SAP
Accounts Receivable & Accounts Payable Configuration

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INTRODUCTION

Having configured the FI- GL component, we now need to configure the second important module Accounts Receivable (AR) and Accounts Payable (AP) of SAP. The AR and AP acts as sub ledger to FI- GL for managing the balances of Customers and Vendors. The AR and AP components store all the information and balance details for customer and vendor. Data is updated from AR and AP in real time to the FI-GL module. Most of the Data in AP module is obtained from the Materials Management (MM) module. Similarly most of the Data in AR module is obtained from the Sales and Distribution module.
Here we see the configuration for AR and AP and also cover the configuration for Automatic payment program.

1) Accounts Receivable and Accounts Payable

1.1 Customer Accounts

1.1.1 Master Records

1.1.1.1 Define Account Groups with Screen Layout (Customers)

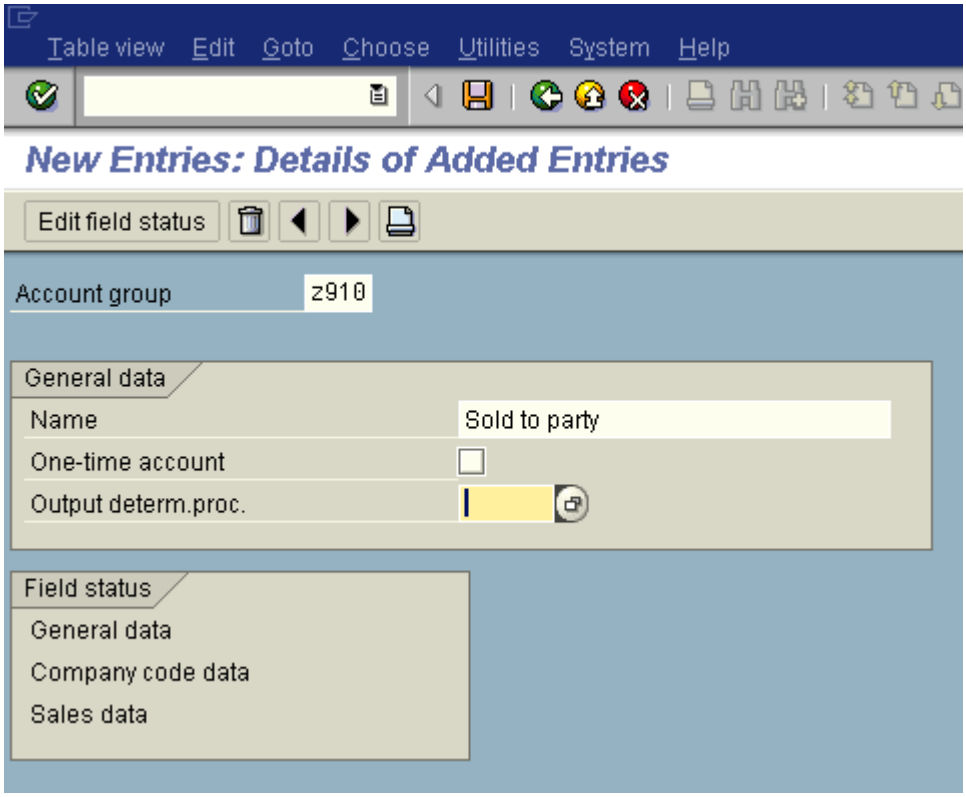
IMG →Financial Accounting →Accounts Receivable and Accounts Payable →Customer Accounts → Master Records → Preparations for Creating Customer Master Records→ Define Account Groups with Screen Layout (Customers)

When creating a customer account, you must specify an account group.
You use the account group to determine:

- the interval for the account numbers
- whether the number is assigned internally by the system or externally by the user (type of number assignment)
- whether it is a one-time account
- which fields are ready for input or must be filled when creating and changing master records (field status)

Click on

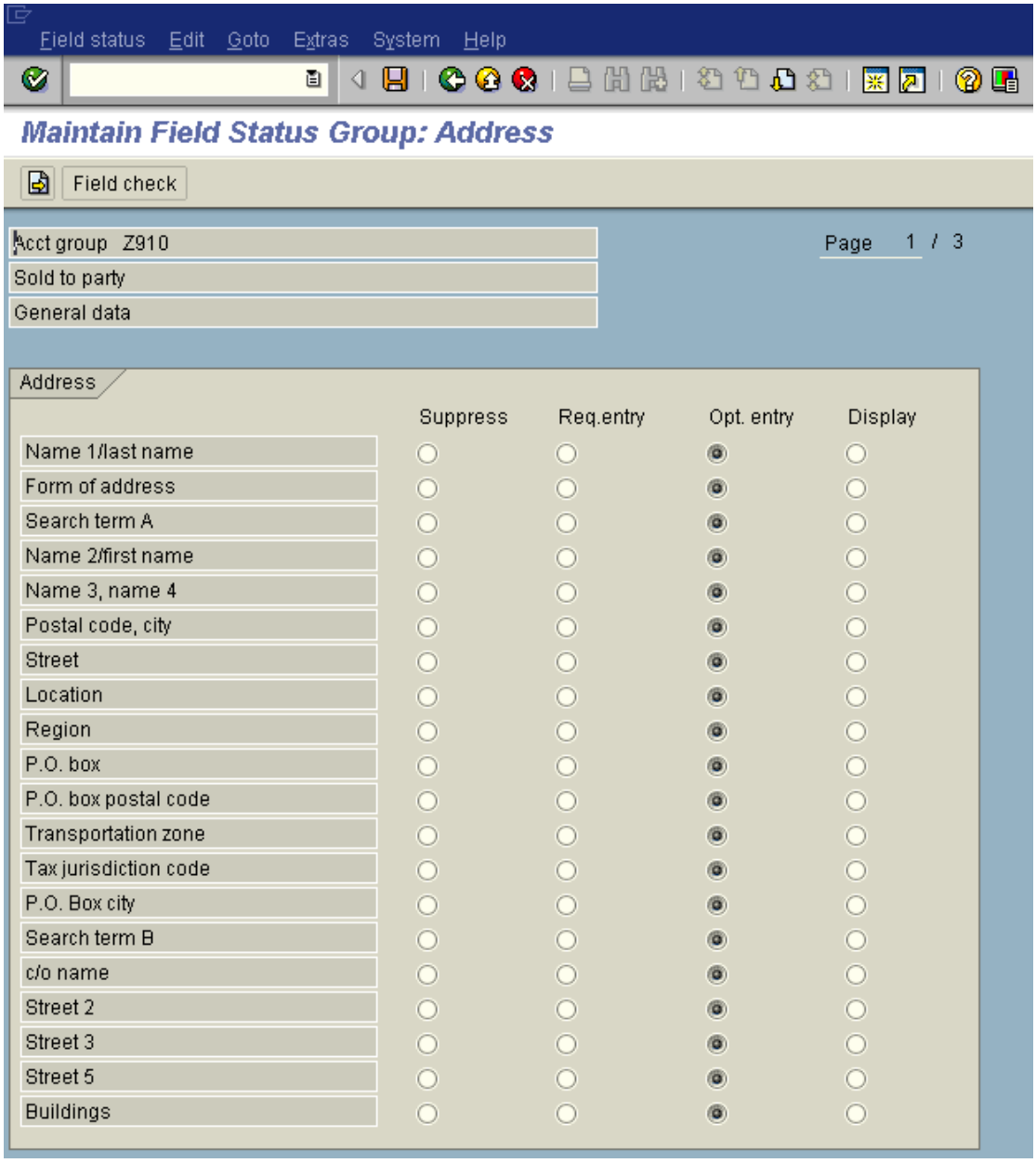
Update the following: -



Click on Save

Double Click General data

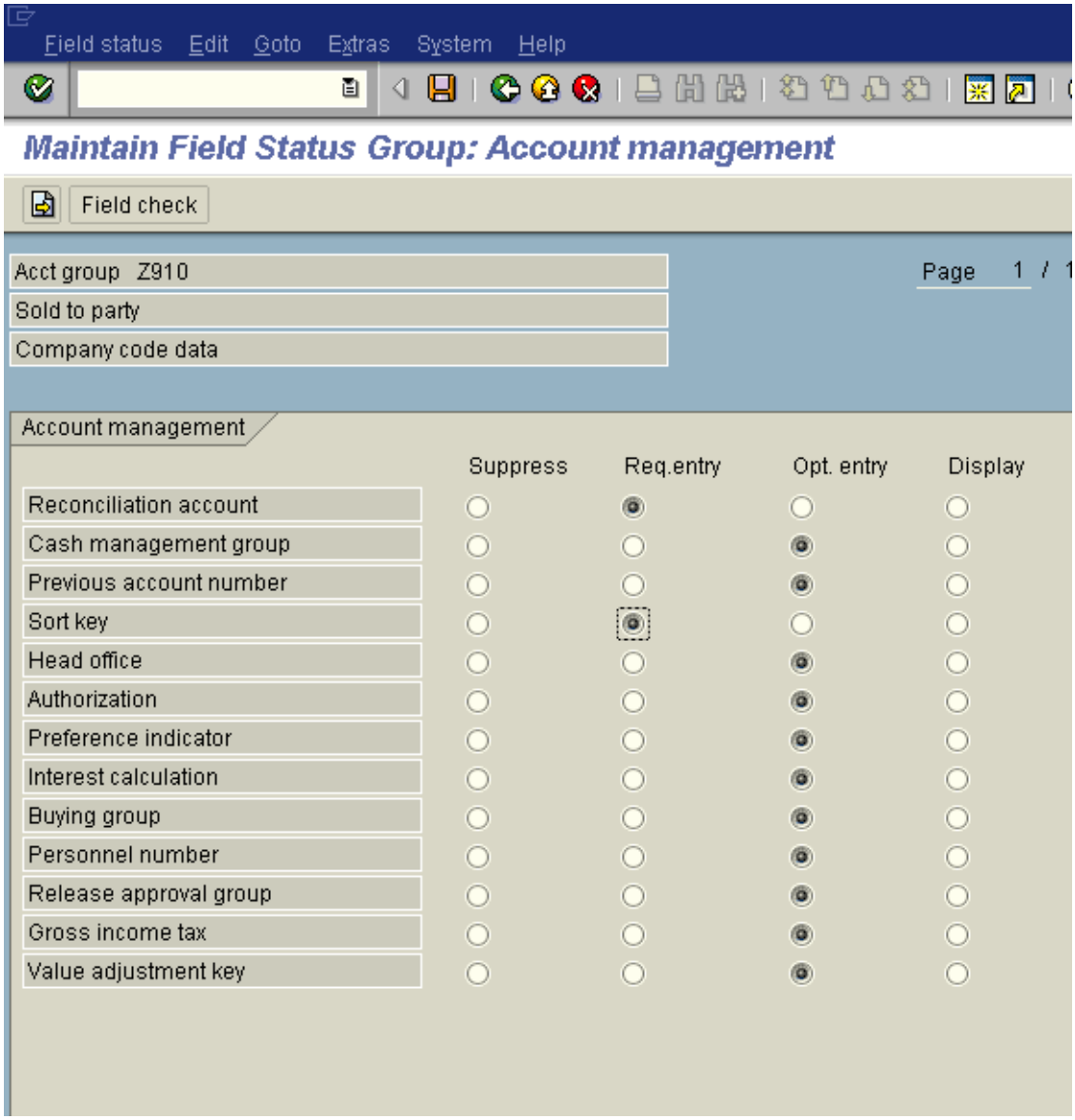
Double Click Address



Double Click Company code data

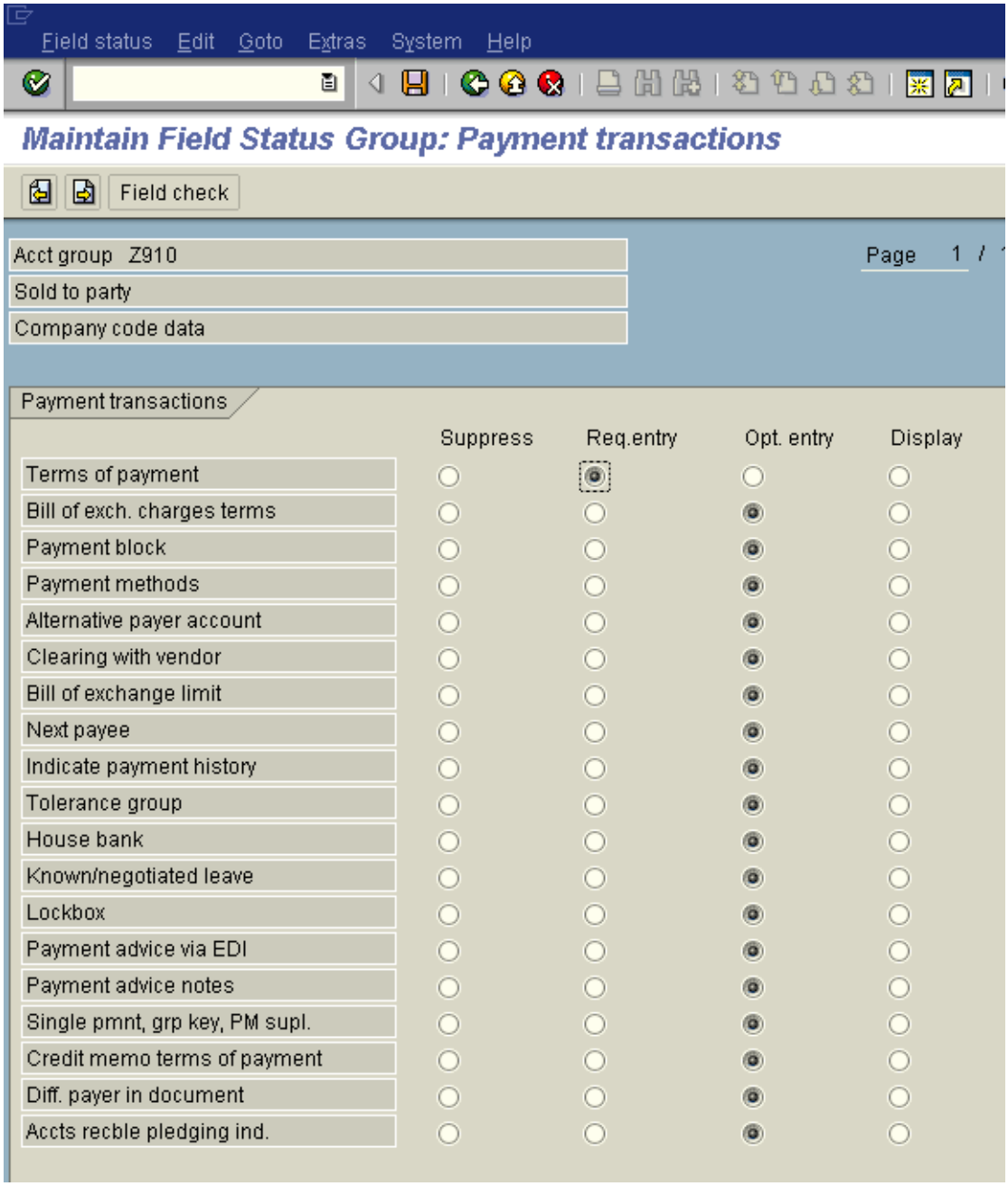
Double Click Account management

Change Reconciliation account and sort key from Opt entry to Req. entry



Click on

Change Terms of payment from Opt. Entry to Req. entry



Click on Save

1.1.1.2 Define Screen Layout per Company Code (Customers)

IMG →Financial Accounting →Accounts Receivable and Accounts Payable →Customer Accounts → Master Records → Preparations for Creating Customer Master Records → Define Screen Layout per Company Code (Customers)

Here in this step you specify, depending on the company code, which company code-dependent master record fields

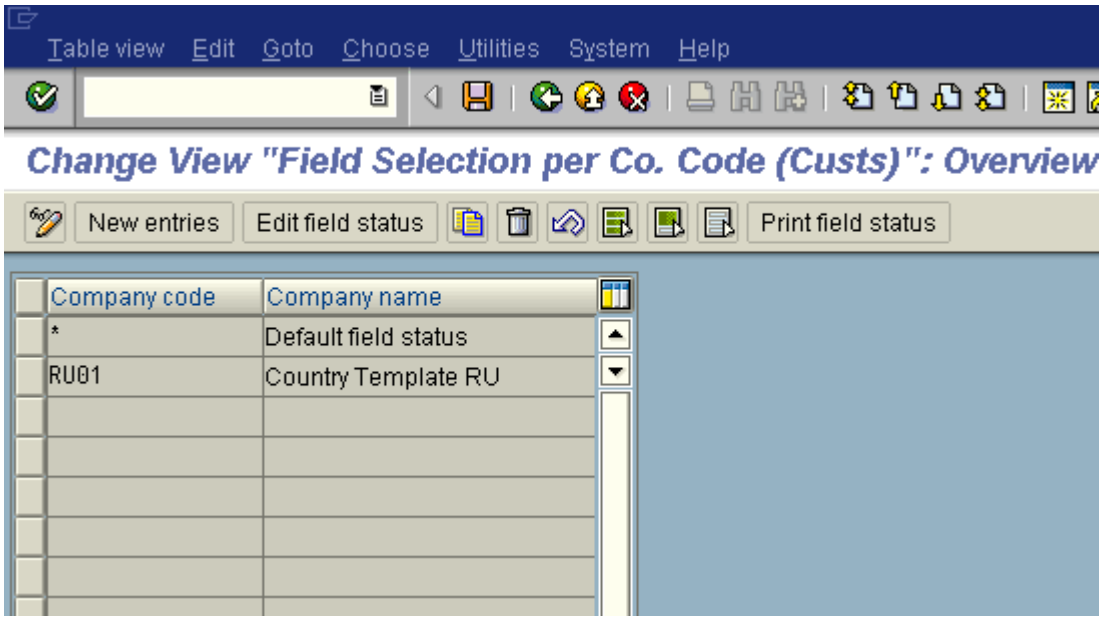
- are ready for input
- require an entry
- are hidden.

This specification is linked to the field status of the account group and a specification for the transaction. By means of the link, you can see which status the fields have on the entry screen for master data. In this case, the fields take on the status which has the highest priority. Hiding a field has the highest priority, followed by a display field, a required field and then an optional field:

The entry under the company code * applies to the company codes which are not explicitly entered in the table. You should not delete this entry.

Normally no configuration is required except in exceptional cases. For example, if the company codes are in different countries or some company codes do not use automatic payment processing for customers. If fields are to have an alternative status depending on the company code, specify the company code and determine the status of the fields.

We will not configure anything here since we do not want field status differently based on company codes.



1.1.1.3 Define Screen Layout per Activity (Customers)

IMG →Financial Accounting →Accounts Receivable and Accounts Payable →Customer Accounts → Master Records → Preparations for Creating Customer Master Records → Define Screen Layout per Activity (Customers)

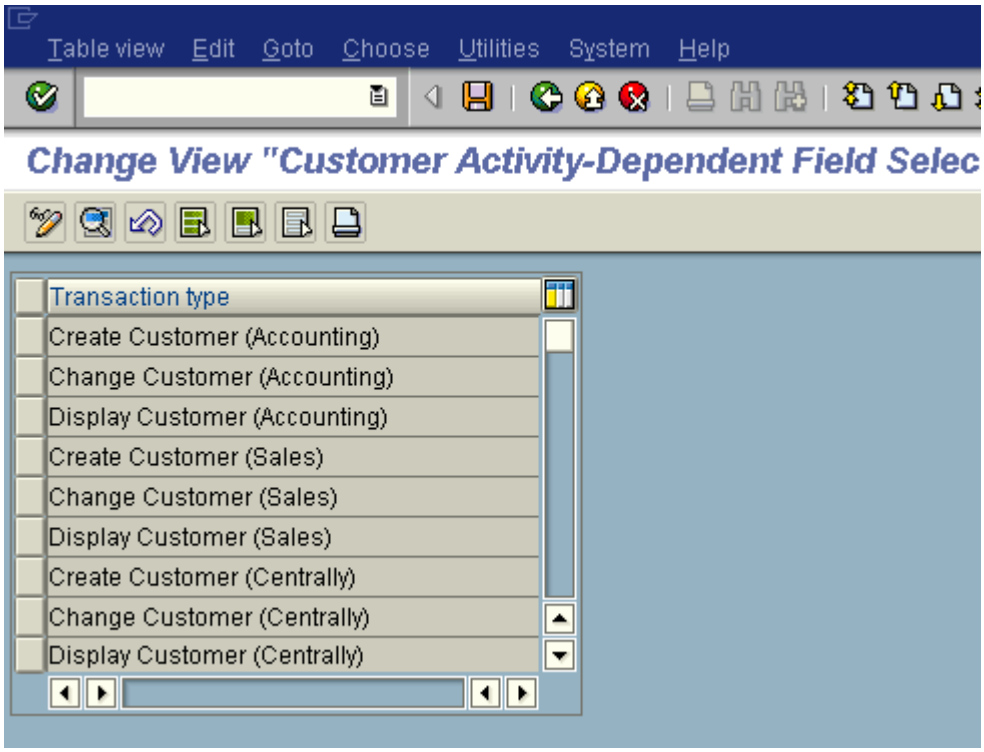
In this activity you specify, depending on the transactions (display, create, change) for customer master data, which master record fields

- are ready for input
- require an entry
- are hidden.

This specification is linked with the field status of the account group and the company code-dependent specification. By means of the link, you can see which status the fields have on the entry screen for master data. In this case, the fields take on the status which has the highest priority. Hiding a field has the highest priority, followed by a display field, a required field and then an optional field:

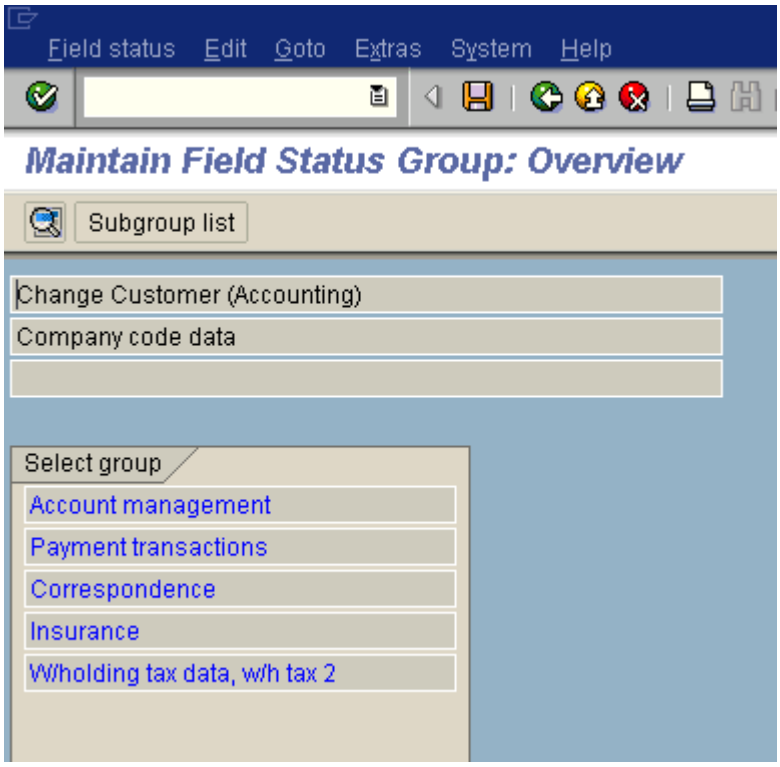
This, particular configuration is required if the fields are to be filled when creating and are not to be changed via the change transaction. This is required for reconciliation account. The reconciliation account updated during the create mode should not be changed later on in the change mode. This will create a lot of problem. In the change mode the field should not be available for change. It should be only in the display mode.

Let us configure that.



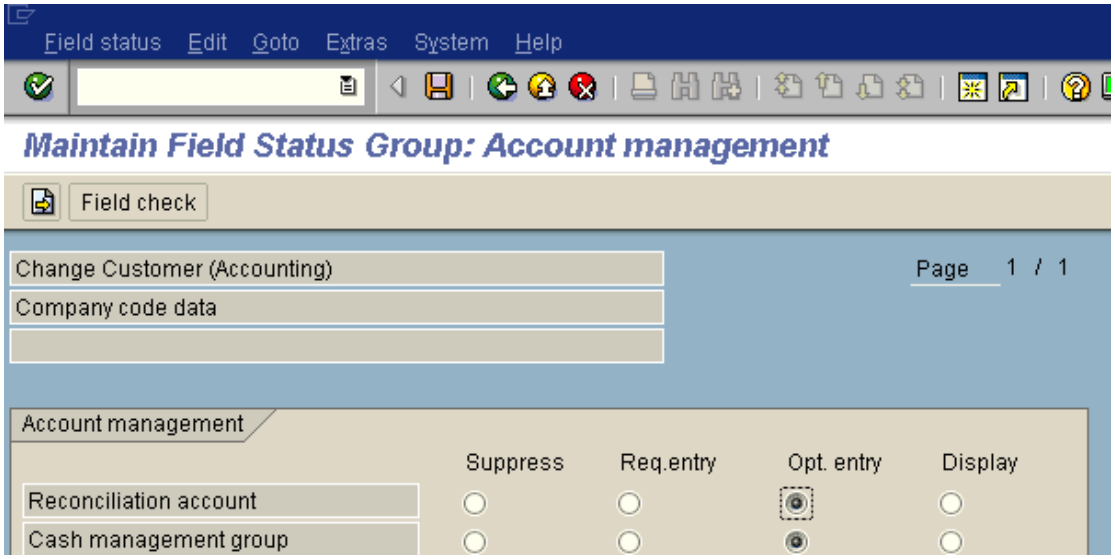
Double click

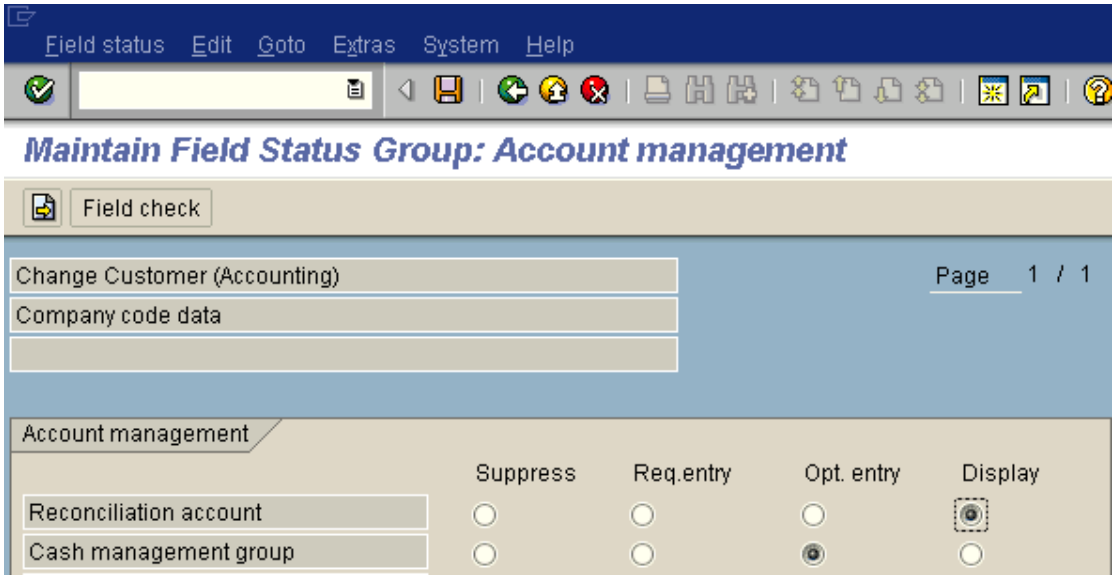
Double click



Double click

Change the reconciliation account from opt. entry to display





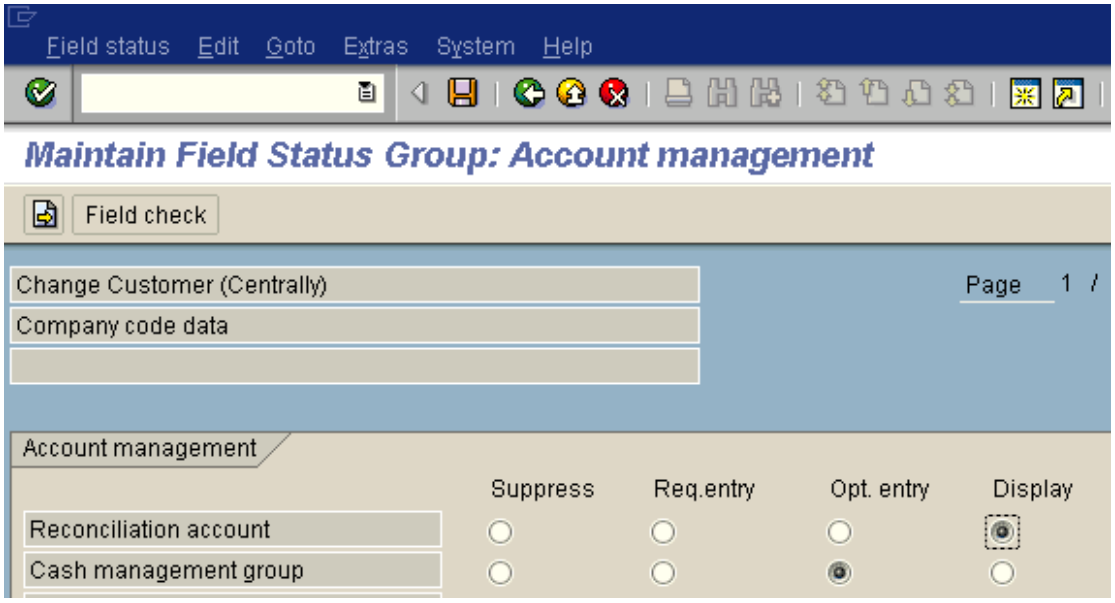
Click on

Double click

Double click

Double click

and change reconciliation account from optional entry to display



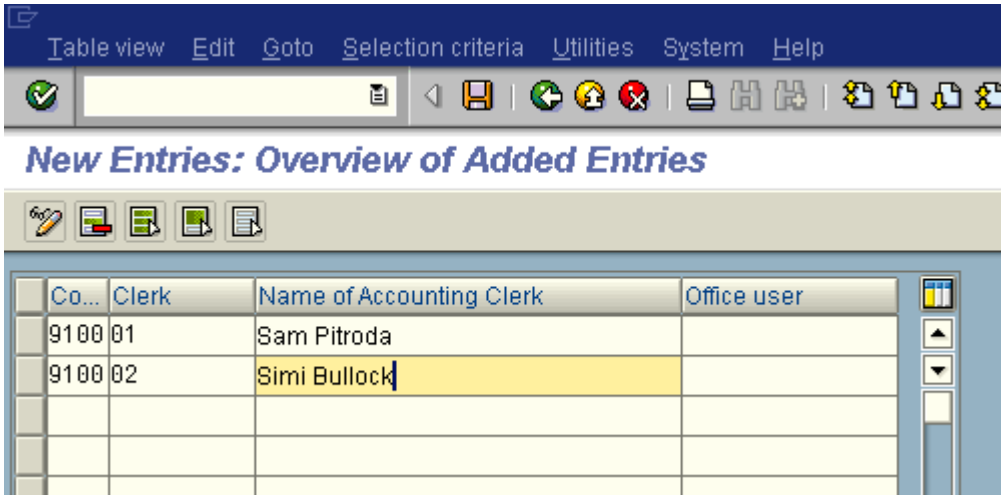
Click on

1.1.1.4 Enter Accounting Clerk Identification Code for Customers

IMG →Financial Accounting →Accounts Receivable and Accounts Payable →Customer Accounts → Master Records → Preparations for Creating Customer Master Records → Enter Accounting Clerk Identification Code for Customers

In this step, you define the names of the accounting clerks under a name identification code. You enter the identification code in the customer master records which the accounting clerk supervises. You can use this information for evaluations and for correspondence.

