nontaxable amount
- Tax override (column TO)

The system displays a * to indicate that the value of the tax amount entered differs from the system-calculated tax amount.

- Document type
- Document number
- Document company
- Pay item
- Service date
- G/L date
- Address number
- Name

This is the name associated with the address number.

You can print this report for all tax explanation codes and tax rate areas, or you can use data selection to limit the report by specific tax explanation codes or tax rate areas.

Note

Four versions of the report are available that provide different data selection and data sequencing. Although you can change the data selection for any of the versions, you should not change the data sequence. Totals on the report are dependent on the data sequence that is set up. If you change the data sequence, your results will be unpredictable.

Intra-community Reporting

In addition to the columns listed, the Use and VAT Tax report (R0018P) also includes the following column for intra-community reporting and provides a separate total for intra-community taxes:

- Intra-community flag (column IC)

The system prints a Y in this column to indicate that the transaction has intra-community taxes.

Tax Summary Report Use/VAT

From the Tax Processing and Reporting menu (G0021), choose Tax Summary Report/Use VAT.

If you do not want detailed transaction information, you can print the Tax Summary Report/Use VAT report (R0018P1). This report displays totals only for each tax area and tax rate for each company. The report provides columns to display the following information:

- Tax area
- Tax rate
- Tax area description
- Gross amount
- Taxable amount
- Tax
- Nontaxable amount
- Tax explanation code
- Tax variance amount

This identifies the difference between the user-entered tax amount and the system-calculated tax amount.

Intra-community Reporting

In addition to the columns listed, the Tax Summary Use/VAT report (R0018P1) also includes the following columns for intra-community reporting:

- Intra-community taxable amount

- Intra-community tax

Processing Options for Use and VAT Tax (R0018P) and Tax Summary Report/Use VAT (R0018P1)

Tax Report

1. Enter a '1' to flag the detail records as having been read:

As-If Currency

1. Enter the currency code for as-if currency reporting. This option allows for amounts to print in a currency other than the currency they are stored in. Amounts will be translated and print in this as-if currency. If left blank, amounts will print in their database currency.

2. Enter the "As-Of" date for processing the current exchange rate for the as-if currency. If left blank, the system date will be used.

Date

1. From Date
 2. Thru Date
-

Sales Tax Report

From the Tax Processing and Reporting menu (G0021), choose Sales Tax.

The Sales Tax report displays transaction details from the Taxes table (F0018) and provides totals for each tax rate area for each document type by company. The report provides columns to display the following information:

- Type (column Ty)
The system identifies the type of transaction (invoice, voucher, or journal entry) in the row that displays the total.
- Tax area
- Tax rate
- Tax explanation code
- Tax area description
- Taxable amount
- Tax
- Nontaxable amount
- Tax Exempt amount
- Document type
- Document number
- Pay item
- Document company
- G/L date

- Service date
- Transaction date
- Address number

When you choose to print the Sales Tax report (R0018P2), the system additionally processes and prints:

- The Tax Summary Report by Tax Authority (R0018P3)
This report prints totals only for each tax authority by tax rate for each company.
- The Tax Detail Report by Tax Authority (R0018P5)
This report prints each transaction for each tax authority and rate and provides totals by tax authority for each company.

Although the tax summary and detail reports by tax authority do not have processing options, you can modify the data selection or create new versions of the reports with modified data selection. The Sales Tax report (R0018P2) provides processing options for you to specify the versions of the R0018P3 and R0018P5 reports that you want to run.

Processing Options for Sales Tax (R0018P2)

Versions

VERSIONS FOR ADDITIONAL TAX REPORTS

1. To override the standard call for Tax Summary Report by Tax Authority (R0018P3), enter an override version number. If left blank, ZJDE0001 will default.
 2. To override the standard call for Tax Detail Report by Tax Authority (R0018P5), enter an override version number. If left blank, ZJDE0001 will default.
-

VAT Exception Report by Tax Area

From the Tax Processing and Reporting menu (G0021), choose VAT Exception Report by Tax Ar.