Click on



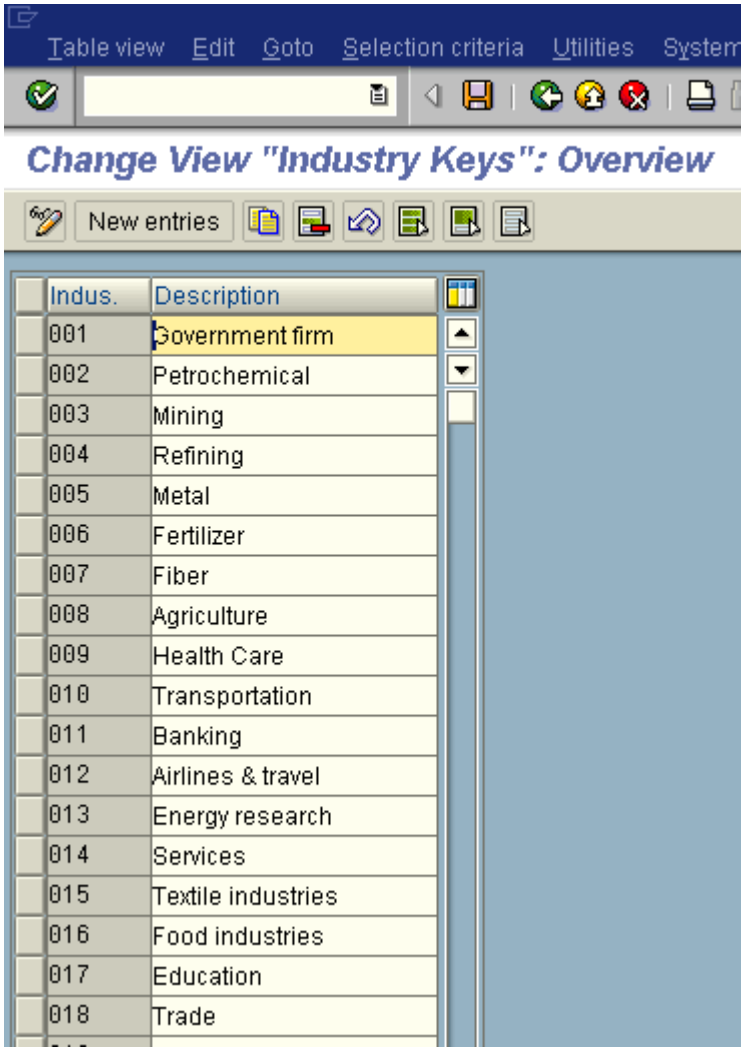
Click on Save

1.1.1.5 Define Industries

IMG →Financial Accounting →Accounts Receivable and Accounts Payable →Customer Accounts → Master Records → Preparations for Creating Customer Master Records → Define Industries

In this activity you define the industries you require. You can group together your customers by industry. The industry field is located in the general area of the customer's master record. You specify what industry a business partner belongs to by entering an industry key in its master record. You can use this information for evaluations, for example, to create a customer list according to industry.

We will not configure anything here. In case you want to configure click on new entries, enter a 3 digit code and description.



1.1.1.6 Create Number Ranges for Customer Accounts

IMG →Financial Accounting →Accounts Receivable and Accounts Payable →Customer Accounts → Master Records → Preparations for Creating Customer Master Records → Create Number Ranges for Customer Accounts

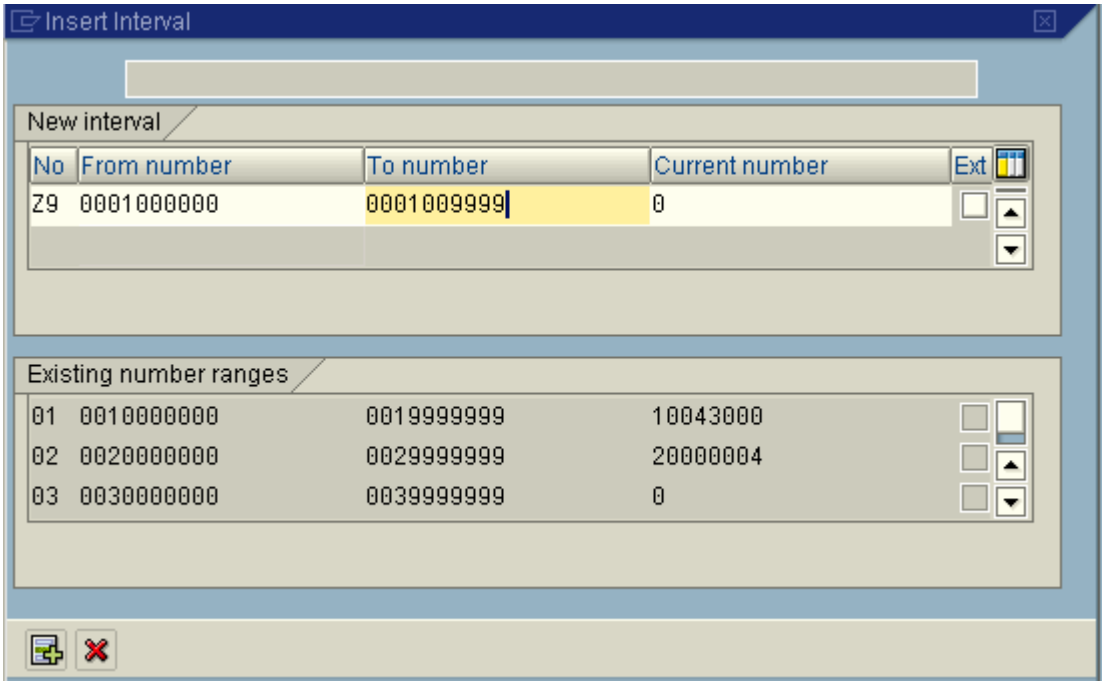
In this activity you create the number ranges for the customer accounts. To do this, specify the following under a two-character key:

- A number interval from which the account number for the customer accounts is to be selected
- The type of number assignment (internal or external number assignment)

.

Click on

Click on



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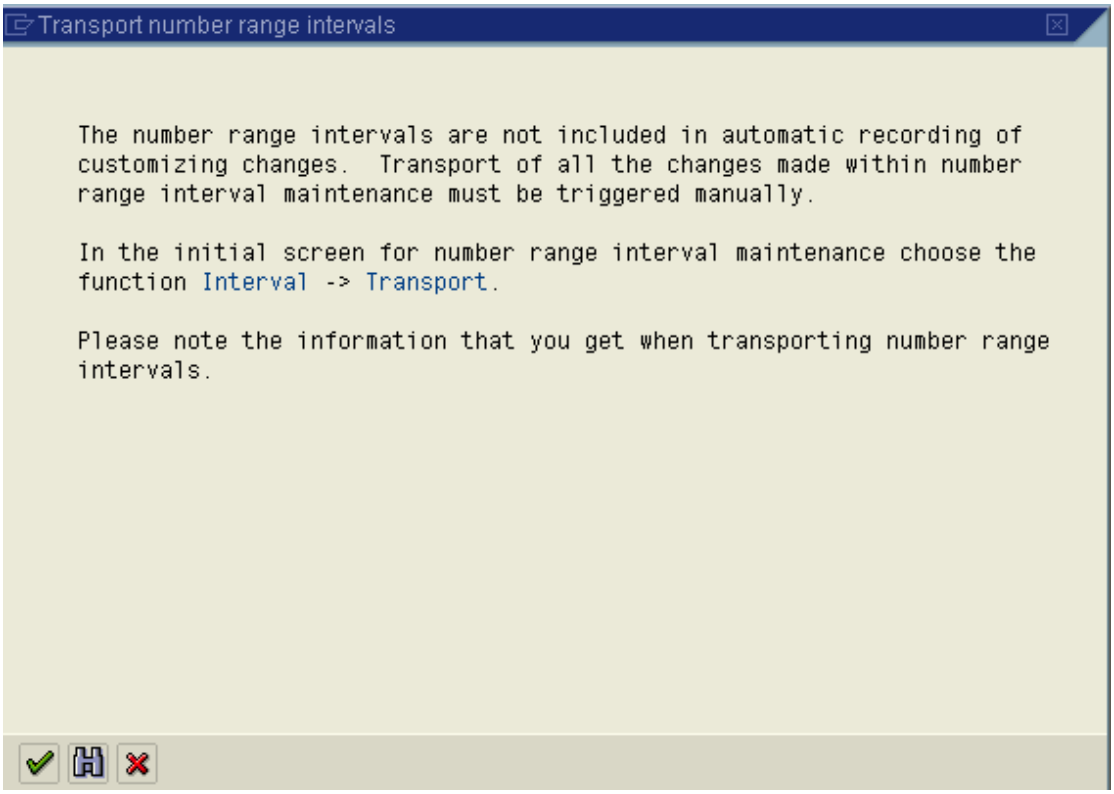
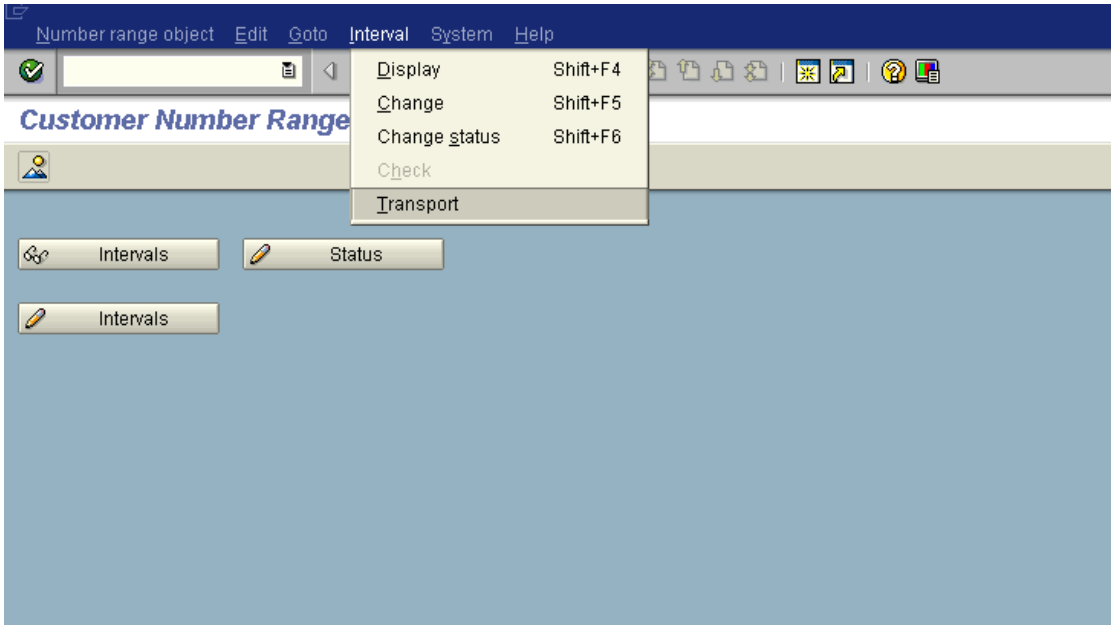


To Transport

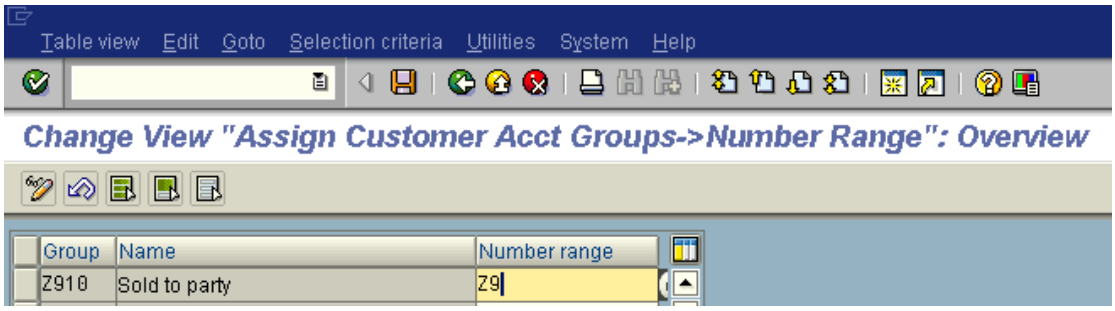


When we transport in the above manner all intervals for the selected number range object are deleted in the target system first. After the import, only the intervals you export are present. The number statuses are imported with their values at the time of export.
Dependent tables are not transported or converted.

1.1.1.7 Assign Number Ranges to Customer Account Groups

IMG →Financial Accounting →Accounts Receivable and Accounts Payable →Customer Accounts → Master Records → Preparations for Creating Customer Master Records → Assign Number Ranges to Customer Account Groups

In this step you assign the number ranges you created in the preceding step to the account groups for customers. You can use one number range for several account groups.
We will assign number range Z9 created to account Z910.



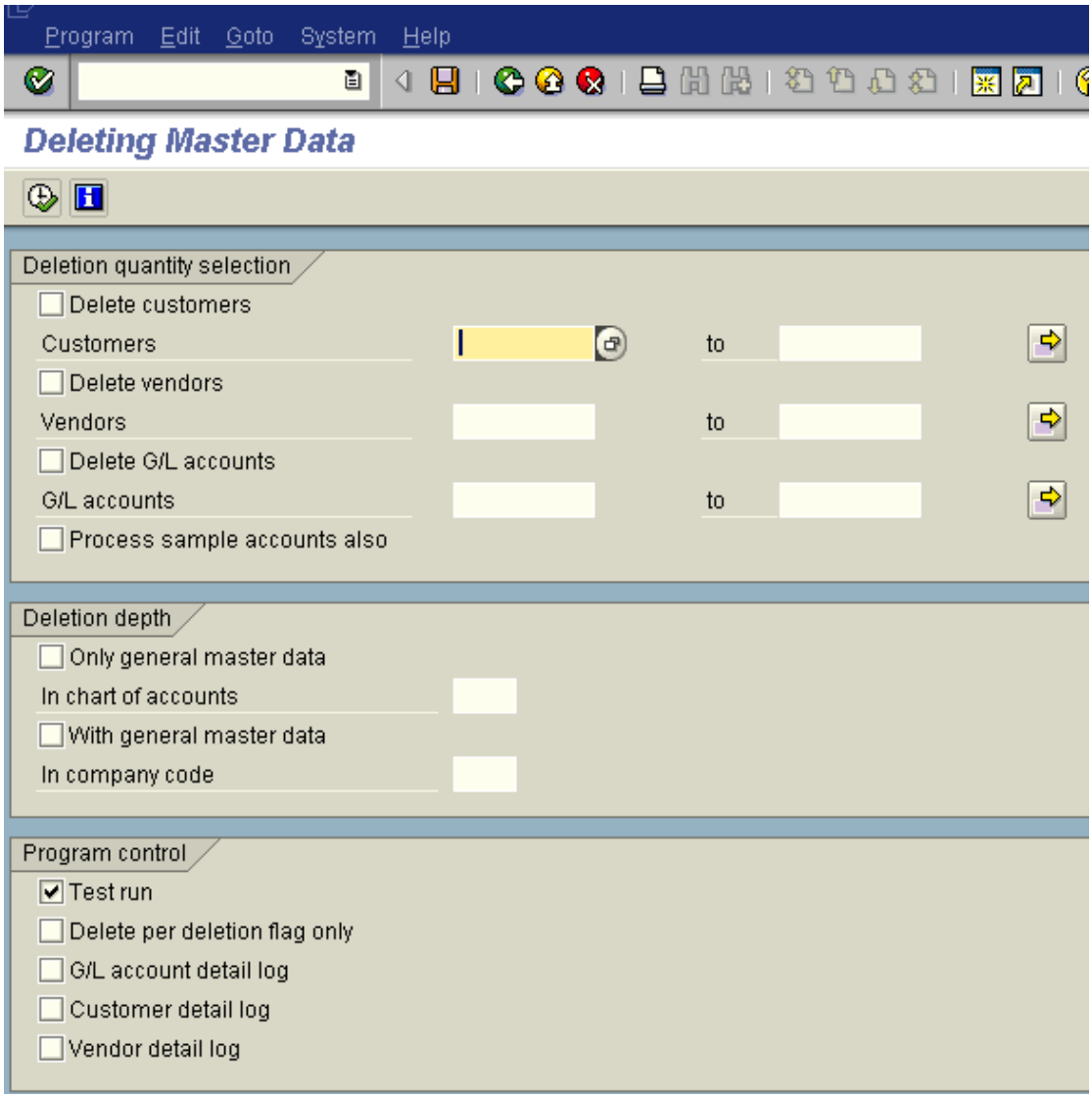
Click on Save

1.1.1.8 Delete Customer Master Data (OBR2)

IMG →Financial Accounting →Accounts Receivable and Accounts Payable →Customer Accounts → Master Records → Delete Customer Master Data (OBR2)

You can delete the master records for customers by using this program. This program is to be used only during test phase.
The company code for which master records are to be deleted, should not be flagged as productive. Only master records for accounts which do not have any transaction data may be deleted.
The general customer master data is only deleted for customers who are not also created as customers in Sales and Distribution.

You can use transaction code OBR2 in the main SAP Easy Access menu.



1.2 Vendor Accounts

1.2.1 Master Records

1.2.1.1 Define Account Groups with Screen Layout (Vendors)

IMG →Financial Accounting →Accounts Receivable and Accounts Payable →Vendor Accounts → Master Records → Preparations for Creating Vendor Master Records → Define Account Groups with Screen Layout (Vendors)

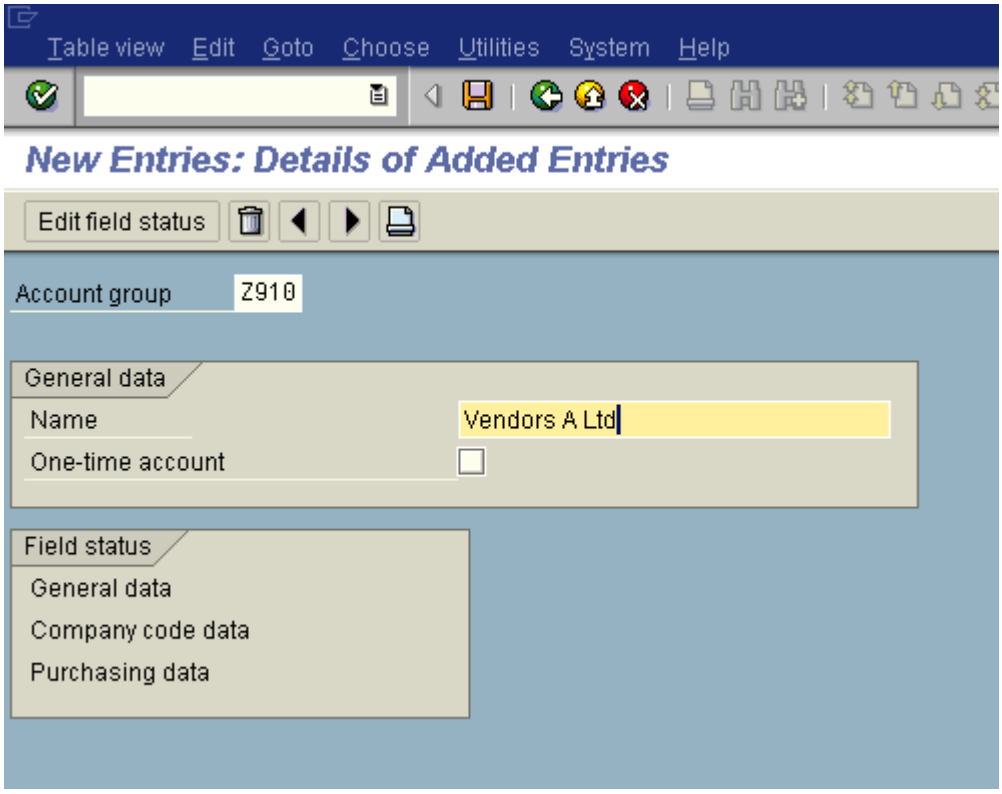
In this step you specify the account groups for vendors.

Via the account group you determine

- The interval for the account numbers
- Whether the number is assigned internally by the system or externally by the user (type of number assignment)
- Whether it is a one-time account
- Which fields are ready for input or must be filled when creating and changing master records (field status)

Click on

Update the following: -

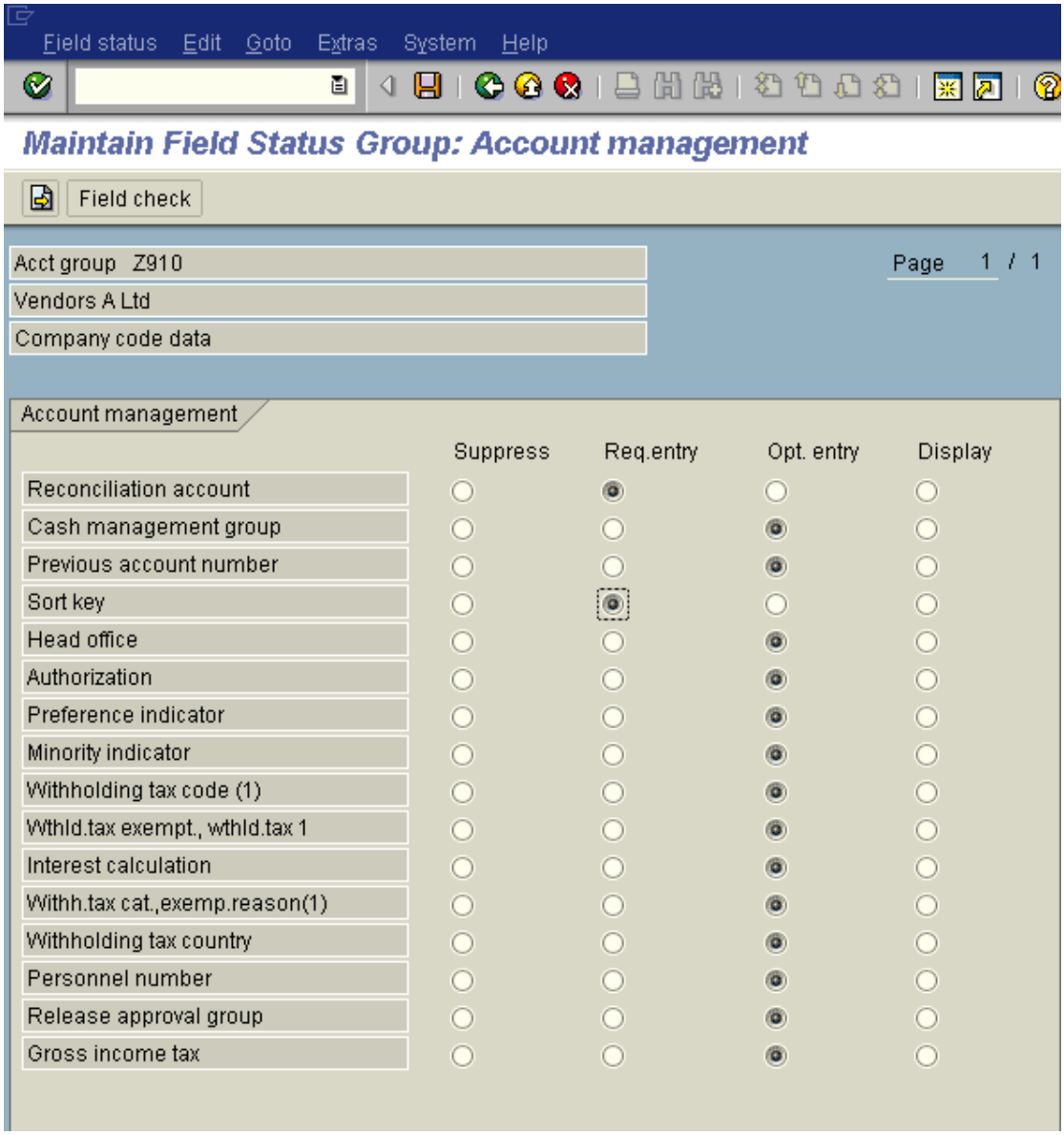


Click on Save

Double Click Company code data

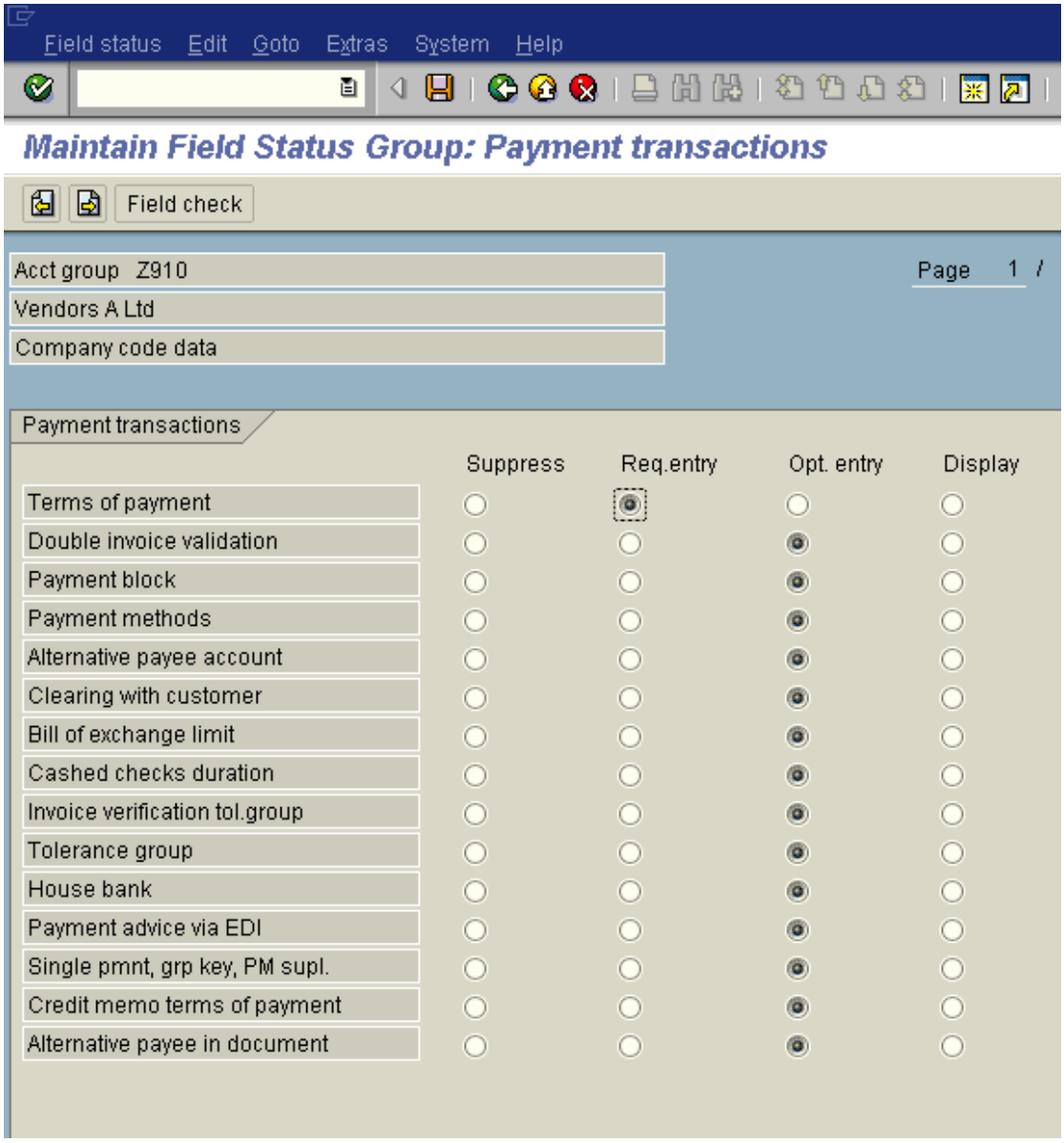
Double Click Account management

Make Reconciliation account and sort key a Req. entry as follows



Click on

Make Terms of payment Req. entry



Click on Save

1.2.1.2 Define Screen Layout per Company Code (Vendors)

IMG →Financial Accounting →Accounts Receivable and Accounts Payable →Vendor Accounts → Master Records → Preparations for Creating Vendor Master Records → Define Screen Layout per Company Code (Vendors)

Here you determine, depending on the company code, which company code-dependent master record fields

- are ready for input

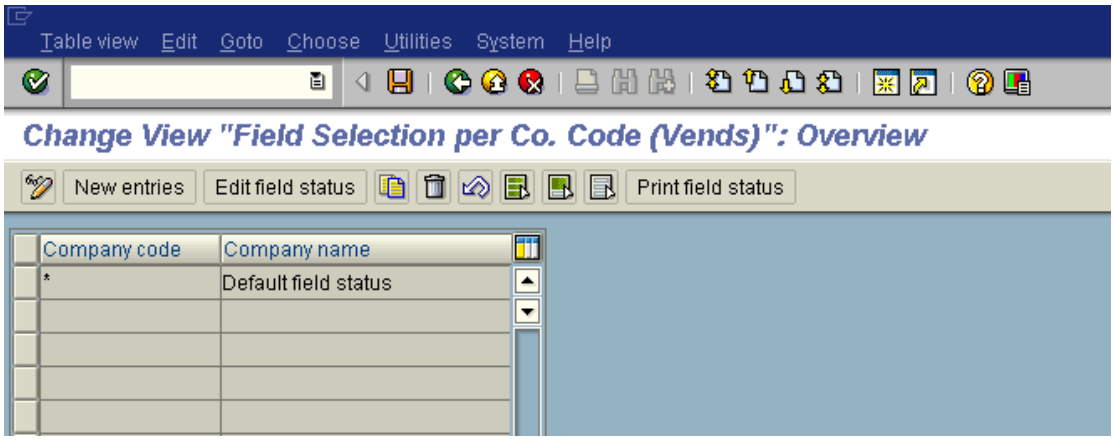
- require an entry
- are hidden.

This specification is linked to the field status of the account group and a specification for the transaction. By means of the link, you can see which status the fields have on the entry screen for master data. In this case, the fields take on the status which has the highest priority. Hiding a field has the highest priority, followed by a display field, a required field and then an optional field:

The entry under the company code * applies to the company codes which are not explicitly entered in the table. You should not delete this entry.

Normally no configuration is required except in exceptional cases. For example, if the company codes are in different countries or some company codes do not use automatic payment processing for customers. If fields are to have an alternative status depending on the company code, specify the company code and determine the status of the fields.

We will not configure anything here since we do not want field status differently based on company codes.



1.2.1.3 Define Screen Layout per Activity (Vendors)

IMG →Financial Accounting →Accounts Receivable and Accounts Payable →Vendor Accounts → Master Records → Preparations for Creating Vendor Master Records → Define Screen Layout per Activity (Vendors)

In this activity you specify, depending on the transactions (display, create, change) for customer master data, which master record fields

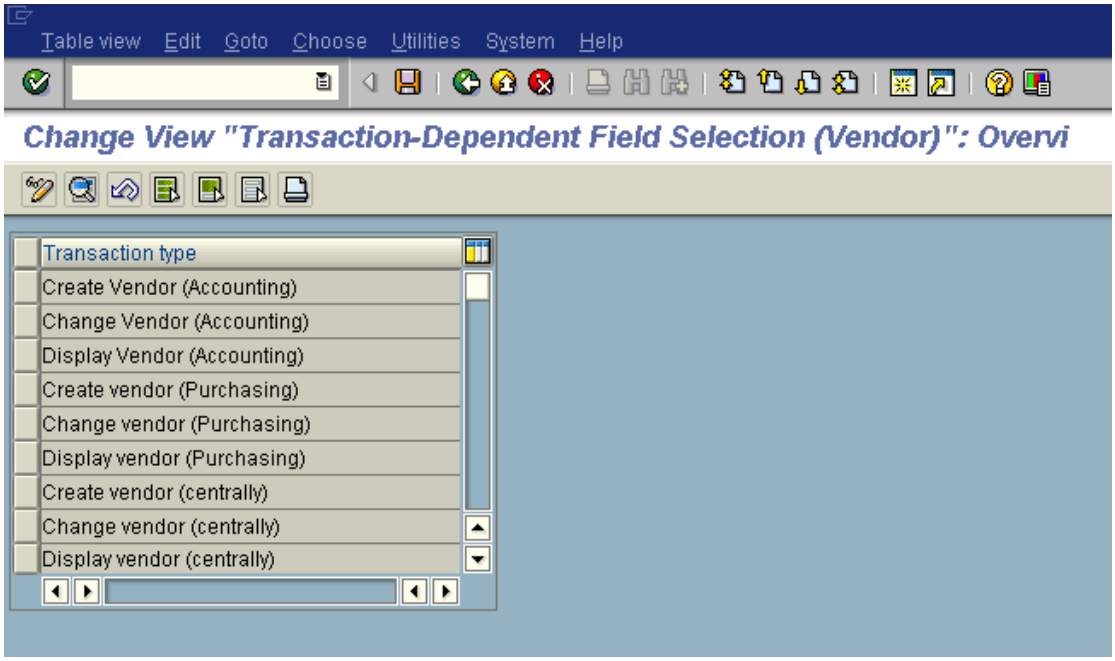
- are ready for input
- require an entry

- are hidden.

This specification is linked with the field status of the account group and the company code-dependent specification. By means of the link, you can see which status the fields have on the entry screen for master data. In this case, the fields take on the status which has the highest priority. Hiding a field has the highest priority, followed by a display field, a required field and then an optional field:

This configuration is required if the fields are to be filled when creating and are not to be changed via the change transaction. This is required for reconciliation account. The reconciliation account updated during the create mode should not be changed later on in the change mode. This will create a lot of problem. In the change mode the field should not be available for change. It should be only in the display mode.

Let us configure that.



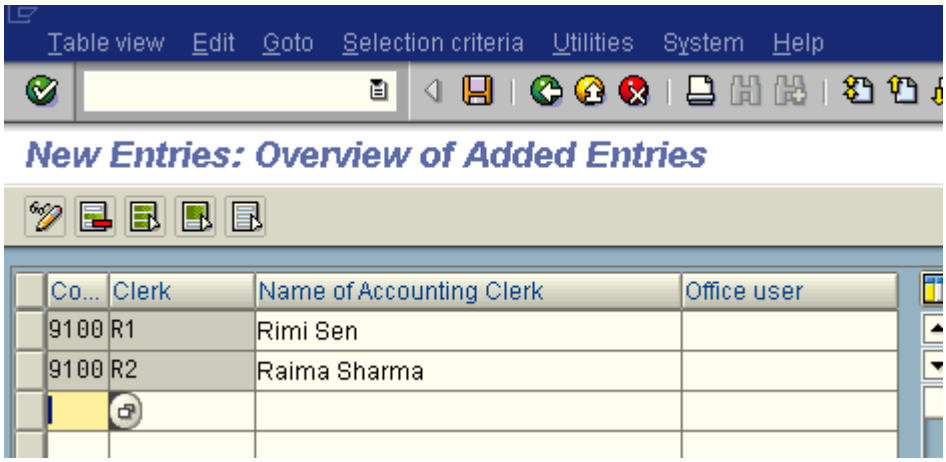
1.2.1.4 Define Accounting Clerks

IMG →Financial Accounting →Accounts Receivable and Accounts Payable →Vendor Accounts → Master Records → Preparations for Creating Vendor Master Records → Define Accounting Clerks

In this step, you define the names of the accounting clerks under a name identification code. You enter the identification code in the vendor master records which the accounting clerk supervises. You can use this information for evaluations and for correspondence.

Click on

Update the following:-



Click on Save

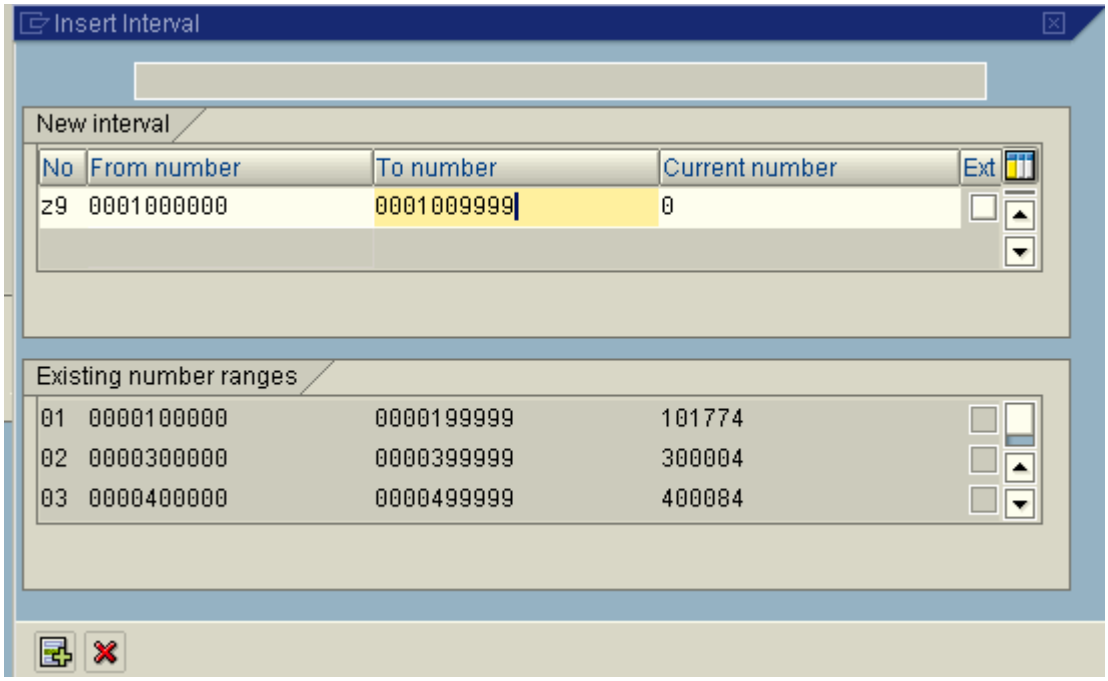
1.2.1.5 Create Number Ranges for Vendor Accounts

IMG →Financial Accounting →Accounts Receivable and Accounts Payable →Vendor Accounts → Master Records → Preparations for Creating Vendor Master Records → Create Number Ranges for Vendor Accounts

Here you create the number ranges for vendor accounts. You specify whether the number range is internal or external. Internal number range means the system allots the number automatically from the number range. External number range means the system expects the user to allot the number from the specified range.

Click on

Click on



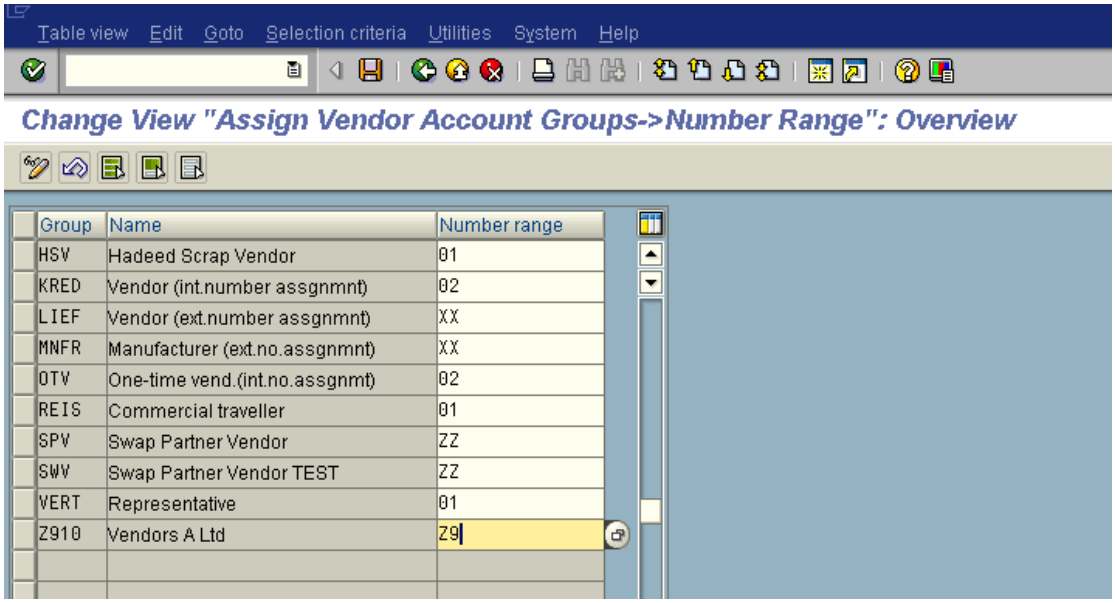
Click on

Click on Save

1.2.1.6 Assign Number Ranges to Vendor Account Groups

IMG →Financial Accounting →Accounts Receivable and Accounts Payable →Vendor Accounts → Master Records → Preparations for Creating Vendor Master Records → Assign Number Ranges to Vendor Account Groups

Assign number range **Z9** to account group **Z910**

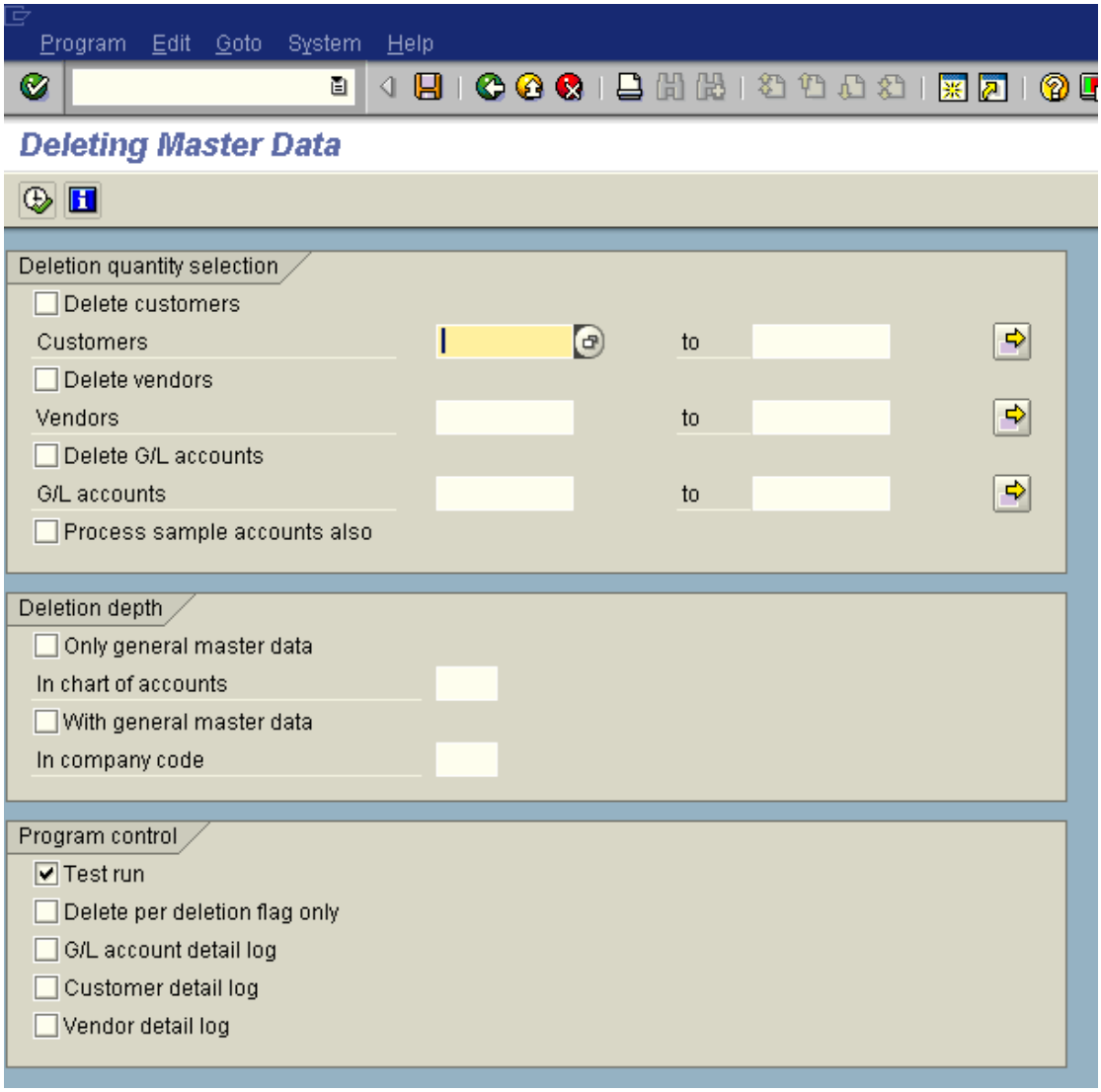


Click on Save

1.2.1.7 Delete Vendor Master Data (OBR2)

IMG →Financial Accounting →Accounts Receivable and Accounts Payable →Vendor Accounts → Master Records→ Delete Vendor Master Data

Here you can delete the master records for vendors. You can use this program in the test phase. The company code, for which master records are to be deleted, should not be flagged as productive. Only master records for accounts which do not have any transaction data may be deleted.
The general vendor master data is only deleted for vendors who are not also created as vendors in Purchasing.



1.3 Business Transactions

1.3.1 Incoming Invoices/Credit Memos

1.3.1.1 Maintain Terms of Payment

IMG →Financial Accounting →Accounts Receivable and Accounts Payable → Business Transactions → Incoming Invoices/Credit Memos → Maintain Terms of Payment

Here you can define rules which are stored under a four-character key called as payment term. You assign this terms of payment to the vendors master record. The payment term is proposed when entering a document to the vendor account.
You can use the same key for the terms of payment for both customers and vendors who have the same payment terms. SAP recommends, however, that

you use different terms of payment keys for customers and vendors and limit the permitted account type correspondingly within the terms of payment.

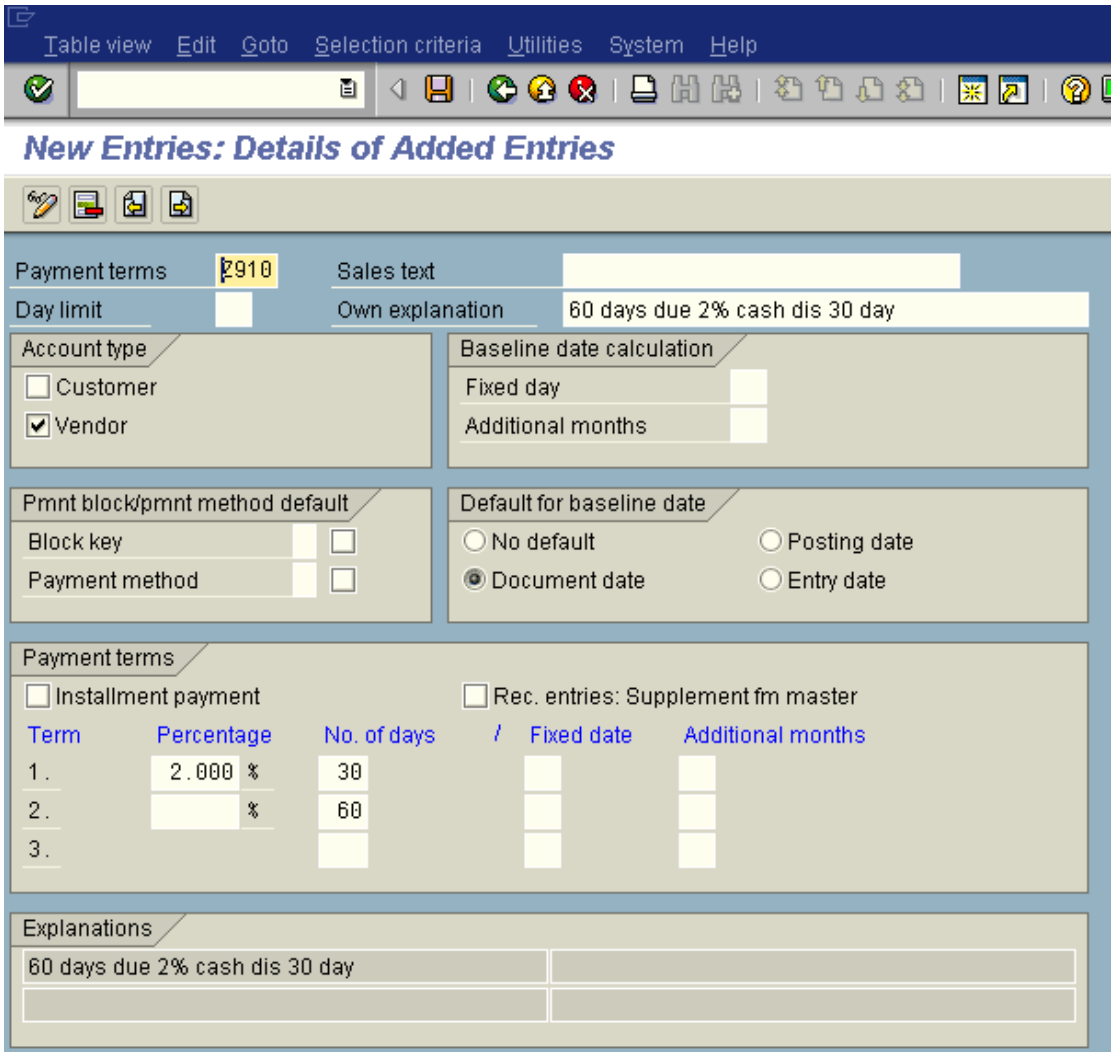
Let us configure 2 payment terms.

1) Payable to vendor 60 days. If paid within 30 days 2 % cash discount can be availed.
2) Receivable from customer within 45 days. If paid within 15 days 2 % cash discount will be paid.

Generally document date is selected as the default baseline date. **Document date** is the invoice date.

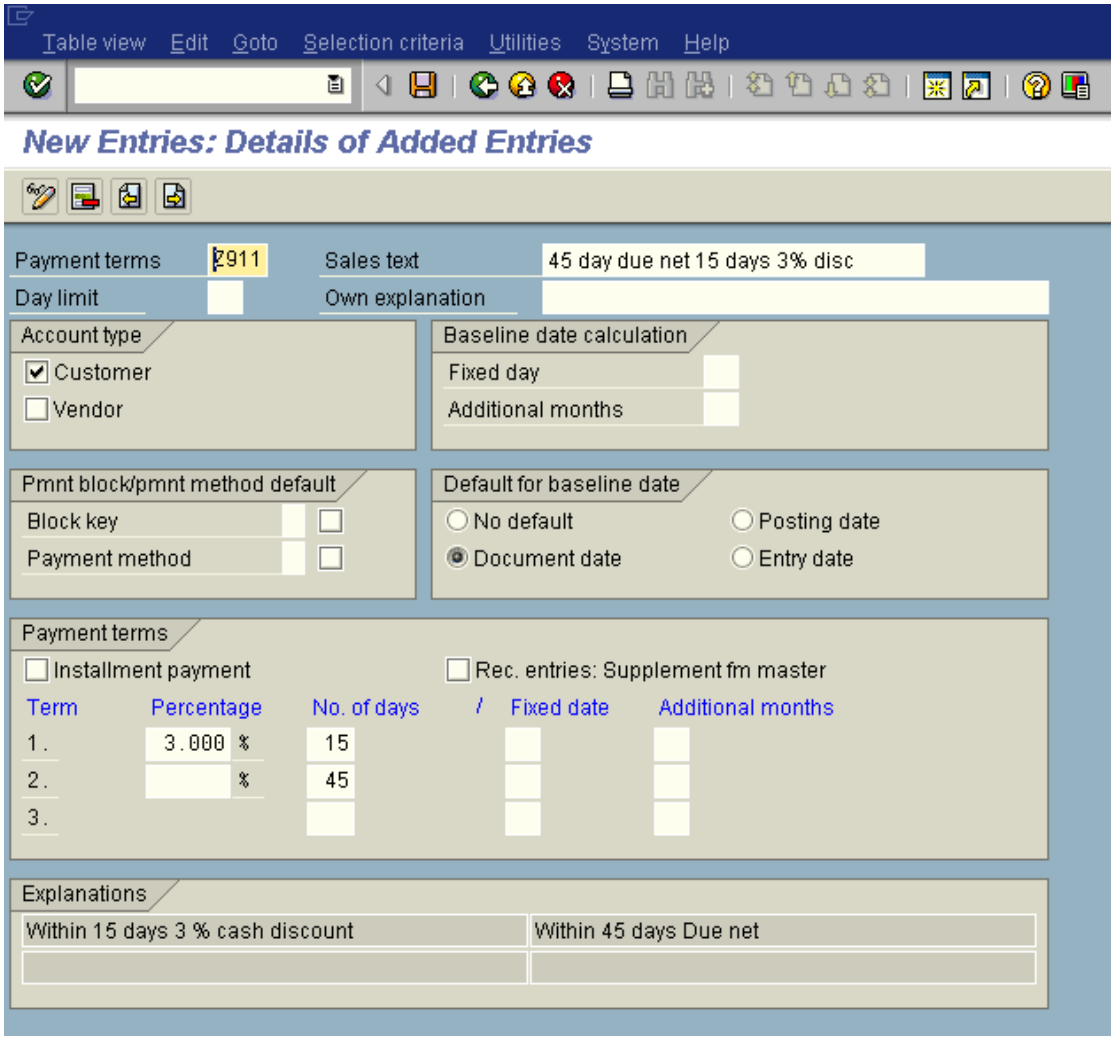
You configure both the payment terms for customers and vendor using the same configuration path.