You run the VAT Exception Report by Tax Area when you want to identify transactions on which the tax amount was entered by the user and differs from the system-calculated tax amount. The report displays each amount, the amount variance, and the variance percent.

The data selection for this report is set up for tax explanation code V (VAT) only; however, you can change this data selection to run the report for any or all tax explanation codes. The totals that appear on the report depend on the data sequence that is set up. Therefore, do not change the data sequence for this report.

Processing Options for VAT Exception Report by Tax Area (R0018P7)

As-If Currency

1. Enter the currency code for as-if currency reporting. This option allows for amounts to print in a currency other than the currency they are stored in. Amounts will be translated and print in this as-if currency. If left blank, amounts will print as normal.
-

2. Enter the "As Of" date for processing the current exchange rate for the as-if currency. If left blank, the system date will be used.

GST/PST Tax Report

From the Tax Processing and Reporting menu (G0021), choose GST/PST Tax.

The GST/ PST Tax report is specifically designed to meet Canadian reporting needs. For each address book number, the report lists GST and PST and subdivides PST into seller-assessed PST and self-assessed PST.

This report lists information by company and tax explanation code. Within each tax explanation code, the report separates taxes into categories such as taxable, nontaxable, GST, seller-assessed PST, and self-assessed PST.

Amounts for the following fields are positive for vouchers and negative for invoices:

- Taxable Amount
- Non-Taxable
- Tax

This is the sum of GST, self-assessed PST, and seller-assessed PST.

- GST
- Self-Assessment Tax

This is the total payable to provincial governments for self-assessed PST. A processing option allows you to display the amount with the sign reversed.

- Sales Tax

This is the total payable to provincial governments for seller-assessed PST.

Processing Options for GST/PST Tax (R0018P8)

Update Options

1. Enter a '1' to flag the detail records as having been printed.

Display

FIELD DISPLAY CONTROL:

1. Enter the form of tax identification displayed on the report.

- Blank = No ID displayed
- 1 = European Company ID
- 2 = European Individual ID
- 3 = Tax ID

2. Enter a '1' to reverse the sign on the Self Assessment (Use) Taxes. If left blank, the tax amount will print with the sign in the tax file.

VAT Journals

From the Tax Processing and Reporting menu (G0021), choose VAT Journals.

The VAT Journals report (R00320) is a detailed transaction report for which you can specify up to five custom columns to represent one or more tax rate areas. Processing options allow you to specify the column headings and to control whether the system displays tax or taxable amounts in the column, but you must modify the program to specify the actual tax rate area codes that you want the system to use for each column. For example, you might want one column to print tax areas that are for a specific region. You identify the region in the processing option and customize the code to specify the tax rate areas in that region.

Processing Options for VAT Journals (R00320)

Selection Date

1. Enter the beginning G/L date. This date will select documents greater than or equal to this date.

Beginning Date

2. Enter the ending G/L date. This date will select documents less than or equal to this date.

Ending Date

Distribution

1. Enter a '1' to distribute the TAXABLE amount into the tax area columns. Leave blank to distribute the actual TAX amount.

Company

1. Enter the number of the company to use for the heading information and VAT Registration Number.

NOTE: Does not affect the information being reported.

Company

Summarization

1. Enter a '1' to summarize the report by document number. The default of blank will print a detail line for each document line number.

Columns

1. Enter the upper and the lower headings for the five user-defined columns on the report.

Column 1 Upper Heading

Column 1 Lower Heading

Column 2 Upper Heading

Column 2 Lower Heading

Column 3 Upper Heading

Column 3 Lower Heading

Column 4 Upper Heading

Column 4 Lower Heading

Column 5 Upper Heading

Column 5 Lower Heading

Advanced & Technical

Purging the Taxes Table

From the Tax Processing and Reporting menu (G0021), choose Tax File Purge.

Periodically, you might want to purge the Taxes table (F0018) to remove records that you no longer require. When you run the Tax File Purge program (R0018PURGE), the system removes all records from the Taxes table (F0018) based on the data selection that you enter.

No processing options exist for this program.