Click on



Click on Save

To configure another payment, Click on New entries



Click on Save

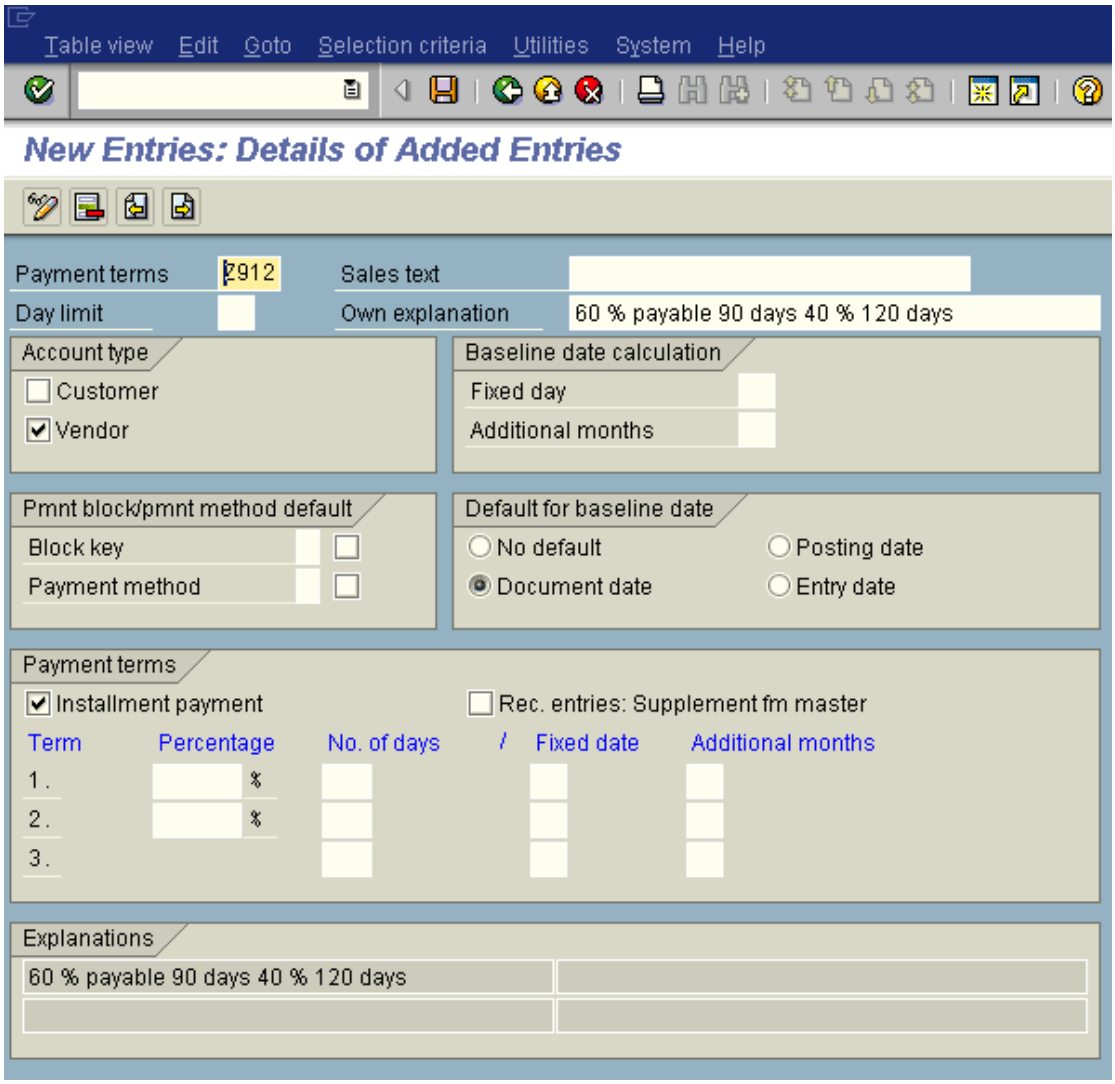
1.3.1.2 Define Terms of Payment for Installment Payments

IMG →Financial Accounting →Accounts Receivable and Accounts Payable → Business Transactions → Incoming Invoices/Credit Memos → Define Terms of Payment for Installment Payments

Here you can configure whether an invoice amount is to be divided into partial amounts with different due dates. For this, you must specify the amount of the holdback/retainage in percent and the terms of payment for each holdback/retainage payment. If you then post an invoice with terms of holdback/retainage payment, the system generates the corresponding number of line items due to your specifications for the holdback/retainage.

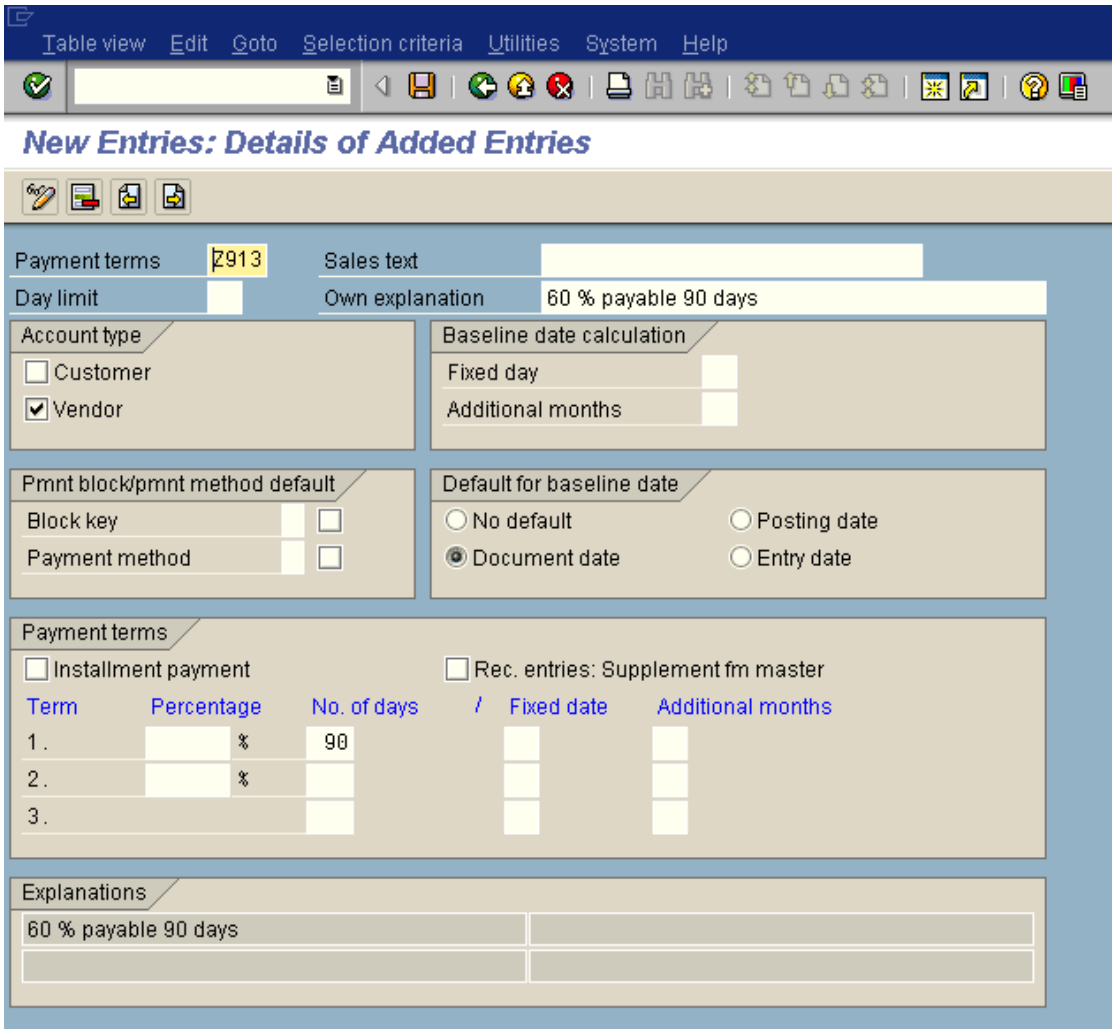
We want to create a Installment payment key where 60 % of the amount is payable to vendor within 90 days and the balance 40 % in 120 days.

Let us create 3 payment terms (keys) using configuration path in step 1.3.1.1



Click on Save

Click on



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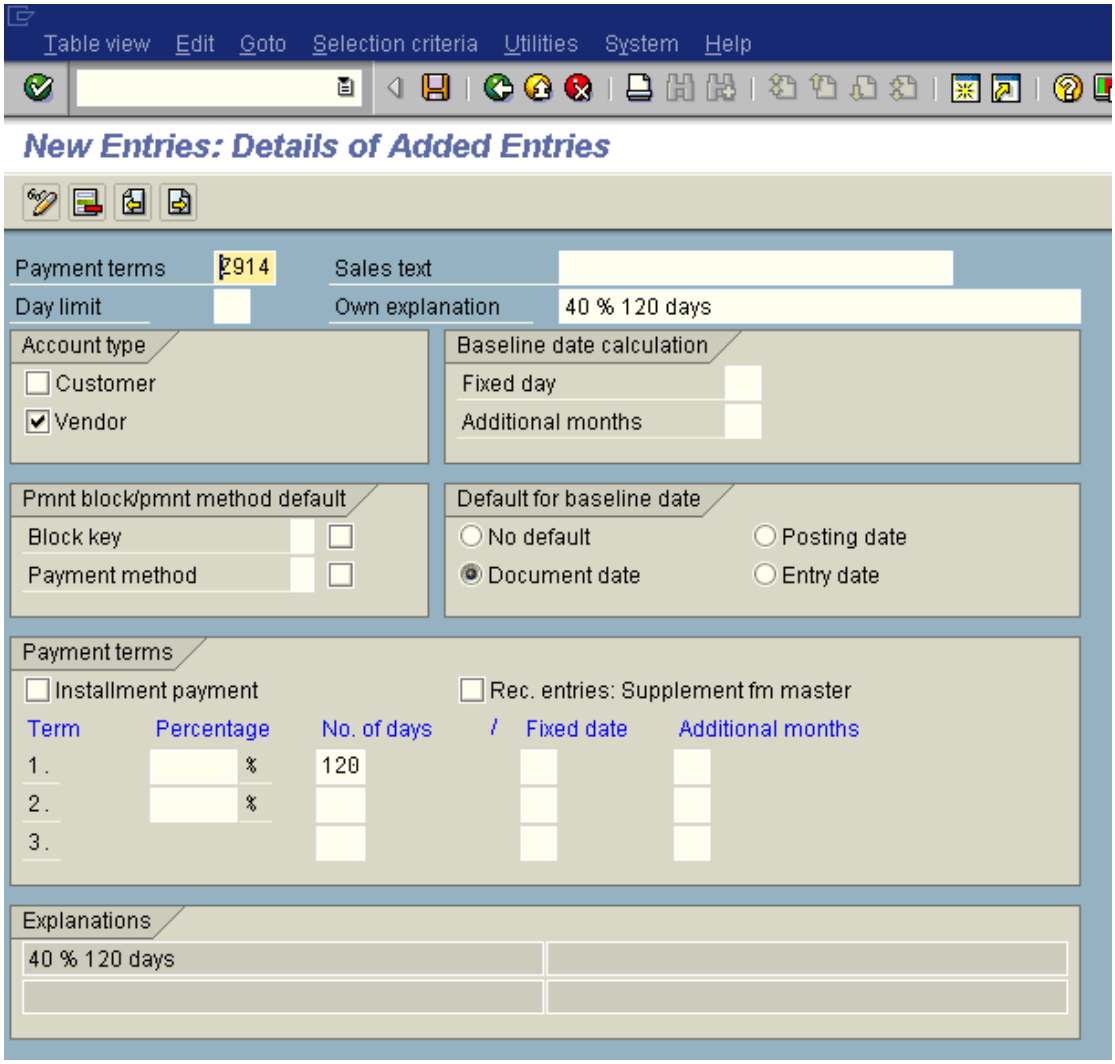
Click on

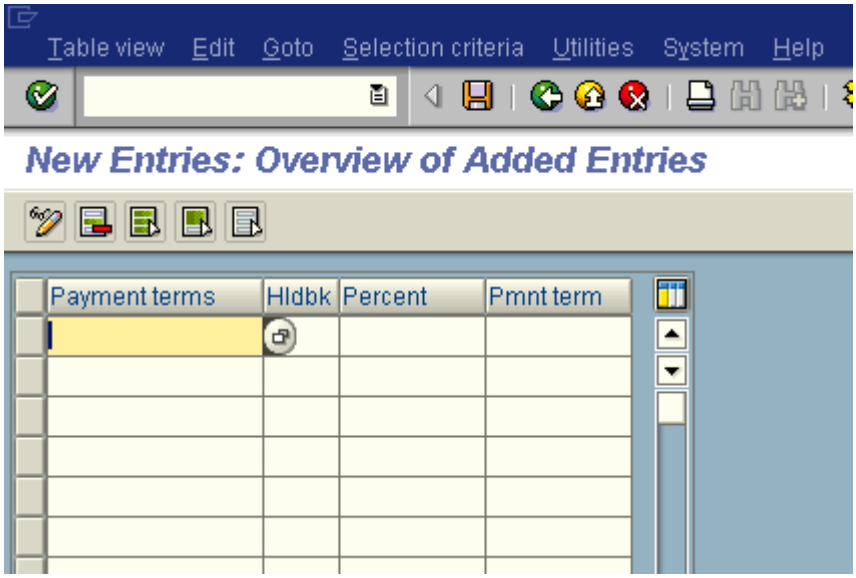


Click on Save

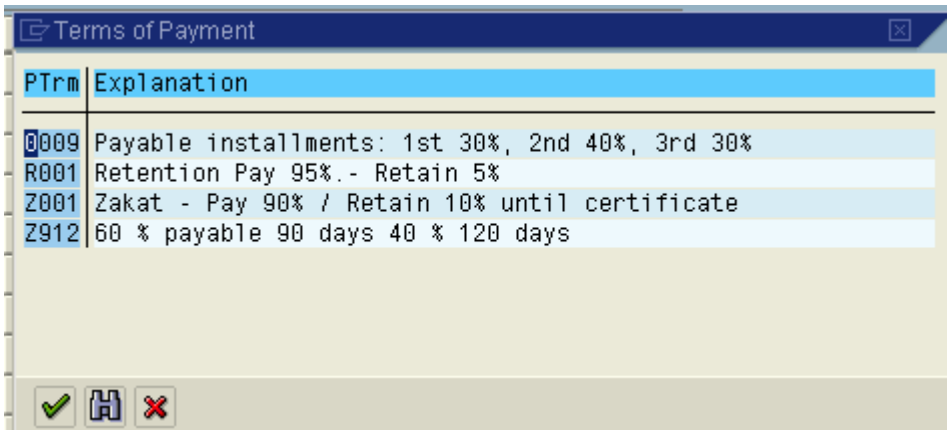
Now link all the 3 keys together using the above configuration path.

Click on New entries

Update the following: -

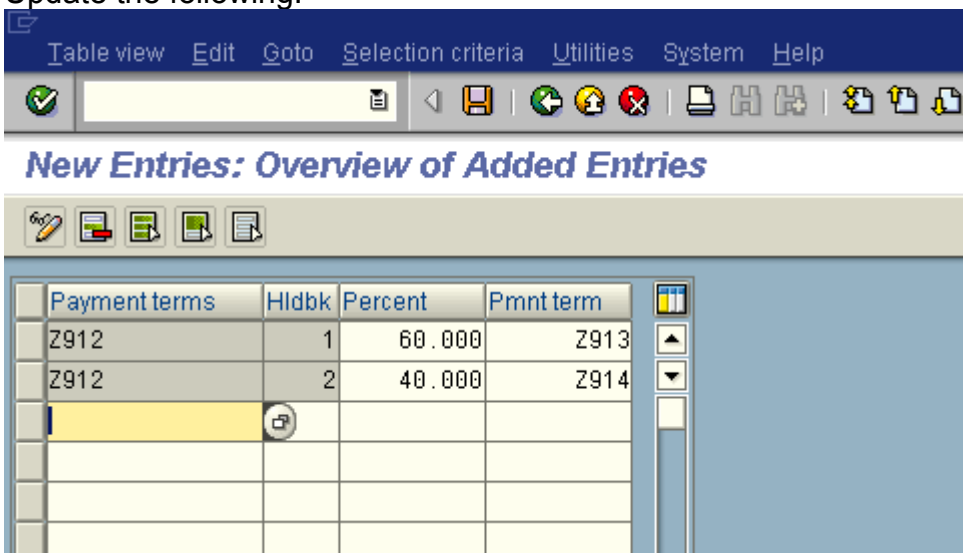


Take a drop down in field payment terms



Double Click Z912

Update the following:-



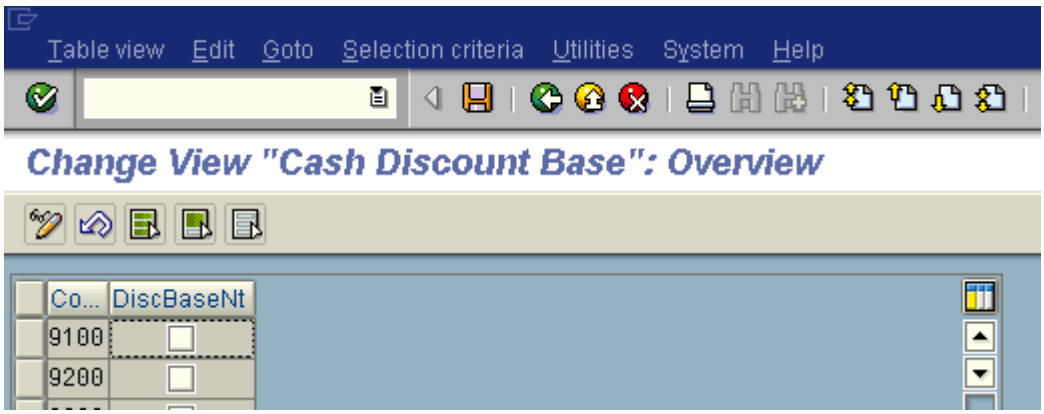
Click on Save

1.3.1.3 Define Cash Discount Base for Incoming Invoices

IMG →Financial Accounting →Accounts Receivable and Accounts Payable → Business Transactions → Incoming Invoices/Credit Memos → Define Cash Discount Base for Incoming Invoices

Here we define whether the tax amount is taken into consideration in the base amount for calculating the cash discount amount. This specification is per company code.

We do not want the cash discount base to be net; hence we will not configure this.



1.3.2 Outgoing Payments

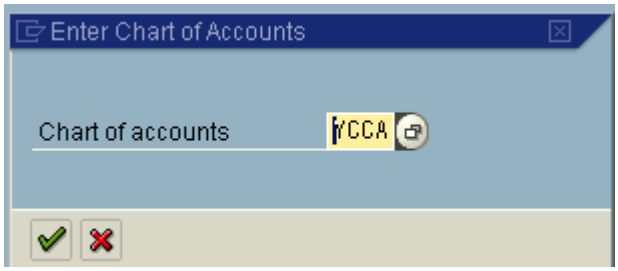
1.3.2.1 Outgoing Payments Global Settings

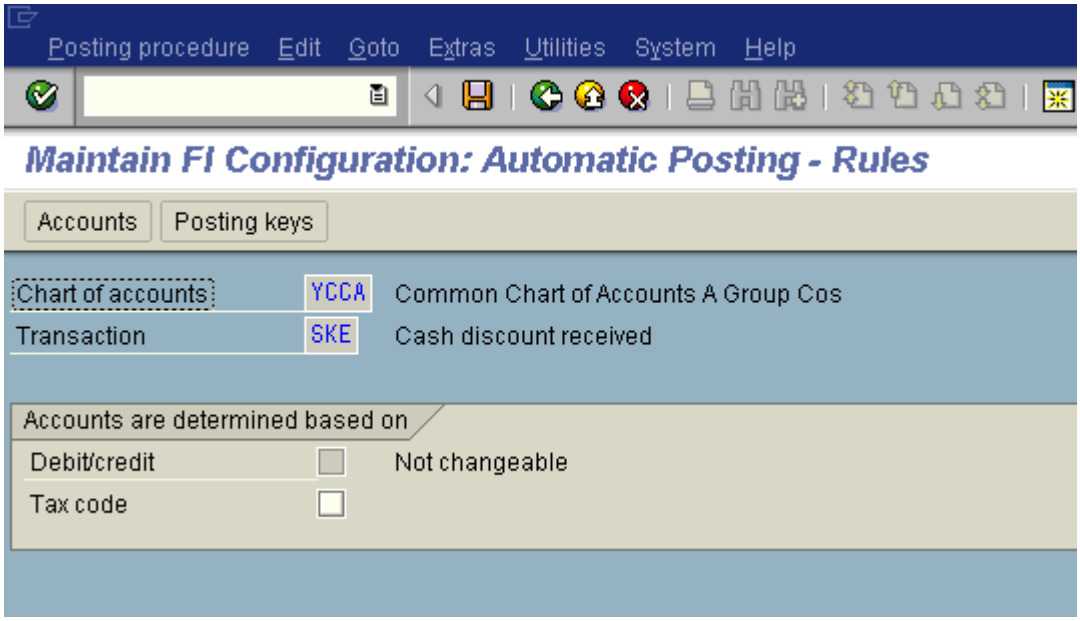
1.3.2.1.1 Define Accounts for Cash Discount Taken

IMG →Financial Accounting →Accounts Receivable and Accounts Payable → Business Transactions → Outgoing Payments → Define Accounts for Cash Discount Taken

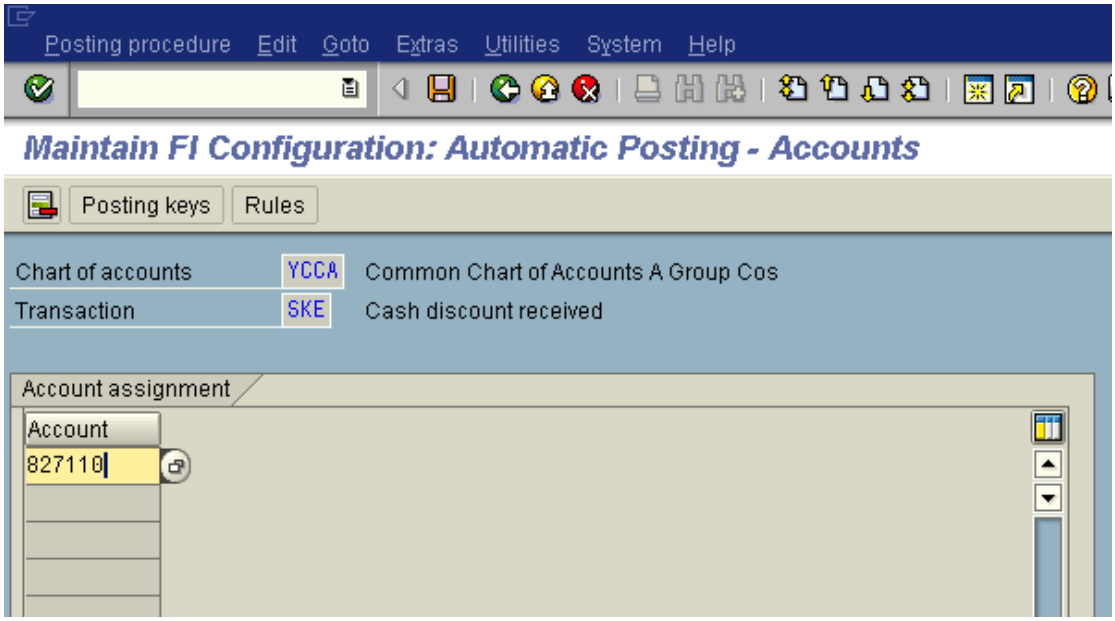
Here you define the account numbers of your cash discount received accounts. The system posts the cash discount amount to these accounts when clearing open items in vendors.
You can specify tax code also.

Update the following: -





Click on Save



827110 is a cash discount received account

Click on Save

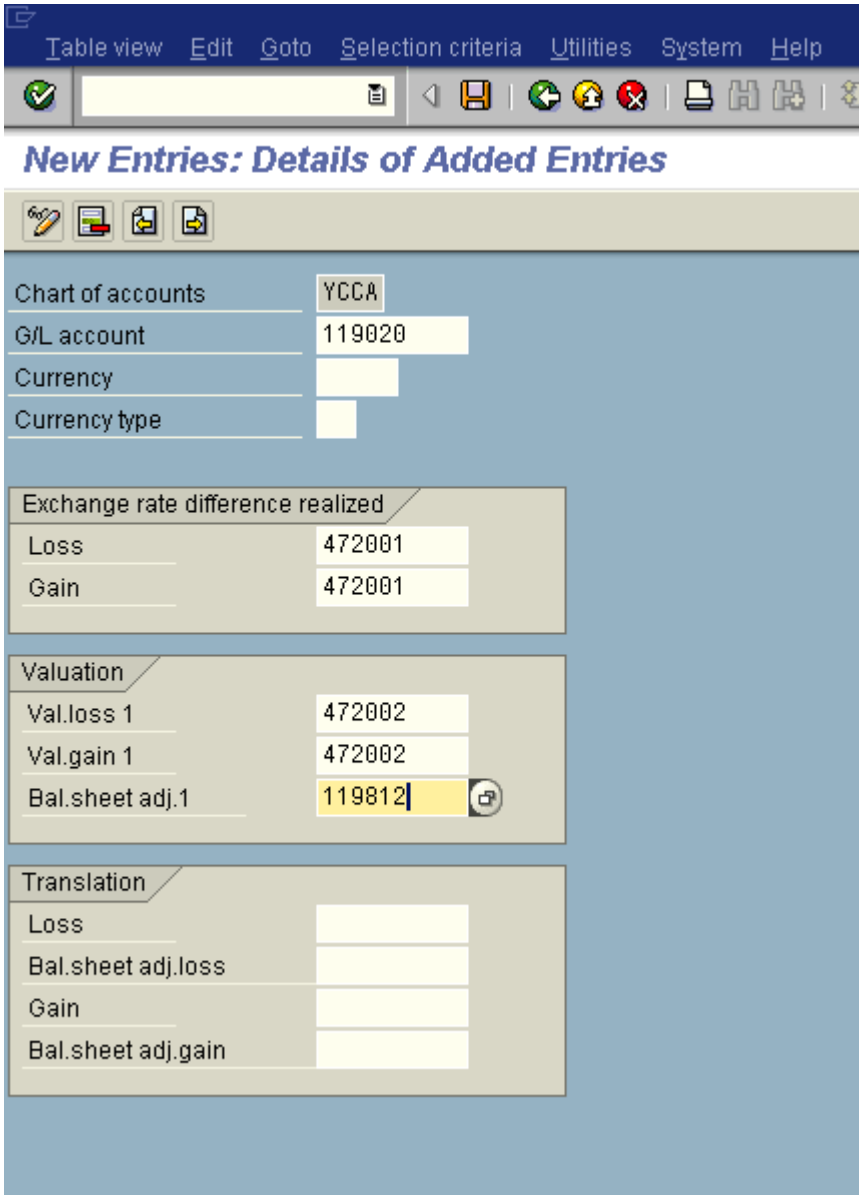
1.3.2.1.3 Define Accounts for Exchange Rate Differences (OB09)

IMG →Financial Accounting →Accounts Receivable and Accounts Payable → Business Transactions → Outgoing Payments Global Settings → Define Accounts for Overpayments/Underpayments

The configuration procedure is same for both customer and vendor. Which means you can use the same path to maintain the customer and vendor for exchange rate differences.

Click on

Here you will enter the GL code for Accounts receivable or Accounts Payable (the reconciliation account). You can enter different GL codes for each currency code and currency type. Alternatively if you do not want different GL codes for each currency you can keep them blank



119020 is the GL code for Account Receivables trade 3rd parties

Loss: Here you enter the GL code for exchange loss, which is realized

Gain: Here you enter the GL code for exchange gain, which is realized.

Val. loss 1: Here you enter the GL code for unrealized exchange Loss on revaluation of open items i.e. accounts receivable and accounts payable

Val. gain 1: Here you enter the GL code for unrealized exchange gain on revaluation of open items i.e. accounts receivable and accounts payable

Bal.sheet adj.1 : Here you enter the GL code to which the receivable and payables adjustment is posted during foreign currency valuation of open items.

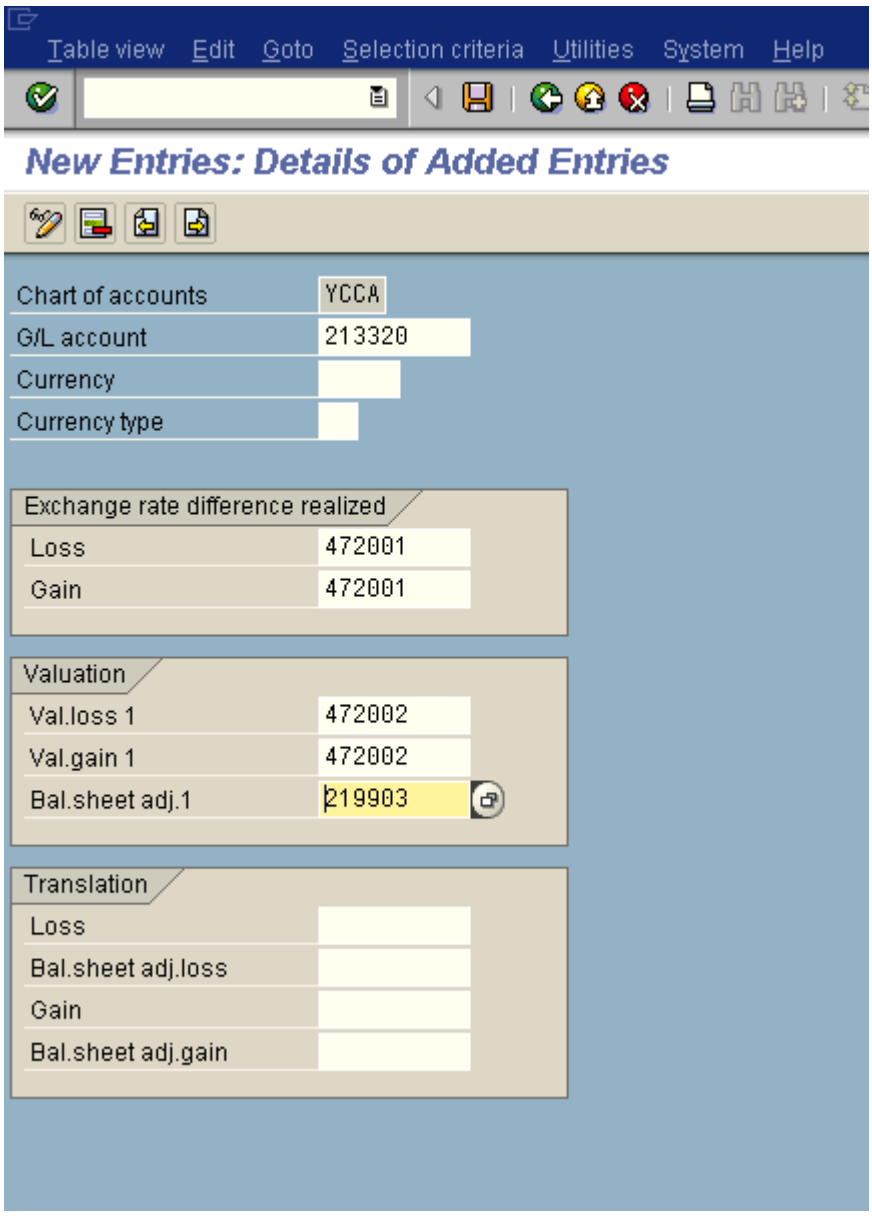
The SAP System supports two valuation areas in parallel. This account is used during valuation of the first valuation area.
The first valuation area reflects the local view of the Company code; the second valuation area takes the corporate policy for the valuation into consideration.

Click on

Similarly you can configure exchange rate difference for account payable.

213320 is accounts payable trade third parties

Click on



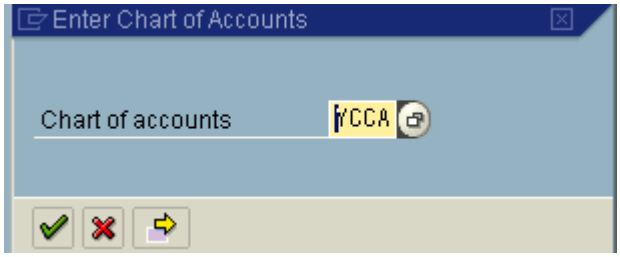
Click on

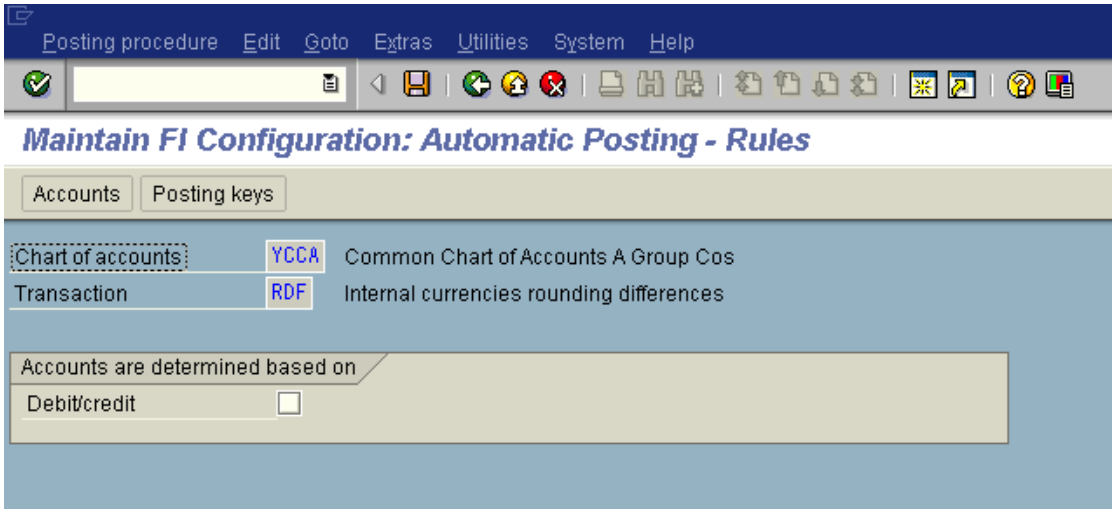
1.3.2.1.4 Define Accounts for Rounding Differences

IMG →Financial Accounting →Accounts Receivable and Accounts Payable → Business Transactions → Outgoing Payments Global Settings → Define Account for Rounding Differences

This configuration is valid for both customers and vendors.

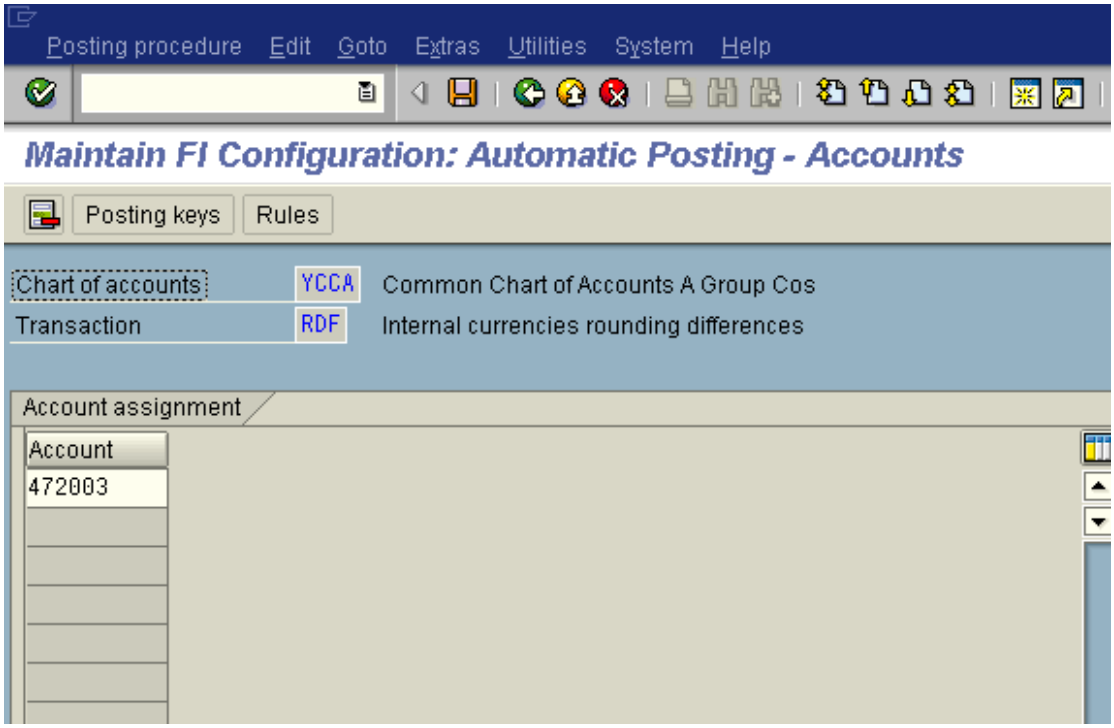
Update the following:-





Click on Save

Update the following:-



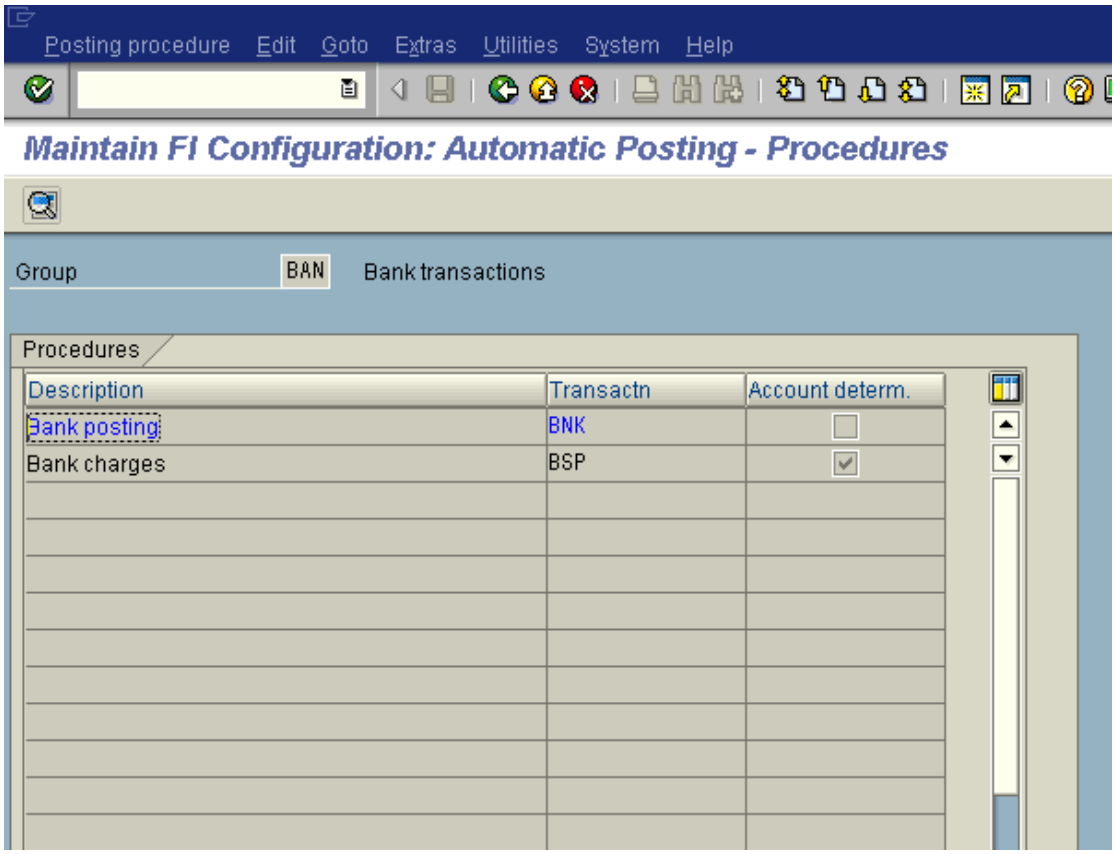
Click on Save

1.3.2.1.5 Define Accounts for Bank Charges (Vendors)

IMG →Financial Accounting →Accounts Receivable and Accounts Payable → Business Transactions → Outgoing Payments Global Settings → Define Accounts for Bank Charges (Vendors)

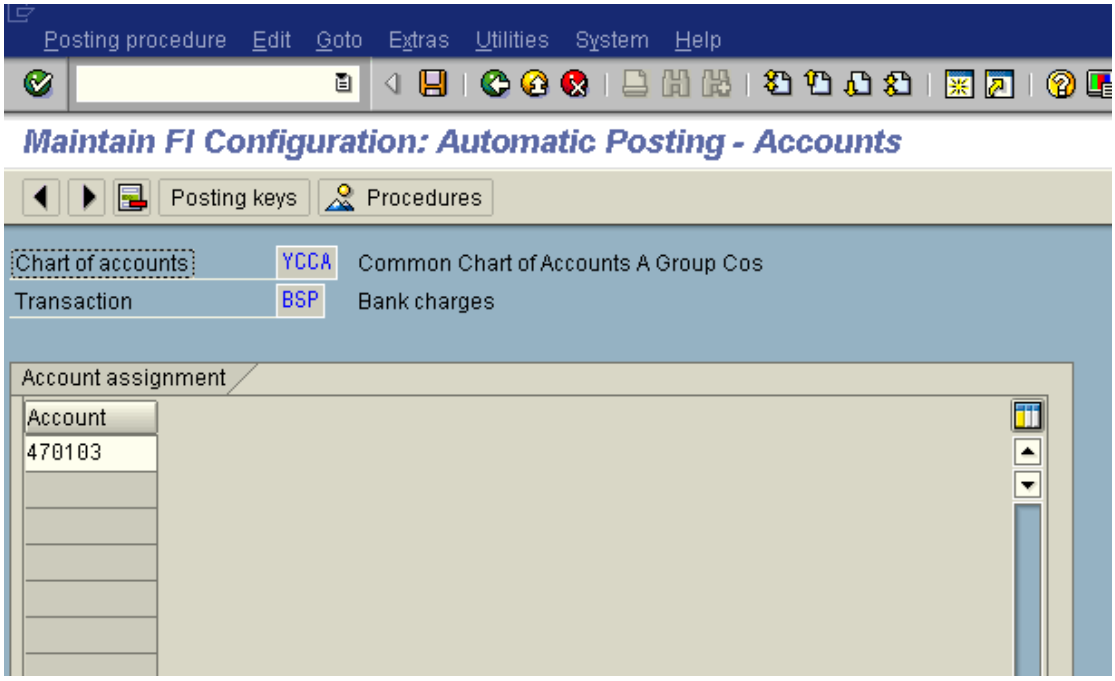
This configuration is valid for both customers and vendors.

Here you define the account numbers of your bank charges accounts. The system posts the charges amount you specify for a bank item when settling payment to these accounts. The bank charges accounts must be defined as relevant to cash flow.



Double Click

470103 is Bank charges account



Click on Save

1.3.2.1.6 Define Payment Block Reasons

IMG →Financial Accounting →Accounts Receivable and Accounts Payable → Business Transactions → Outgoing Payments Global Settings → Payment Block Reasons → Define Payment Block Reasons

Using payment blocking reasons, you can differentiate why invoices are to be blocked for payment.

For each block indicator, you must decide whether:

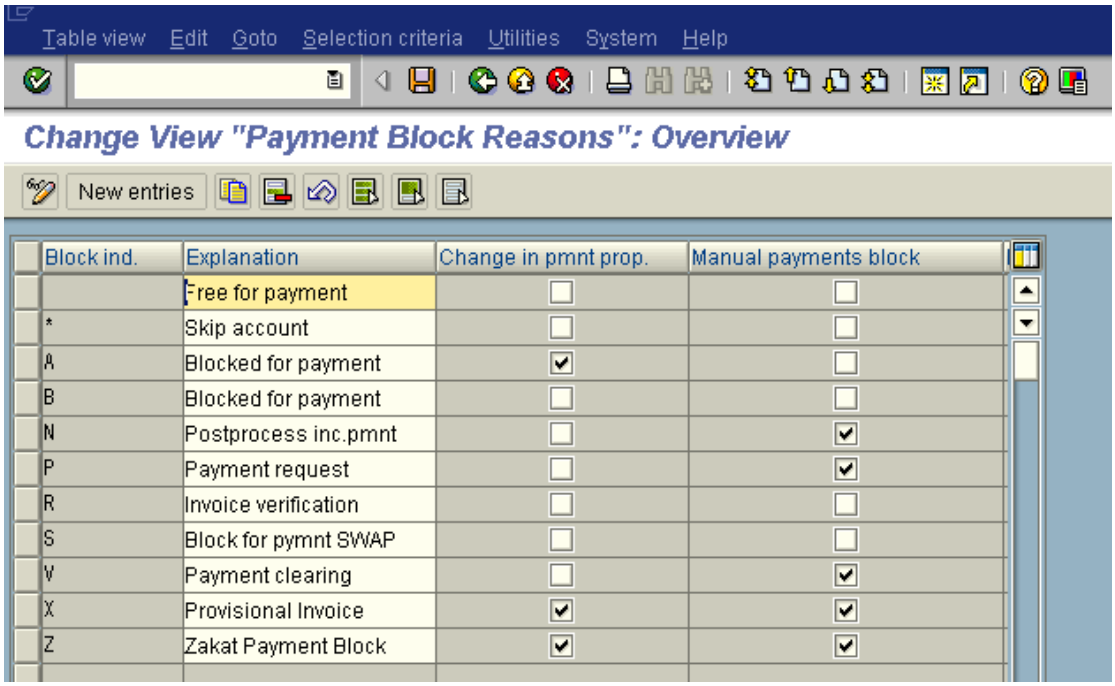
- Changes are allowed in the payment proposal.

  If the indicator is not set, the reason for blocking cannot be set nor removed when a payment proposal is processed.

- Documents defined with the block key are also not to be cleared during manual payment entry.

Payment blocking reasons are valid for all company codes. By using the reasons for payment blocking, you can also prevent items from being processed manually with the clearing procedures "Incoming payment" and "Outgoing payment". You define a blocking reason to do this and mark it accordingly. Such items can always be transferred or reversed.

You can configure Payment block reasons as required by you.

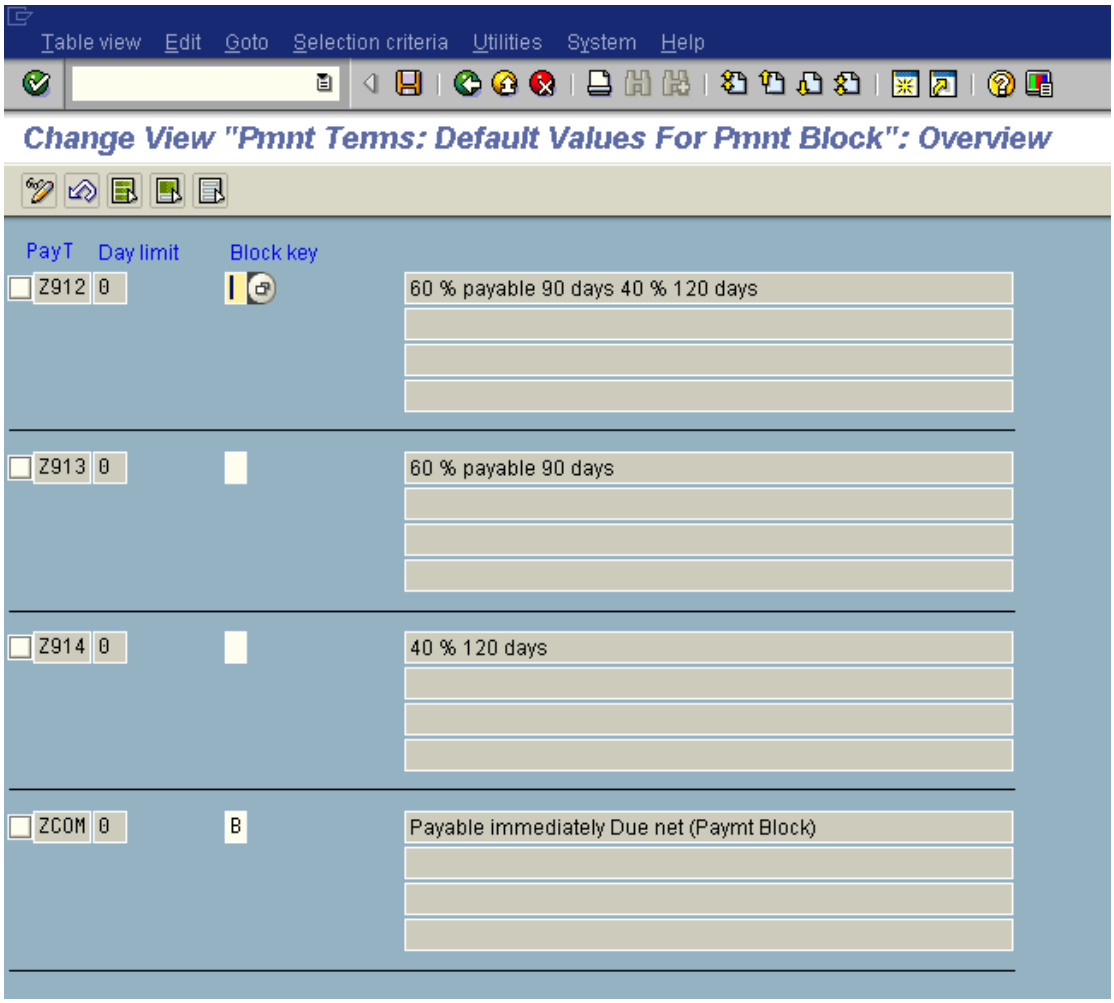


Block ind.	Explanation	Change in pmnt prop.	Manual payments block
	Free for payment	☐	☐
*	Skip account	☐	☐
A	Blocked for payment	☑	☐
B	Blocked for payment	☐	☐
N	Postprocess inc.pmnt	☐	☑
P	Payment request	☐	☑
R	Invoice verification	☐	☐
S	Block for pymnt SWAP	☐	☐
V	Payment clearing	☐	☑
X	Provisional Invoice	☑	☑
Z	Zakat Payment Block	☑	☑

1.3.2.1.7 Define Default Values for Payment Block

IMG →Financial Accounting →Accounts Receivable and Accounts Payable → Business Transactions → Outgoing Payments Global Settings → Payment Block Reasons → Define Default Values for Payment Block

Here you can change (based on the payment terms) the blocking key value that is proposed as a default when entering postings to customer accounts and vendor accounts.



1.3.2.2 Manual outgoing Payments

1.3.2.2.1 Define Tolerances (Vendors)

IMG →Financial Accounting →Accounts Receivable and Accounts Payable → Business Transactions → Outgoing Payments →Manual Outgoing Payments → Define Tolerances (Vendors)

This configuration setting is valid for both customers and vendors.

Here you specify the tolerances for vendors. These tolerances are used for dealing with differences in payment and residual items which can occur during payment settlement. Specify the tolerances under one or more tolerance groups. Allocate a tolerance group to each vendor via the master record. For each tolerance group, specify the following:

- Tolerances up to which differences in payment are posted automatically to expense or revenue accounts when clearing open items

- The handling of the terms of payment for residual items, if they are to be posted during clearing

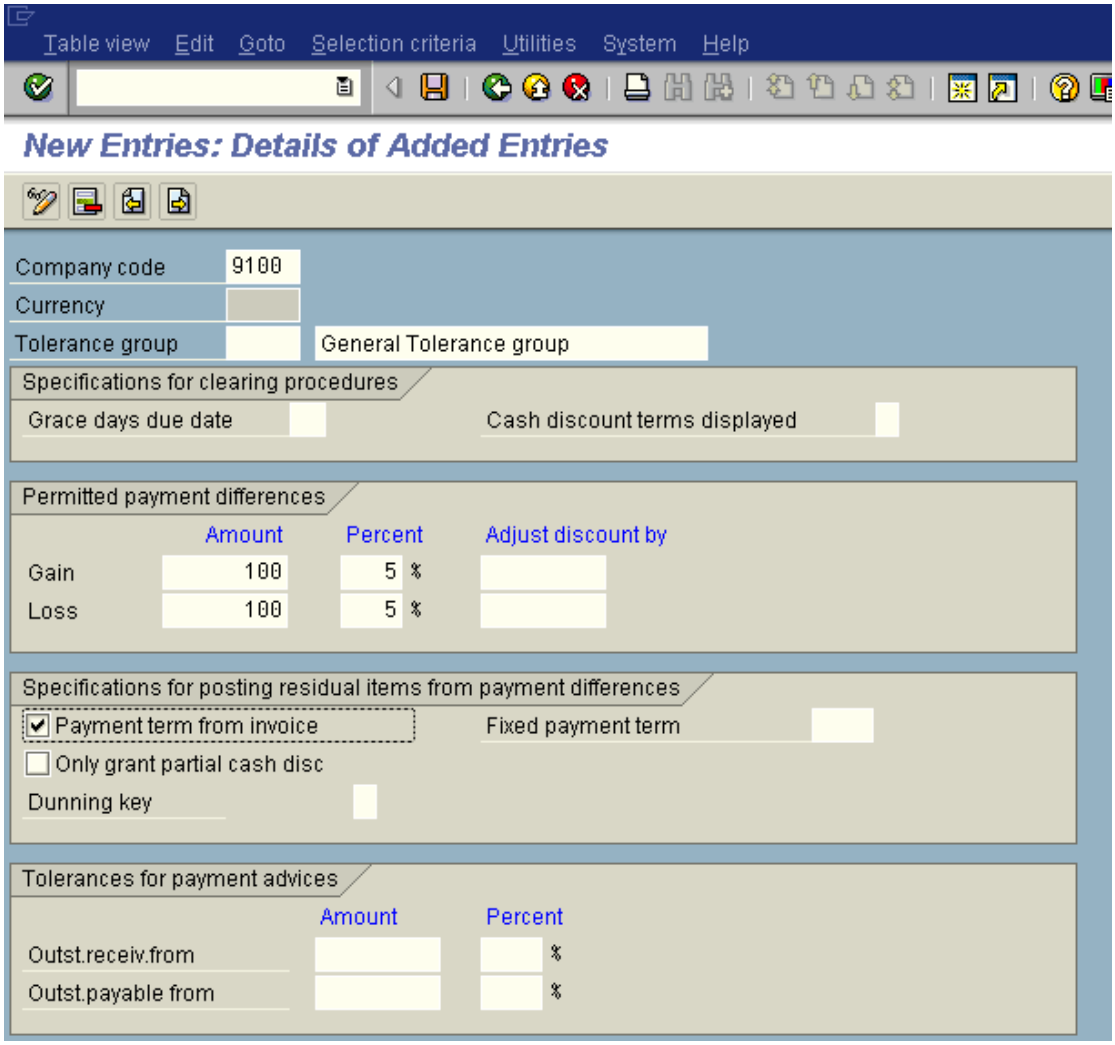
When clearing, the lower limit for the customer specifications and employee group specifications are taken. Employee tolerance is configured in the FI GL module. The tolerance needs to be assigned to the vendor master.

We are configuring a blank tolerance group

The permitted payment difference configured for gain and loss is 100 INR or 5 % whichever is lower.

Click on

Update the following: -



Click on Save

1.3.2.2.2 Define Reason Codes (Manual Outgoing Payments)

IMG → Financial Accounting →Accounts Receivable and Accounts Payable → Business Transactions → Manual Outgoing Payments → Overpayment/Underpayment → Define Reason Codes (Manual Outgoing Payments)

Here you define reason codes, per company code, for handling payment differences in the form of

- Residual items
- Partial payments
- Postings on account

Reason codes helps in giving information in a structured manner, if the cash discount period was exceeded or if cash discount was taken when net payment was due, if the customer paid short and so on.

Per reason code, you determine:

- In which company code it is valid
- Which correspondence type (payment notice to the customer) is connected to it
- Short text and long text of the reason code

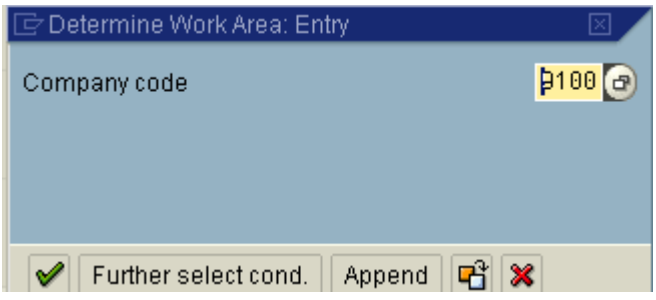
There are 3 indicators available:-

Charge of difference via separate account:-
Indicator that payment differences with this reason code are charged off via a separate G/L account. The account is specified in the configuration menu depending on the reason code.

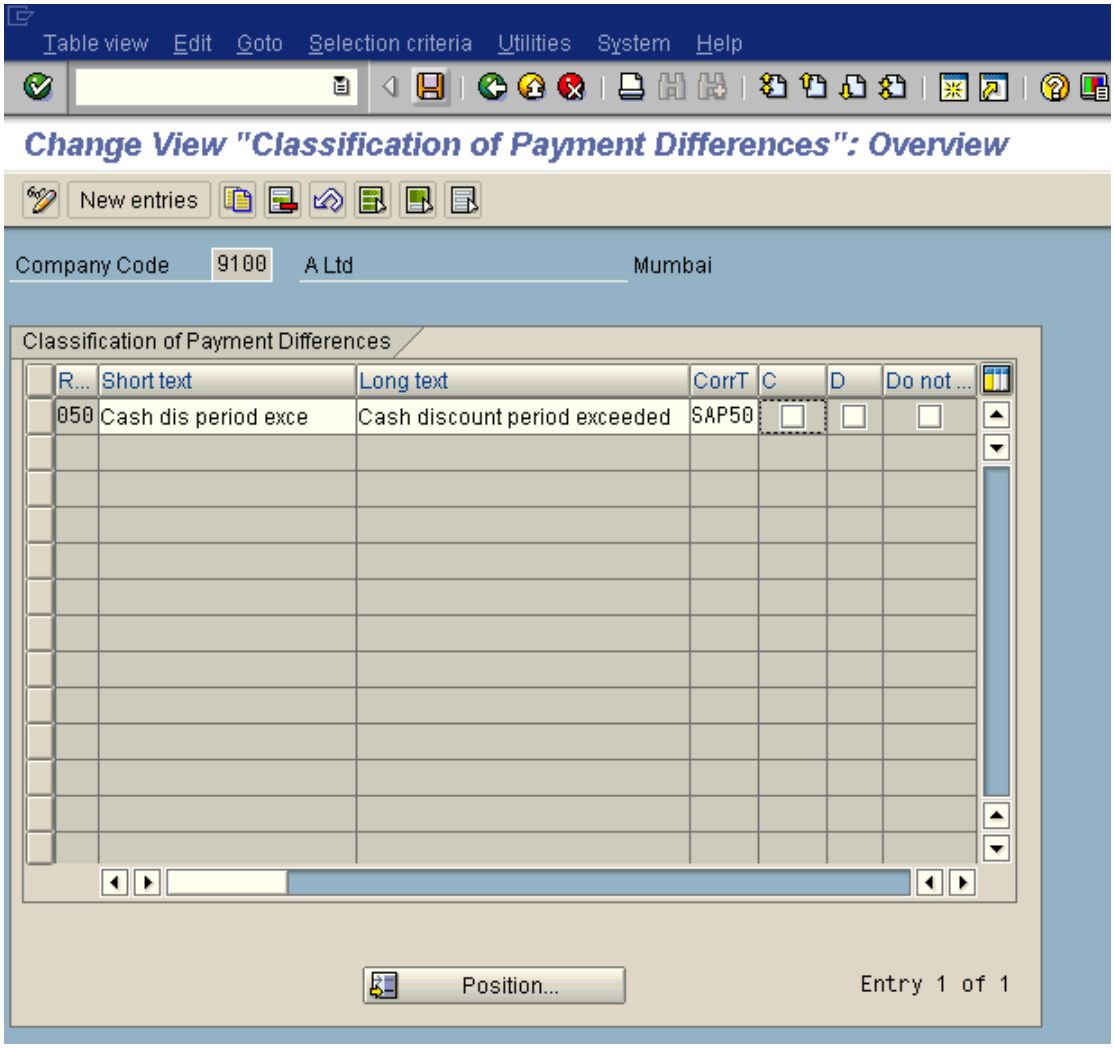
Indicator: Disputed item:-
Indicator which should cause a disputed item from payment differences with this reason code during residual item formation. Disputed items do not raise the total receivables for a customer in the framework of the credit management program.

Indicator: Do not copy text:-
If you set this indicator, the text for the reason code is not copied into the segment text of the residual item or the partial payment. Set the indicator if you want to enter the segment text manually.

Update the following: -



Click on



Click on Save

1.3.2.2.3 Define Accounts for Payment Differences (Manual Outgoing Payment)

IMG → Financial Accounting →Accounts Receivable and Accounts Payable → Business Transactions → Manual Outgoing Payments → Overpayment/Underpayment → Define Accounts for Payment Differences (Manual Outgoing Payment)

<u>This configuration is valid for both customers and vendors.</u>

Here you set the account determination for the reason codes for which payment differences are charged off via a separate G/L account. You have defined reason codes in the earlier step and determined whether an outstanding receivable is to be set for the customer or whether the difference is to be charged off for each reason code.
We are not configuring this since we have not configured in the earlier step.

1.3.2.3 Automatic Outgoing Payments

1.3.2.3.1 Set Up All Company Codes for Payment Transactions

IMG → Financial Accounting → Accounts Receivable and Accounts Payable → Business Transactions → Outgoing Payments → Automatic Outgoing Payments → Payment Method/Bank Selection for Payment Program → Set Up All Company Codes for Payment Transactions

Here you make specifications for all company codes involved in payment transactions.
For each company code, you make the following specifications:

- Paying company code

  You assign a paying company code to each company code. This means that you can have one company code process payment transactions centrally for several company codes.

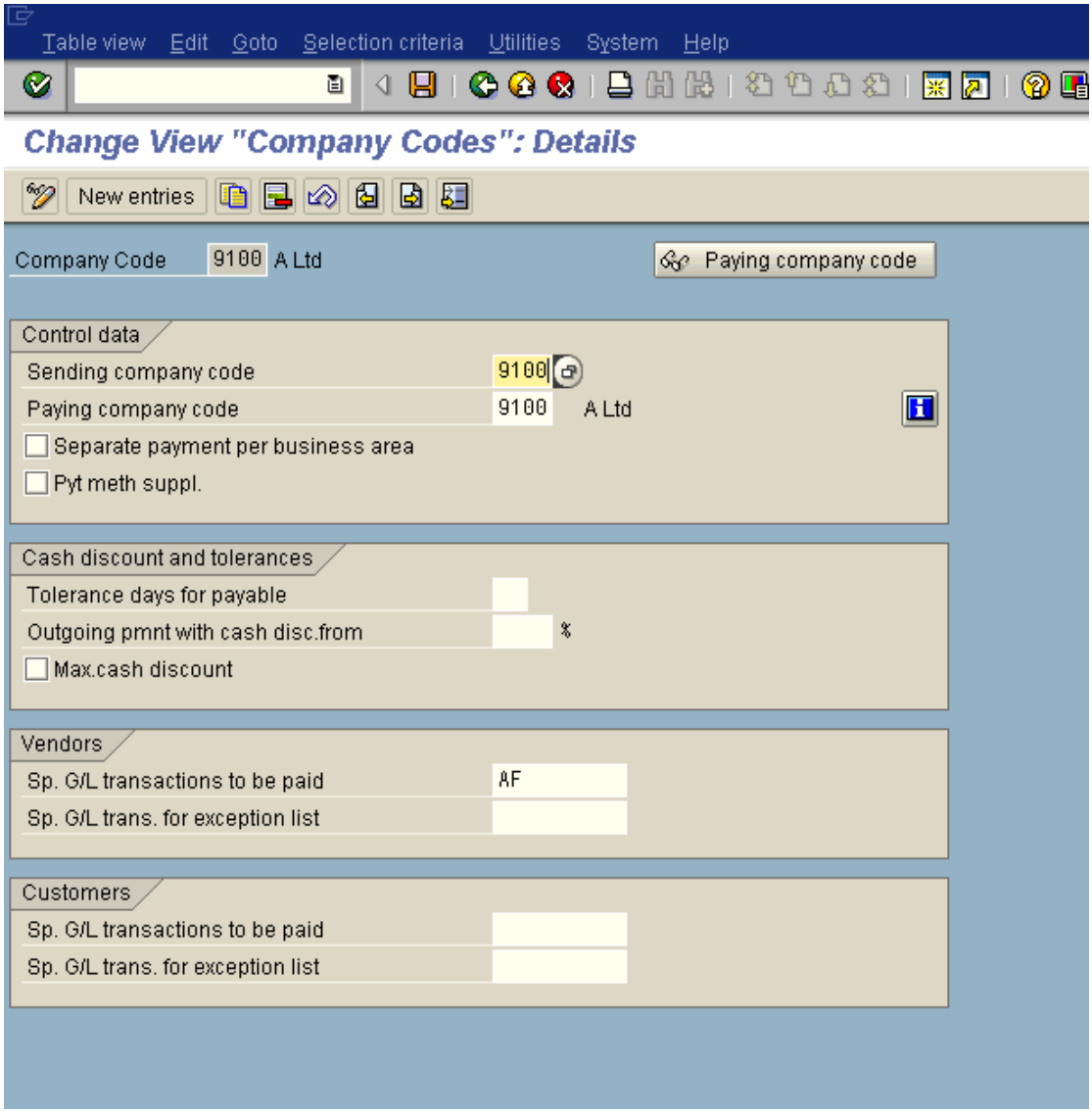
- Cash discount and tolerance

  The payment program uses these entries to determine the cash discount strategy for the company code.

- Special G/L transactions

  Specify which special G/L transactions are to be settled for customers and vendors.
  F = Down payment request
  P = Payment request
  A = Down payment on current assets

Click on



1.3.2.3.2 Set Up Paying Company Codes for Payment Transactions

IMG → Financial Accounting → Accounts Receivable and Accounts Payable → Business Transactions → Outgoing Payments → Automatic Outgoing Payments → Payment Method/Bank Selection for Payment Program → Set Up Paying Company Codes for Payment Transactions

Here you make the following specifications for the paying company codes:

- Data for controlling the payment program

  Here we specify the minimum amount for which an incoming (100 INR) or outgoing payment (1000 INR) is created.

If you do not want exchange rate difference to be generated when the payment is in foreign currency you need to select the parameter.
If you want to make separate payment for each reference you need to select the parameter.

- Specifications for paying with bills of exchange

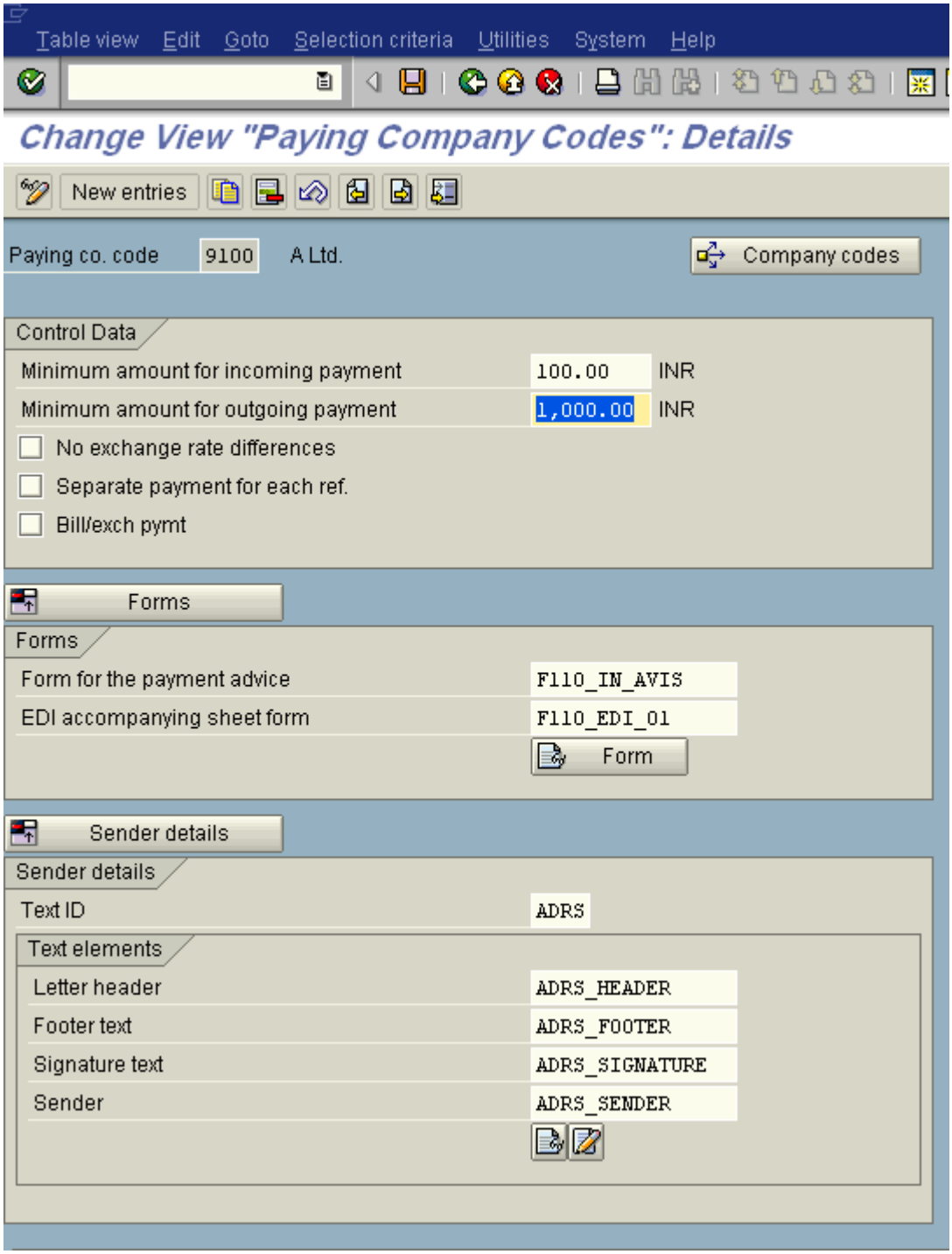
  You can show or hide the settings for paying with bills of exchange.

- Forms and sender details for advice notes and EDI accompanying sheets

  If you wish to print payment advice notes or an EDI accompanying sheet, specify the form name. Specify also the SAPscript text modules that contain details about the sender that are to be printed on the payment advice note. You can go directly from this transaction to the transaction for editing forms and text modules.

Click on

and update the following fields:-



1.3.2.3.3 Set Up Payment Methods per Country for Payment Transactions

IMG → Financial Accounting → Accounts Receivable and Accounts Payable → Business Transactions → Outgoing Payments → Automatic Outgoing Payments → Payment Method/Bank Selection for Payment Program → Set Up Payment Methods per Country for Payment Transactions

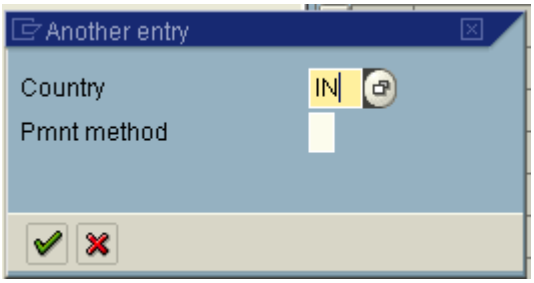
Here you specify which payment methods are to be used in each country.
The following parameters are entered:-

1) whether it is an outgoing payment or incoming payment
2) payment classification – check, bank transfer
3) What master data specification required – address required, bank details required etc.
4) Document type is attached
5) The payment program name is attached.
6) Which currencies are to be permitted?

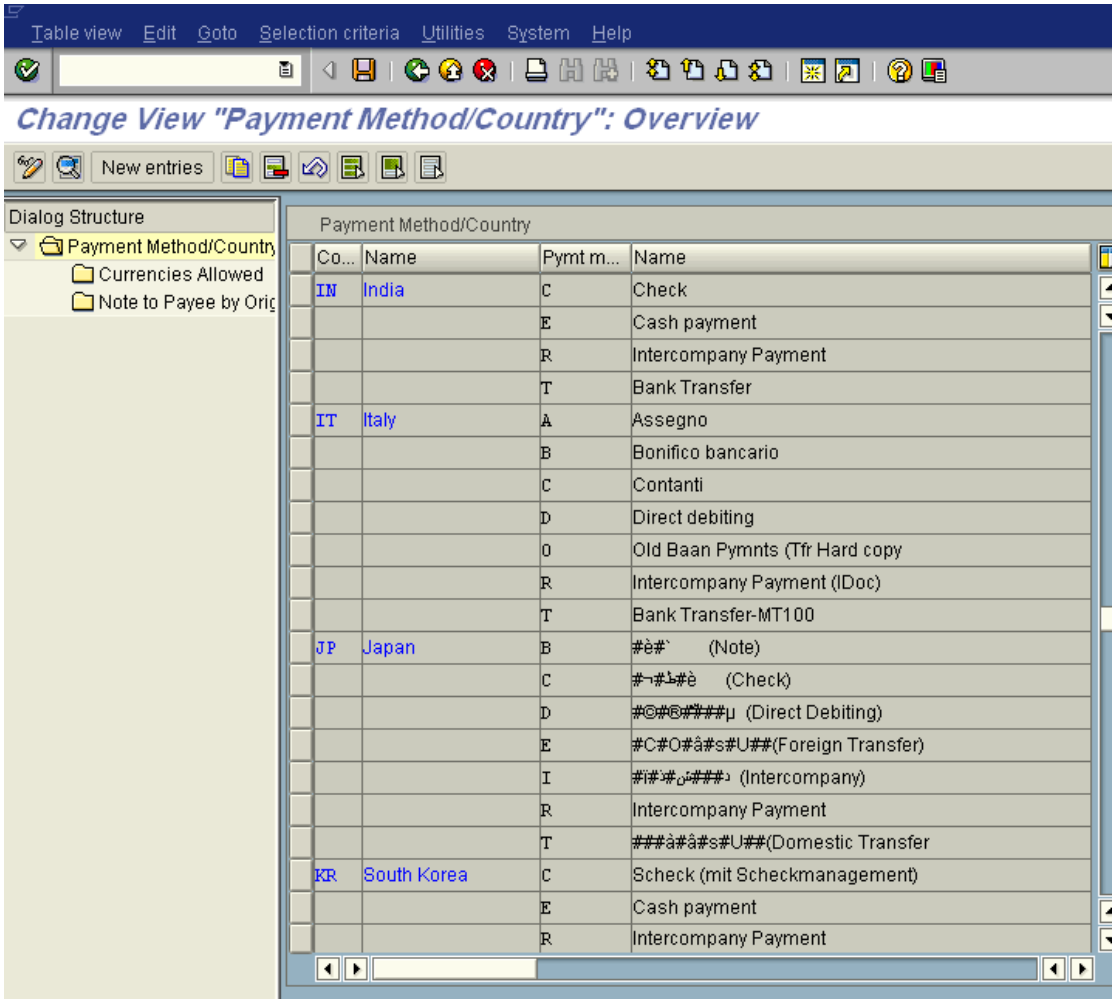
Ensure that the payment methods to be used for paying the open items of a business partner have been entered in the appropriate customer or vendor master record. To get a list of payment media programs, use transaction code SA38 and enter RFFO*. Click on Utilities → Find program → Execute.

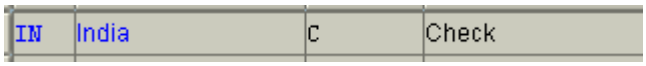
Click on

and update the following



In case there in no entry found for country IN you will have to manually create by clicking new entries



Double click on 

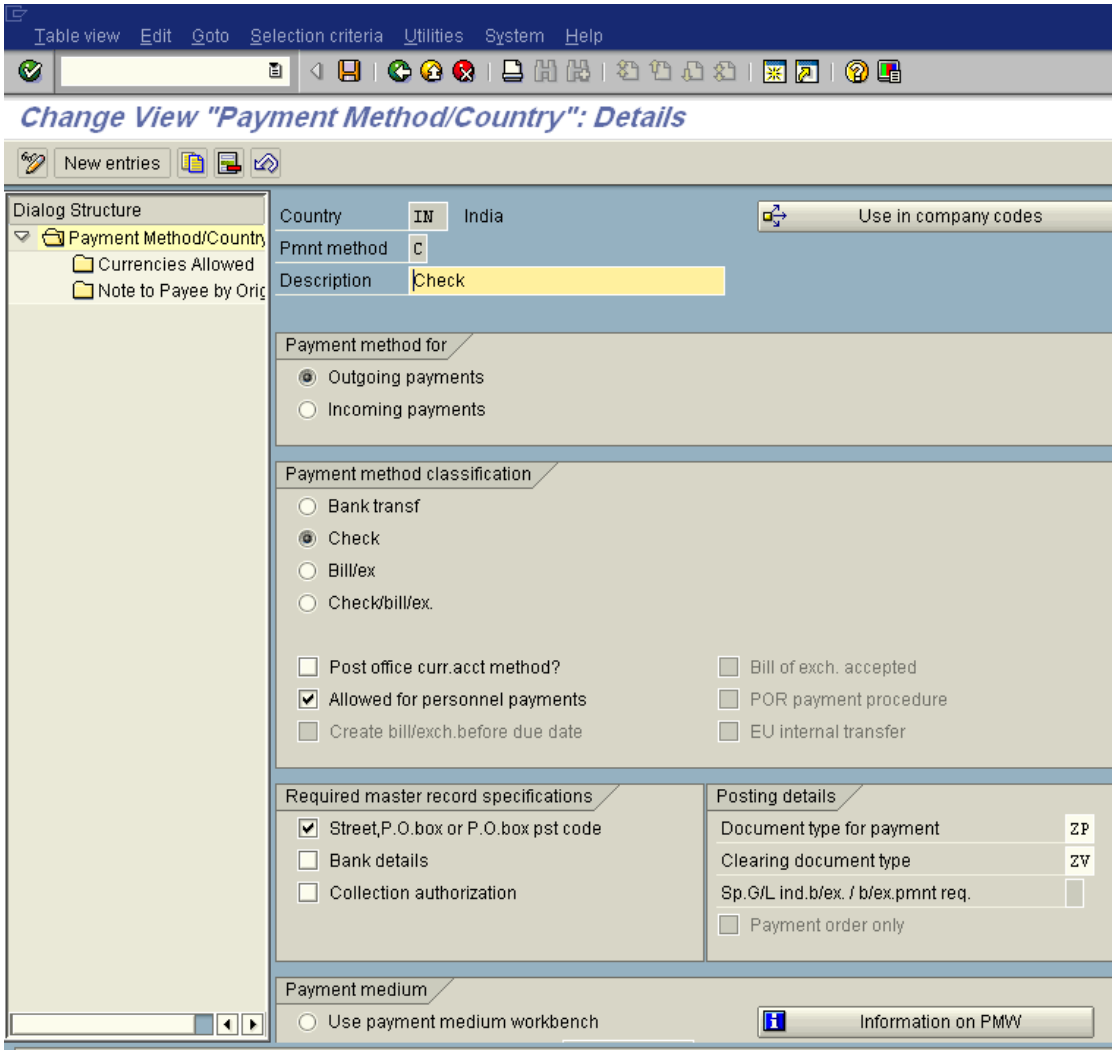
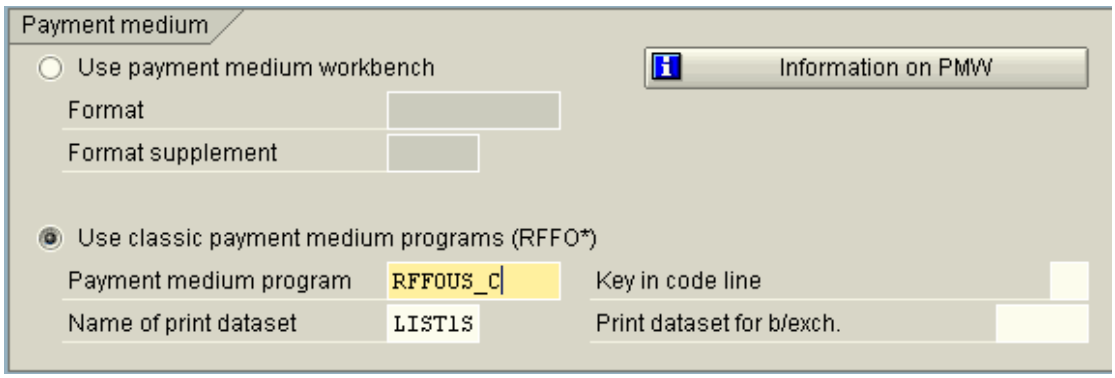
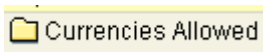
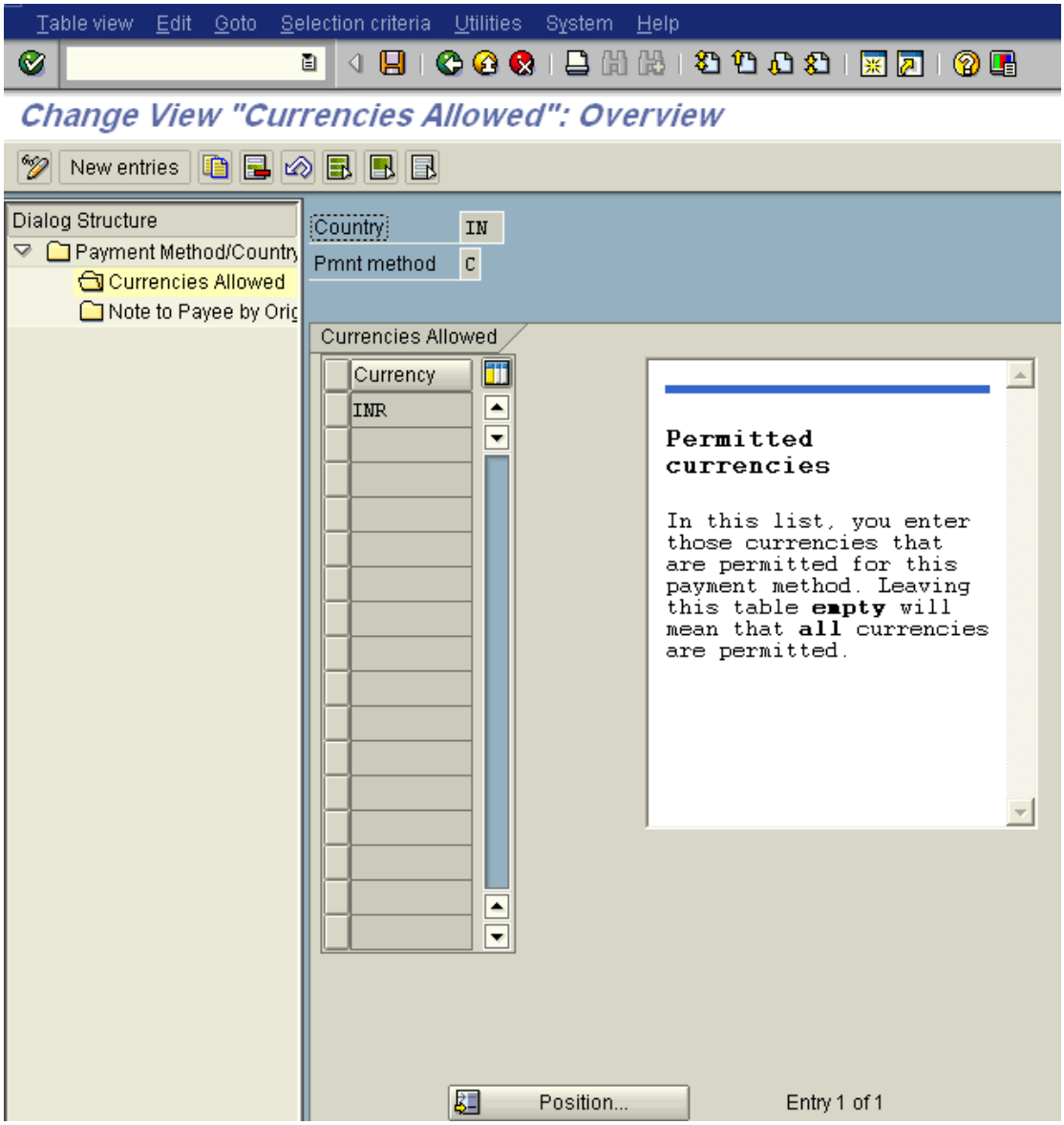


Table view Edit Goto Selection criteria Utilities System Help
Change View "Payment Method/Country": Details
New entries
Dialog Structure
Payment Method/Country
Currencies Allowed
Note to Payee by Orig
Country IN India
Use in company codes
Pmnt method C
Description Check
Payment method for
Outgoing payments
Incoming payments
Payment method classification
Bank transf
Check
Bill/ex
Check/bill/ex.
Post office curr.acct method?
Allowed for personnel payments
Create bill/exch.before due date
Bill of exch. accepted
POR payment procedure
EU internal transfer
Required master record specifications
Street,P.O.box or P.O.box pst code
Bank details
Collection authorization
Posting details
Document type for payment ZP
Clearing document type ZV
Sp.G/L ind.b/ex. / b/ex.pmnt req.
Payment order only
Payment medium
Use payment medium workbench
Information on PMW


Payment medium
Use payment medium workbench
Information on PMW
Format
Format supplement
Use classic payment medium programs (RFFO*)
Payment medium program RFFOUS_C
Key in code line
Name of print dataset LIST1S
Print dataset for b/exch.

Click on 
Currencies Allowed

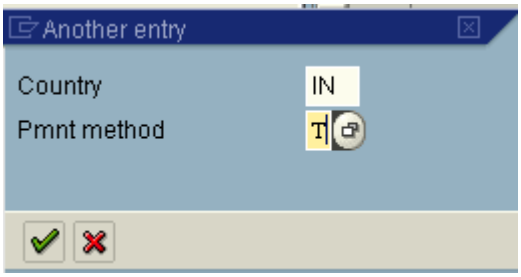


In case of Bank transfers (E- Banking) the payment method is T the SAP std. configuration settings are as follows:-
In the standard SAP setting only 1 currency is allowed i.e. INR, but bank transfers can be in any currency, therefore we will create a new payment method A (eBanking Payment Method) to incorporate all currencies.

We will copy from the existing payment method T and create

Click on

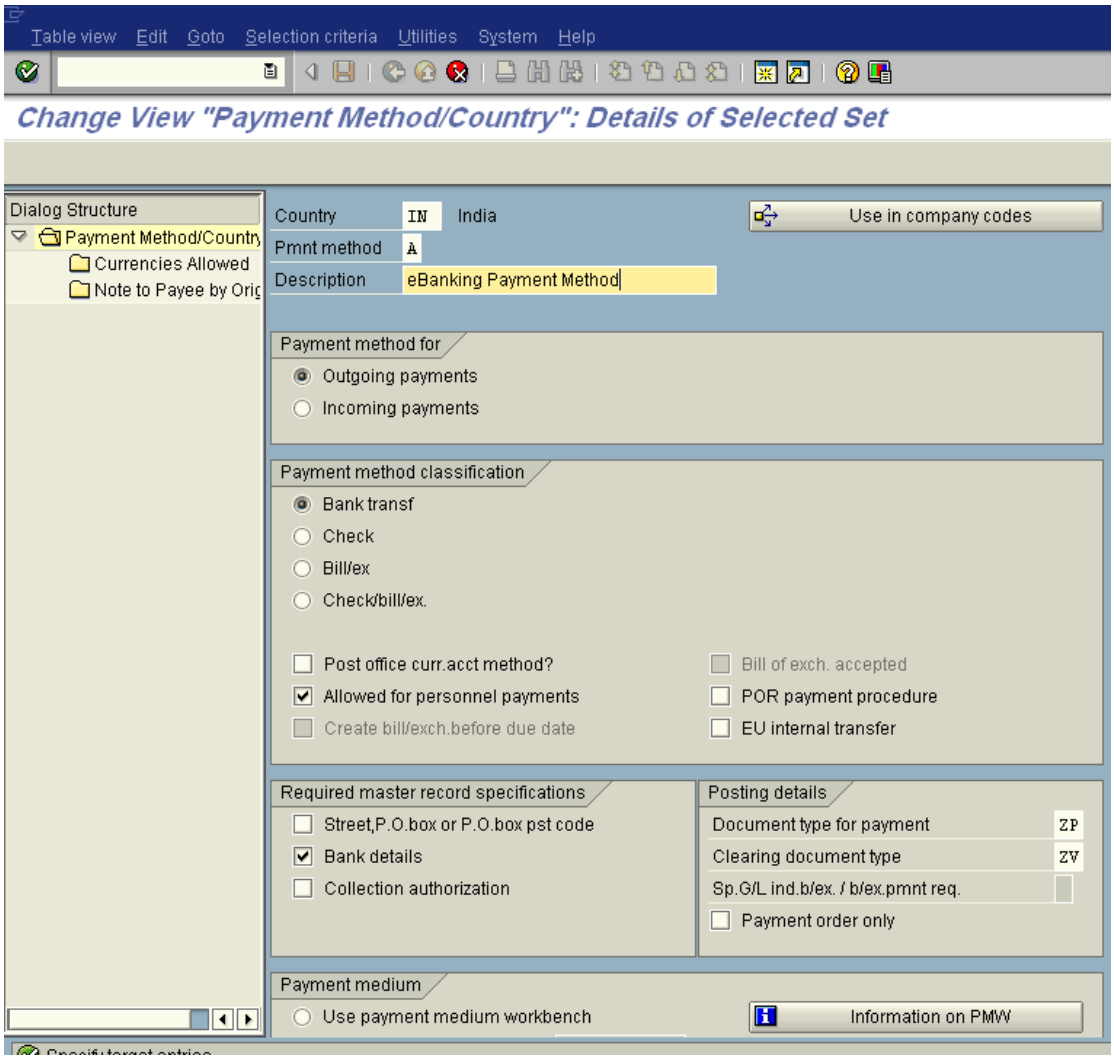
and update the following

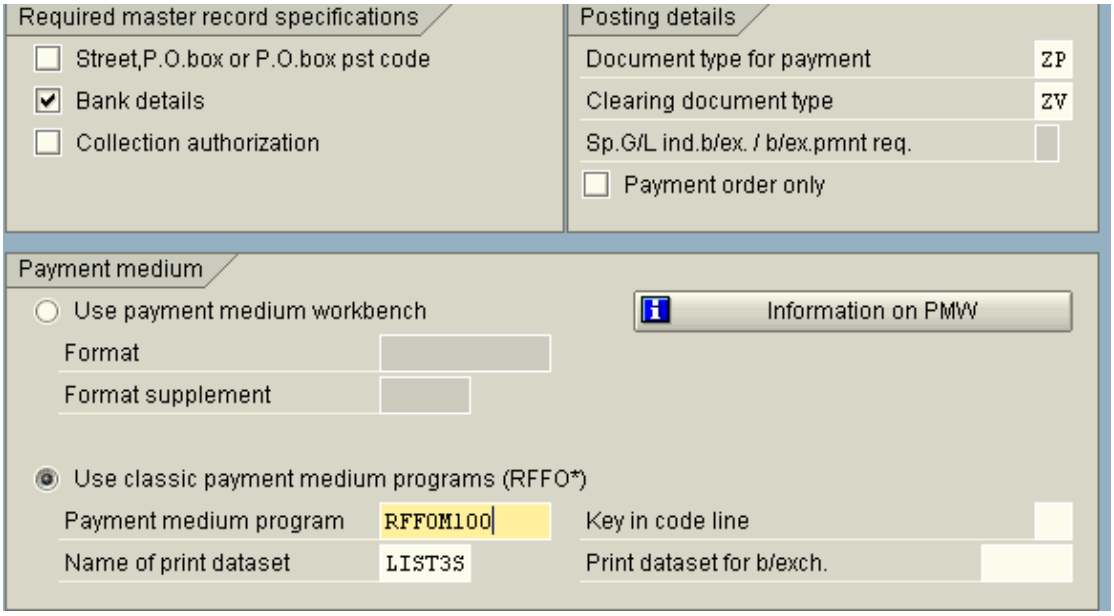


Select the line

Co...	Name	Pymt m...	Name
IN	India	T	Bank Transfer

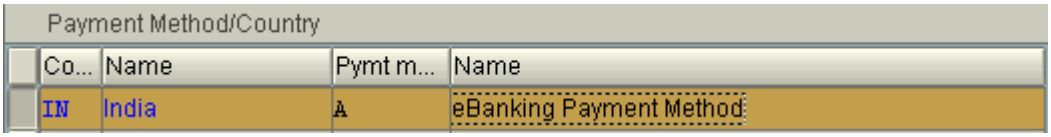
Click and update the following

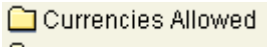




Click on and click on

Select



and click on 

Select

and click on Delete button to delete the INR entry.

Click the Save button.

1.3.2.3.4 Set Up Payment Methods per Company code for Payment Transactions

IMG → Financial Accounting → Accounts Receivable and Accounts Payable → Business Transactions → Outgoing Payments → Automatic Outgoing Payments → Payment Method/Bank Selection for Payment Program → Set Up Payment Methods per Company Code for Payment Transactions

Here you specify which payment methods can be used per company code and determine the conditions under which a payment method should be used.

- ✓ Specifications for grouping items for payment (such as single payment for marked items)
- ✓ Specifications for foreign/foreign currency payments

  If you specify that the payment method can also be used for foreign currencies, all currencies are permitted.

- ✓ Specifications for optimizing bank selection

  You can optimize either by bank groups or by postal codes. If you optimize by bank groups, money is transferred from the house bank to the business partner's bank in the shortest possible time. For this to be possible, you assign all banks in the master records to a bank group defined by you.
  If you optimize by postal codes, the house bank selection is determined by the business partner's domicile. If you select the "Optimization by postal codes" field, you can go directly to the activity for assigning house banks to an interval of postal codes.

- ✓ Specifications for the form to be used for the payment medium

- ✓ Specifications for issuing payment advice notes

Depending on the space available on the payment medium form for information about the note to payee, you have the following options:

- If **unlimited space** is available, you do not need to print payment advice notes (for **checks**, for example), but can do so if desired.

- If there is **no space** available, a payment advice note containing all the information about the purpose of payment is always printed (for **bills of exchange**, for example).

- If **only limited space** is available and there is therefore a risk that the space will not be sufficient, you can choose from the following options:

  - ❖ You can have the system create a payment advice note containing the information about the note to payee.

    If **a payment advice note is to be created every time**, select "Always payment advice". The note to payee is then printed on both the form (so far as the number of lines selected on the form allow) and the payment advice note. If insufficient space is

available, a payment advice note indicator is printed on the payment medium.
A payment advice note can only be created if the note to payee information does not fit into the available space. Select *Payment advice after X lines*.

- You can have the system distribute **the items between several forms**. To do so, select *No payment advice* and *Distribute items, XX lines per payment*.

- You can have the payment program determine **another payment method** if insufficient space is available. To do so, choose *No payment advice* and *Payment method valid to xx lines*.

We are configuring payment method **check** for company code 9100, the minimum amount for which a check should be raised is 1000 INR and the maximum amount is 9999,999,999 INR. We have selected SAP standard check layout form F110_PRENUM_CHECK. This need to be modified as per the customer requirement and Z form needs to be attached here.
Since the check will contain all the information of payment details we have selected the **parameter** under Note to payee lines on the form -**as many as required** and **Parameter - no Payment advice**.

In case you get error while entering the maximum amount enter a lower figure such as 9999999 and press enter. System will automatically set the format

Click on

and update the following:-

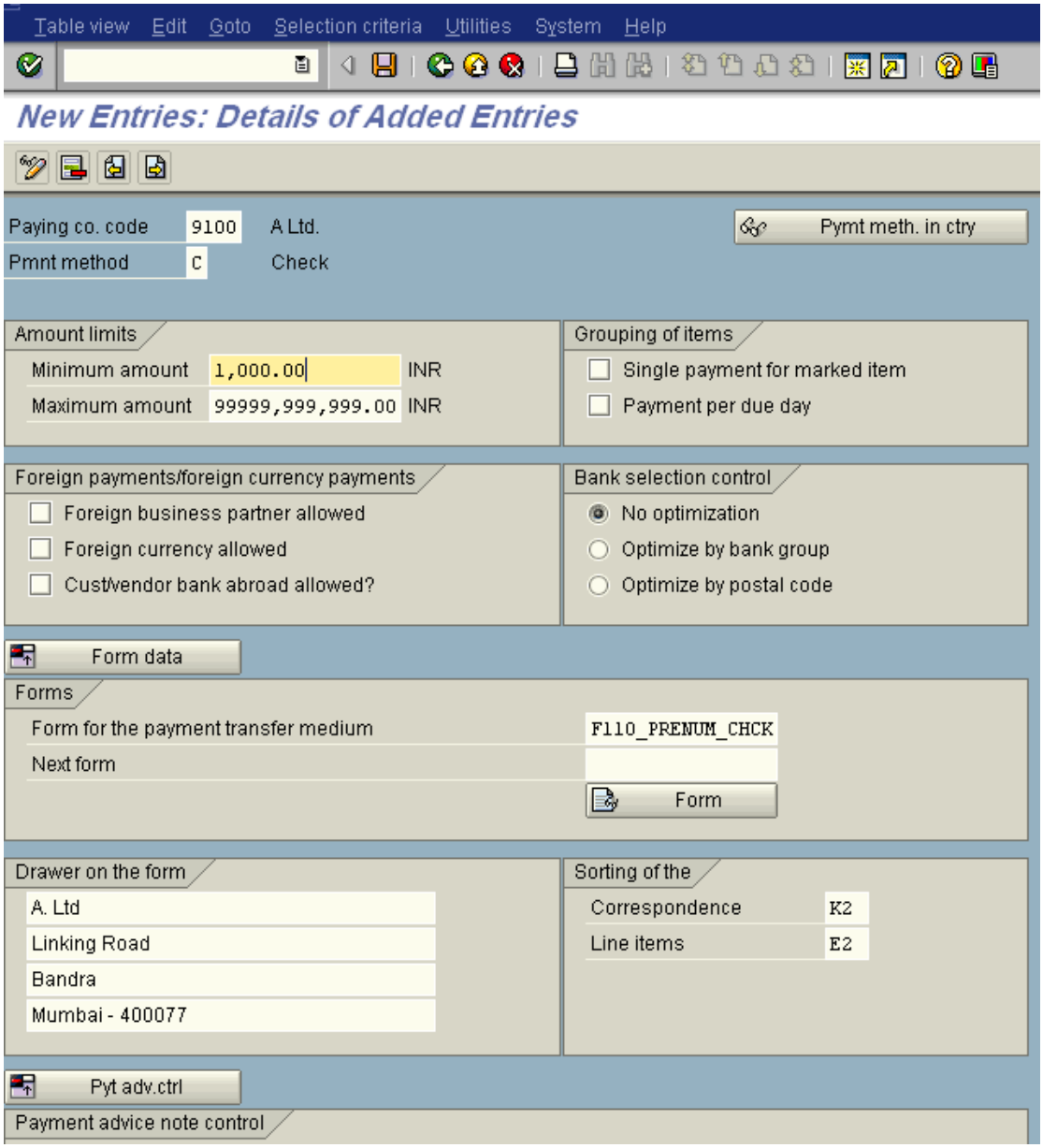
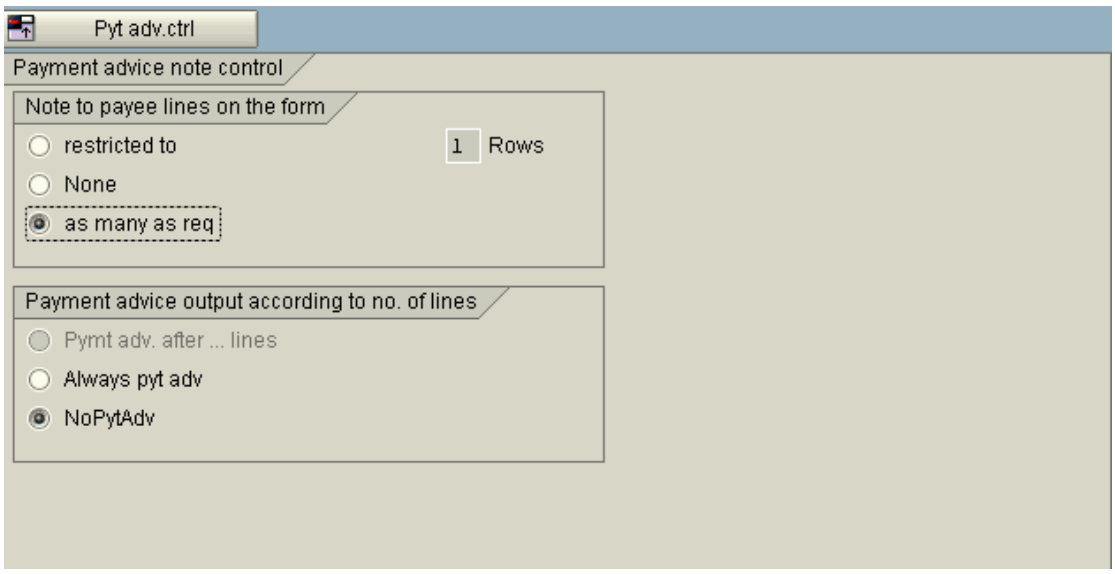
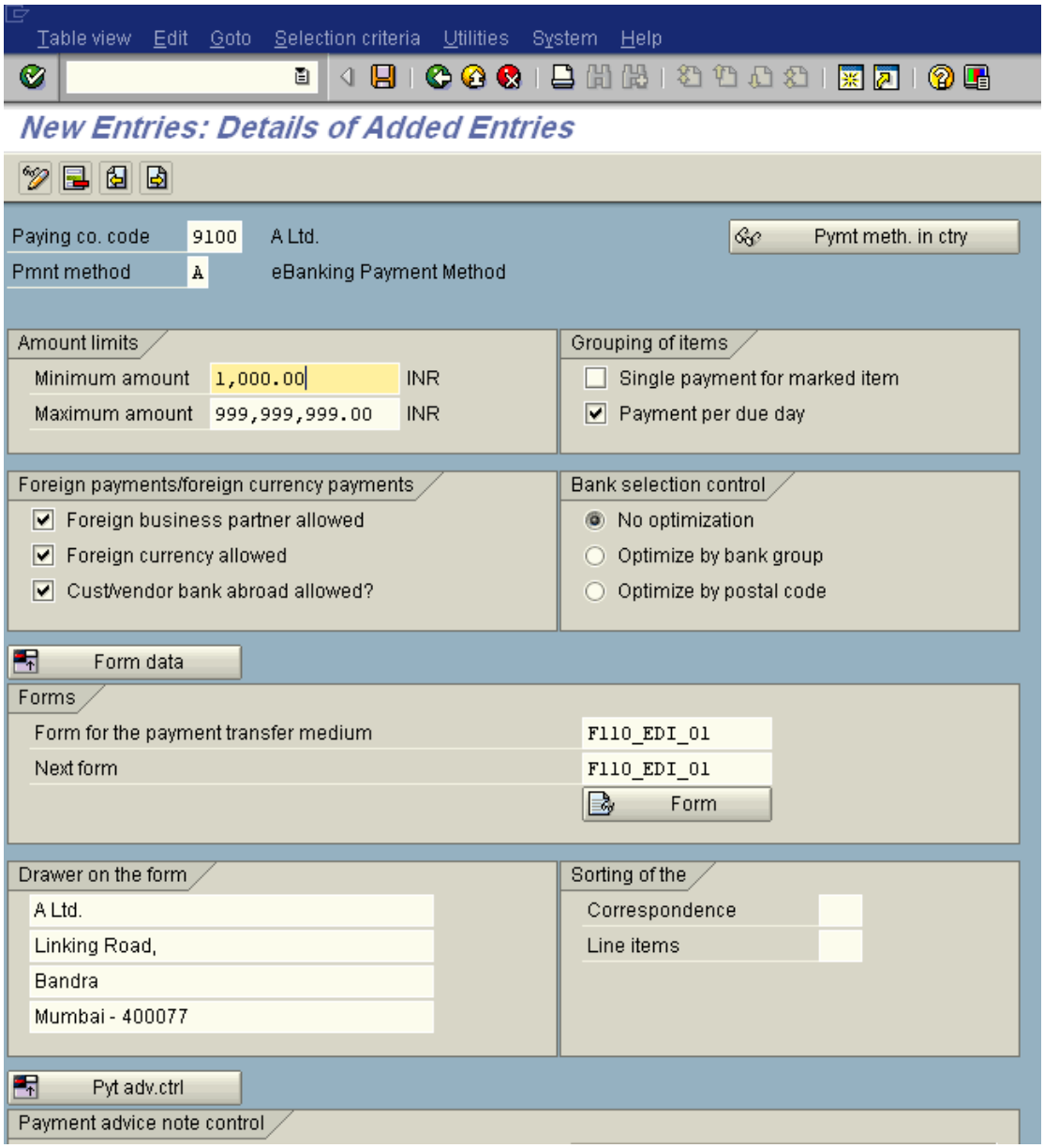


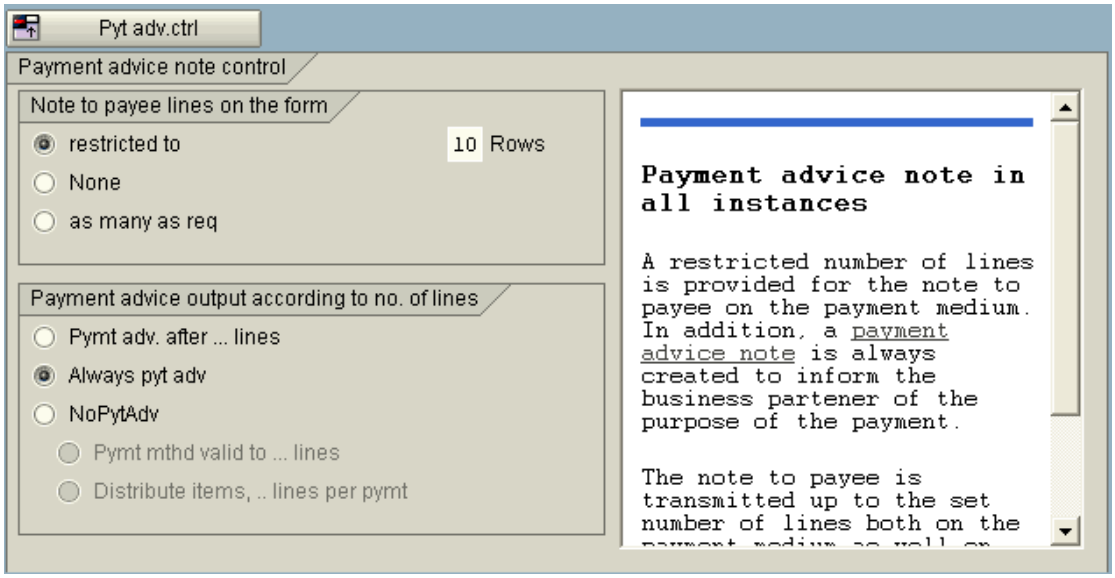
Table view Edit Goto Selection criteria Utilities System Help
New Entries: Details of Added Entries
Paying co. code 9100 A Ltd.
Pymt meth. in ctry
Pmnt method C Check
Amount limits
Minimum amount 1,000.00 INR
Maximum amount 99999,999,999.00 INR
Grouping of items
Single payment for marked item
Payment per due day
Foreign payments/foreign currency payments
Foreign business partner allowed
Foreign currency allowed
Cust/vendor bank abroad allowed?
Bank selection control
No optimization
Optimize by bank group
Optimize by postal code
Form data
Forms
Form for the payment transfer medium F110_PRENUM_CHCK
Next form
Form
Drawer on the form
A. Ltd
Linking Road
Bandra
Mumbai - 400077
Sorting of the
Correspondence K2
Line items E2
Pyt adv.ctrl
Payment advice note control


Pyt adv.ctrl
Payment advice note control
Note to payee lines on the form
restricted to 1 Rows
None
as many as req
Payment advice output according to no. of lines
Pymt adv. after ... lines
Always pyt adv
NoPytAdv

Click on

We will configure payment method A (eBanking Payment Method) similarly will the following fields updated.





1.3.2.3.5 Set Up Bank Determination for Payment Transactions

IMG → Financial Accounting → Accounts Receivable and Accounts Payable → Business Transactions → Outgoing Payments → Automatic Outgoing Payments → Payment Method/Bank Selection for Payment Program → Set Up Bank Determination for Payment Transactions

Before you can configure this step you need a house bank to be configured. You can refer the SAP Bank configuration manual.

Here you define the following:

- ✓ Ranking order of banks

  You specify which house banks are permitted and rank them in a list.

- ✓ Bank accounts

  For each house bank and payment method and currency, you specify which bank account is to be used for payments.

- ✓ Available amounts

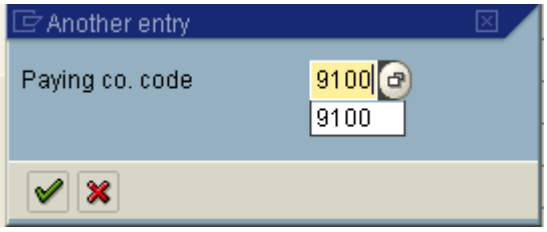
  For each account at a house bank, you enter the amounts that are available for the payment run. You enter separate amounts for incoming and outgoing payments. Specifying available amounts enables you to control which bank account is to be used for payments. You can specify the amounts depending on the value date at the bank.

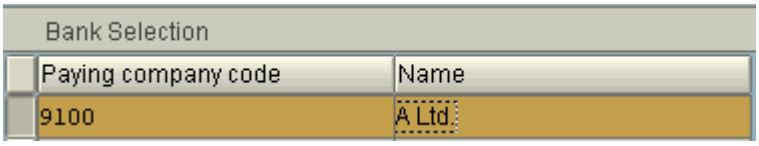
✓ Value date

You specify how many days elapse between the posting date of the payment run and the value date at the bank, dependent on the payment method, bank account, payment amount and currency.
You can have the system determine the value date, taking into account the bank calendar and any individual arrangements made with the bank. To do so, choose the activity Define value date rules

Click on

and update paying co. code 9100

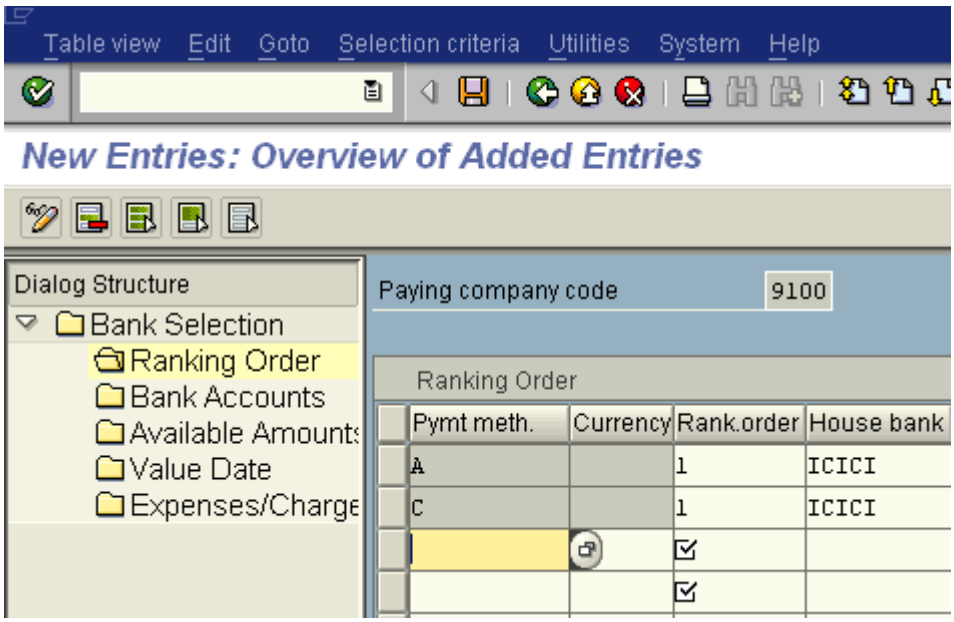


Select 

and click on

Click on

and update the following



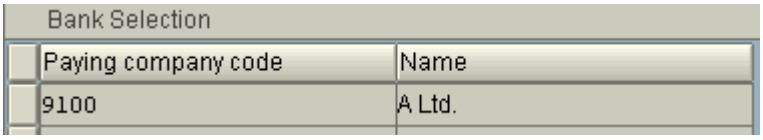
House banks are ranked for payment based on payment method and currency. If there are more than one house bank, the second bank will be ranked based on payment method and currency.

Whenever you want to make payment from the desired bank you need to check the ranking of the house bank here and change the ranking to 1, which is possible through transaction code **S_ALR_87001487** - Bank selection for payment program (which is available on the SAP Easy access menu)

Click on

Next step is to maintain bank GL sub-accounts for these house banks.

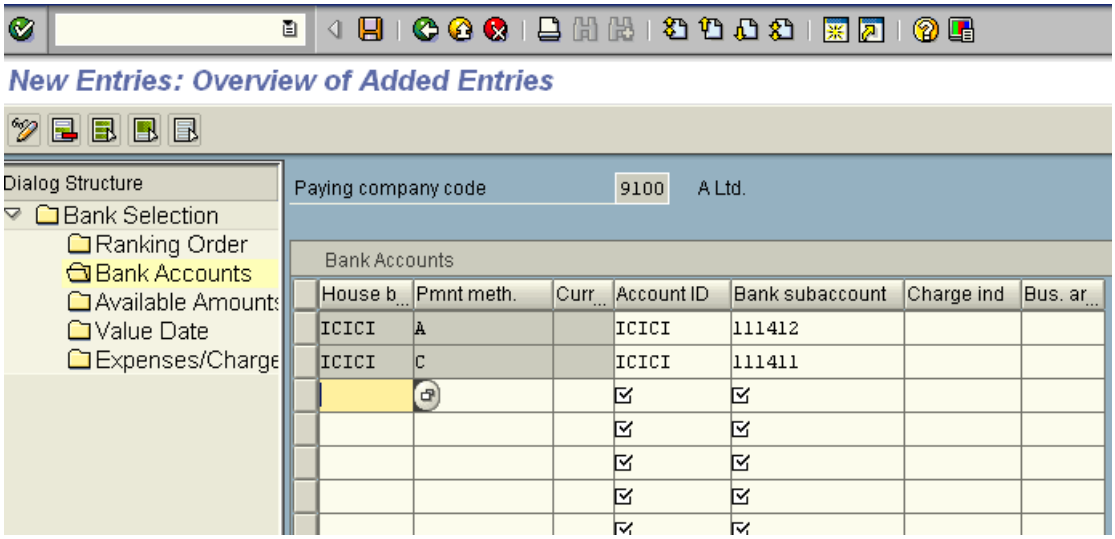
Bank sub accounts for our bank accounts are as follows:-
111411 ICICI check issued out
111412 ICICI outgoing w/tfr

Select 

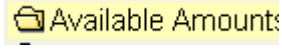
and then click

Click on

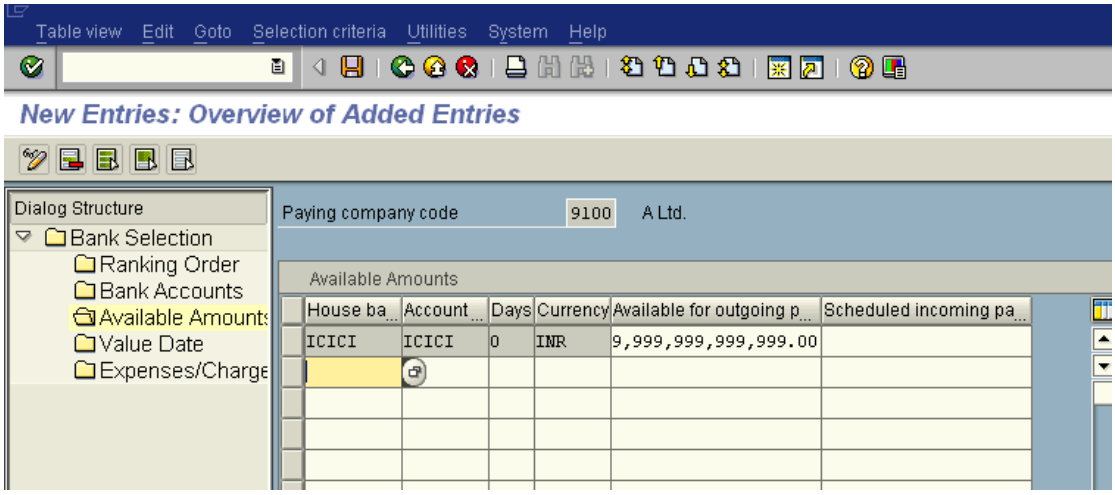
and update the following information:-



Click on

Click on 

And click on New entries



Update the available amount for outgoing payment and the currency for the house bank. The available amount for outgoing payment in this case we have updated the maximum amount. The amount planned here is available for outgoing payments. The amount is only used for payments with which the bank debit entry is expected during the number of days displayed.

Click on

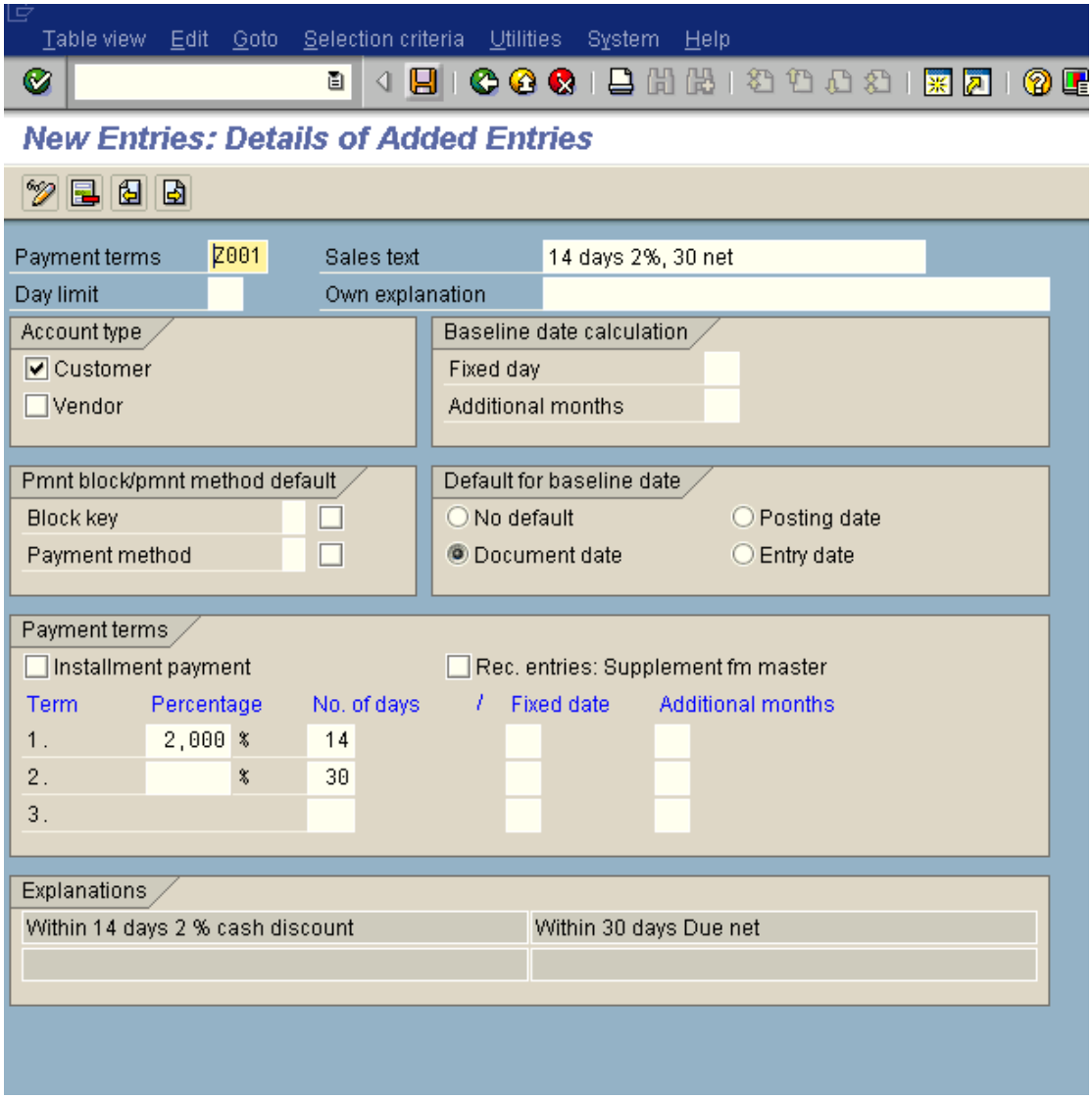
1.3.3 Outgoing Invoices/Credit Memos

1.3.3.1 Maintain Terms of Payment

IMG →Financial Accounting →Accounts Receivable and Accounts Payable → Business Transactions → Outgoing Invoices/Credit Memos → Maintain Terms of Payment

Click on New entries

Update the following:-

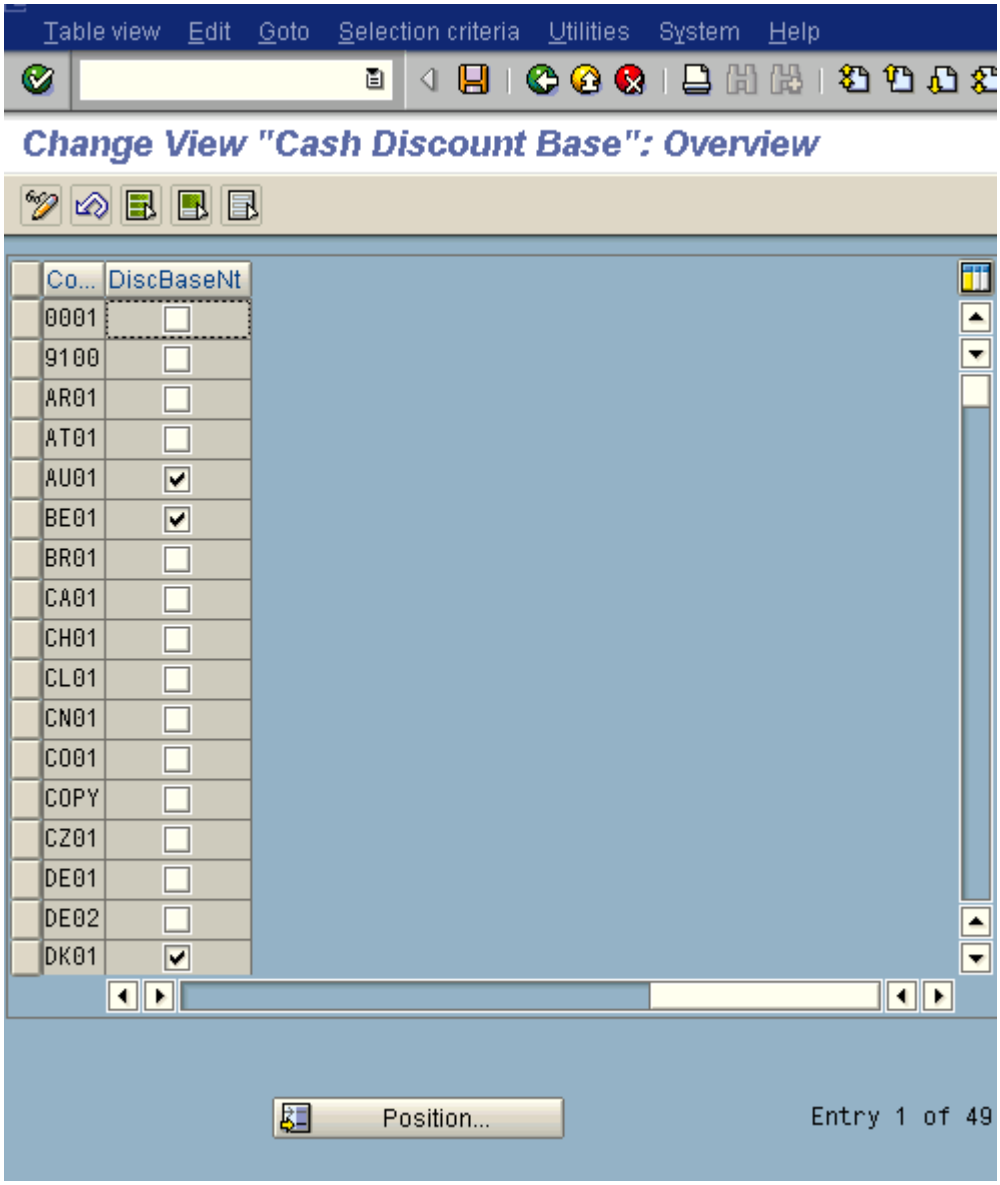


Click on

1.3.3.2 Define Cash Discount Base for Outgoing Invoices

IMG →Financial Accounting →Accounts Receivable and Accounts Payable → Business Transactions → Outgoing Invoices/Credit Memos → Maintain Terms of Payment

Here you determine whether the tax amount is to be taken into consideration in the base amount for calculating the cash discount amount. You make your specifications per company code.
We do not want the cash discount base to be net.

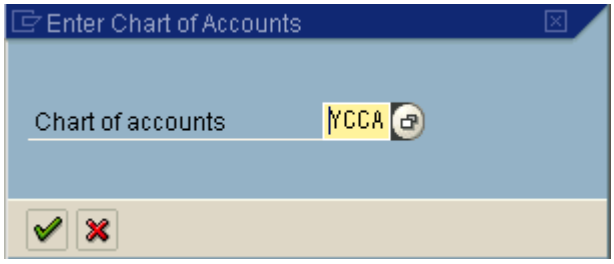


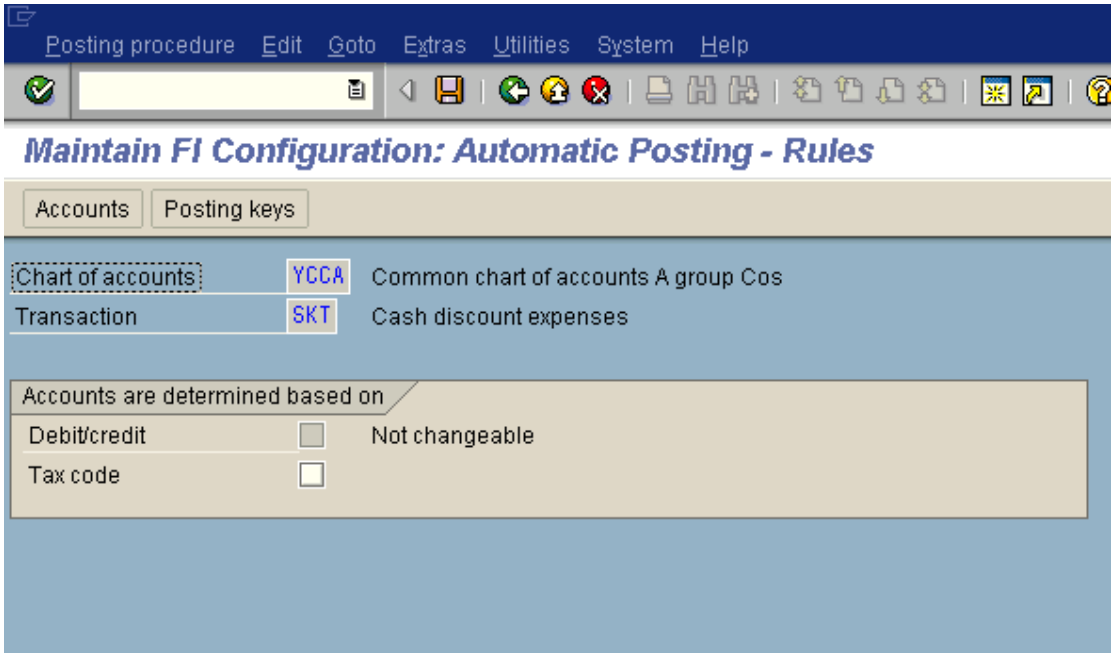
1.3.4 Incoming Payments

1.3.4.1 Define Accounts for Cash Discount Granted

IMG →Financial Accounting →Accounts Receivable and Accounts Payable → Business Transactions → Incoming Payments → Incoming Payments Global Settings → Define Accounts for Cash Discount Granted

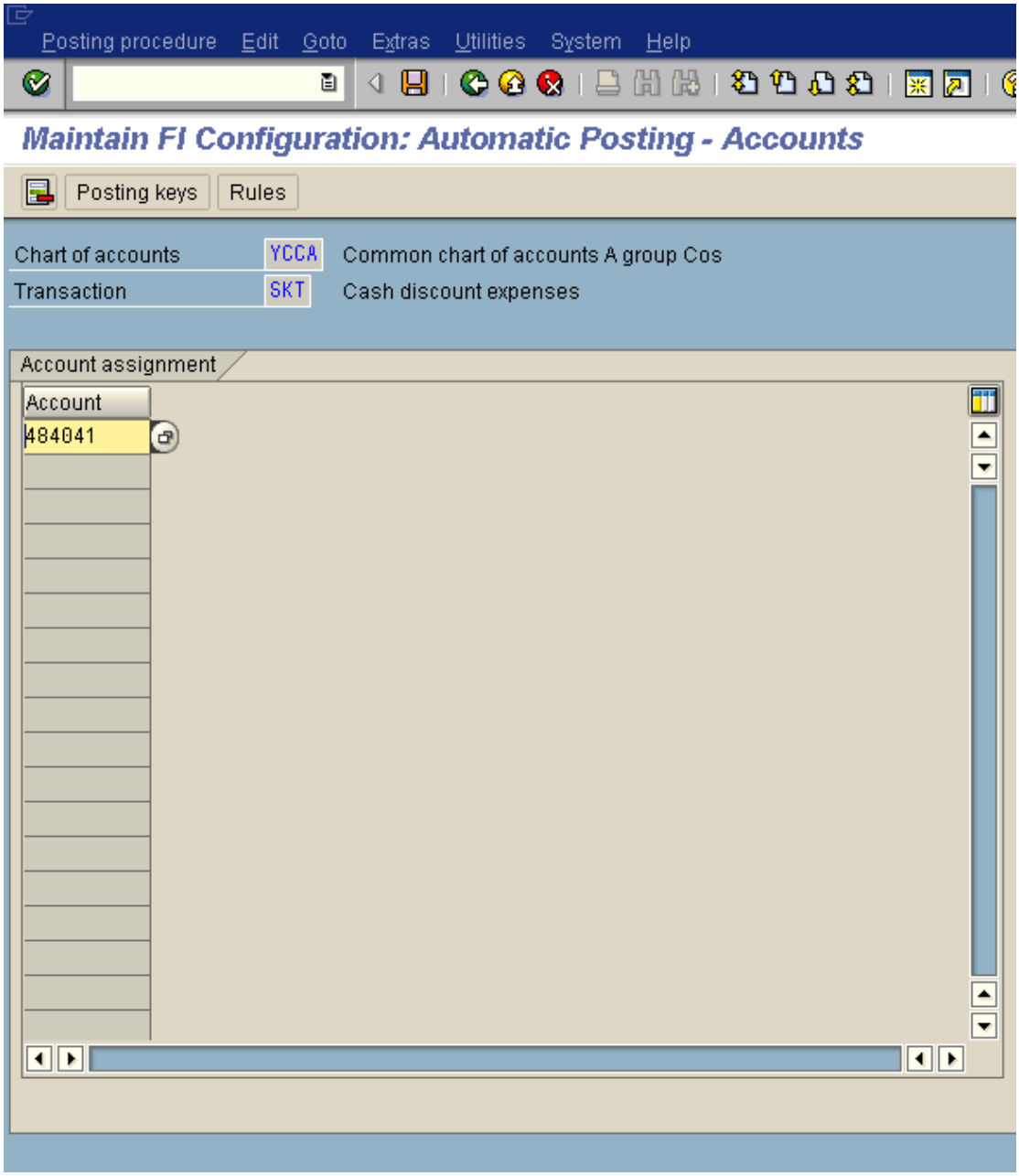
Update the following:-





Click on

Update the following:-



1.3.5 Down payment received from customer

1.3.5.1 Define Reconciliation Accounts for Customer Down Payments

IMG →Financial Accounting →Accounts Receivable and Accounts Payable → Business Transactions → Down Payment Received → Overpayment/Underpayment → Define Reconciliation Accounts for Customer Down Payments

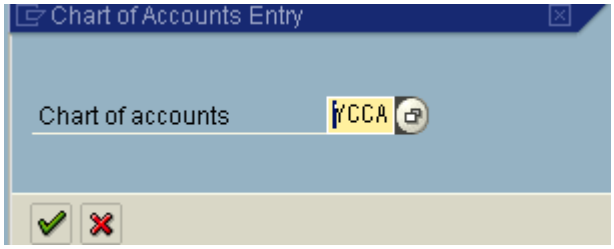
Here you define an account in which the customer down payments or down payment requests are managed in the general ledger. In the case of down payments or down payment requests, the posting is automatically made to

this account instead of to the normal receivables account (reconciliation account).

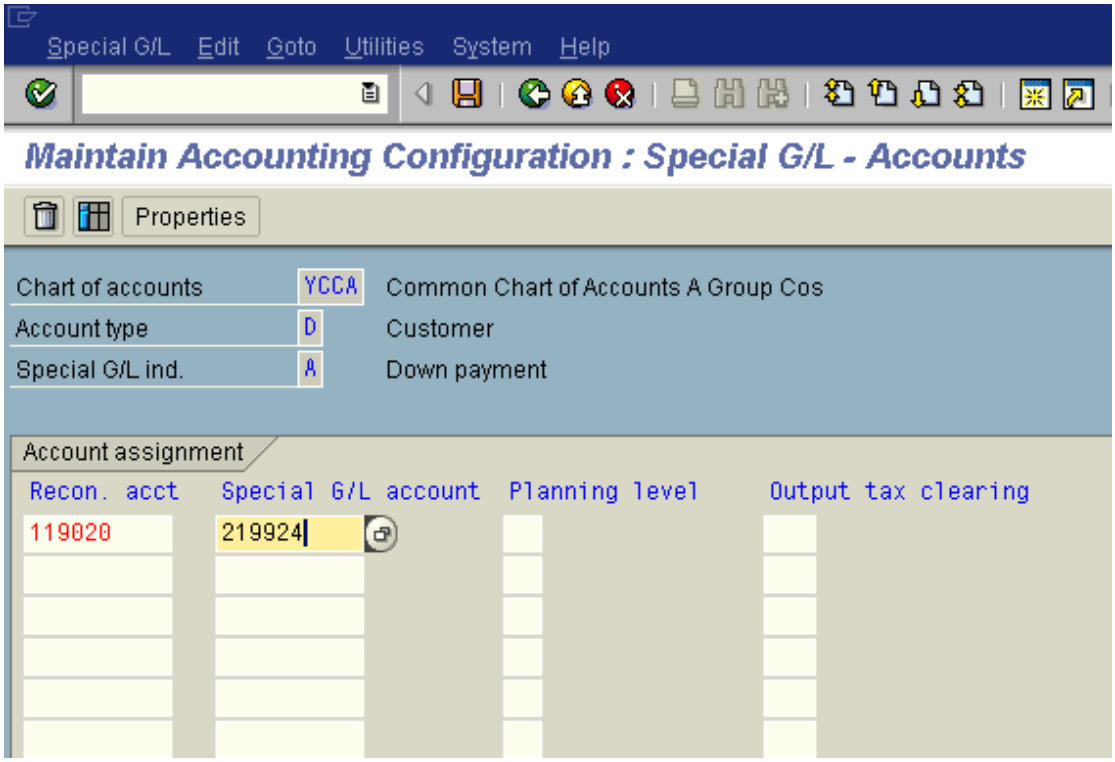
You can use the SAP standard Sp. G/L indicator

Double Click

Update the following: -

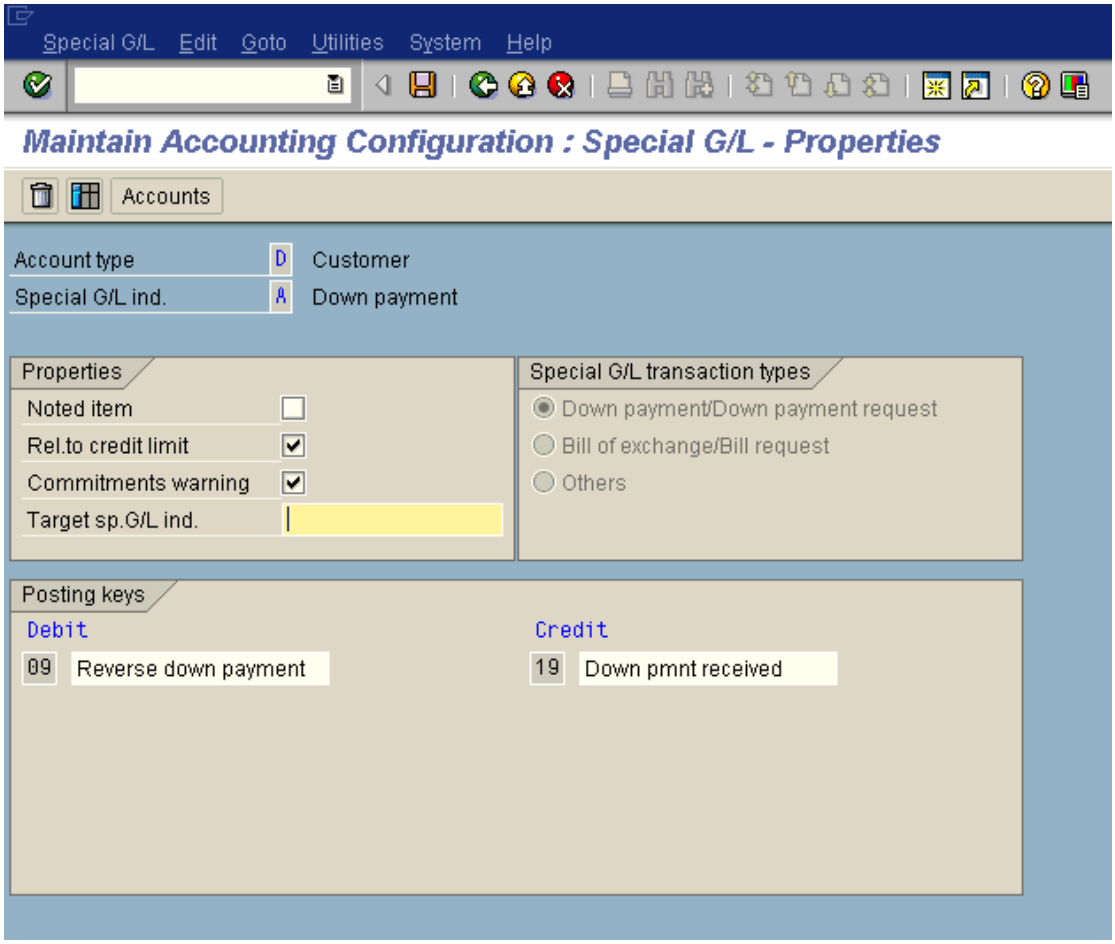


Update the following: -



Click on Save

Click on



Click on Save

1.3.6 Down payment made to vendor

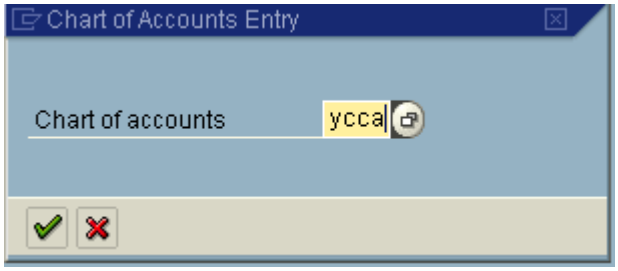
1.3.6.1 Define Alternative Reconciliation Accounts for Down Payments made to Vendor

IMG →Financial Accounting →Accounts Receivable and Accounts Payable → Business Transactions → Down Payment Made → Overpayment/Underpayment → Define Alternative Reconciliation Account for Down Payments

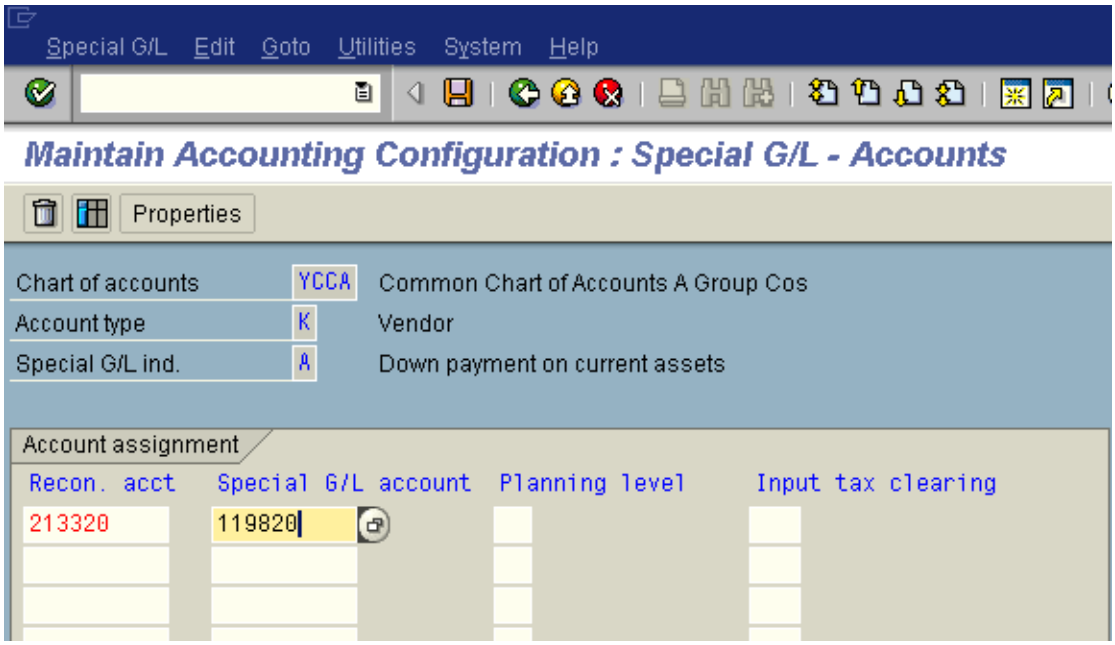
Here you configure the special GL account for vendor down payments. The down payment posting is then automatically made to this account instead of to the normal payables account (reconciliation account).

Double Click

Update the following:-



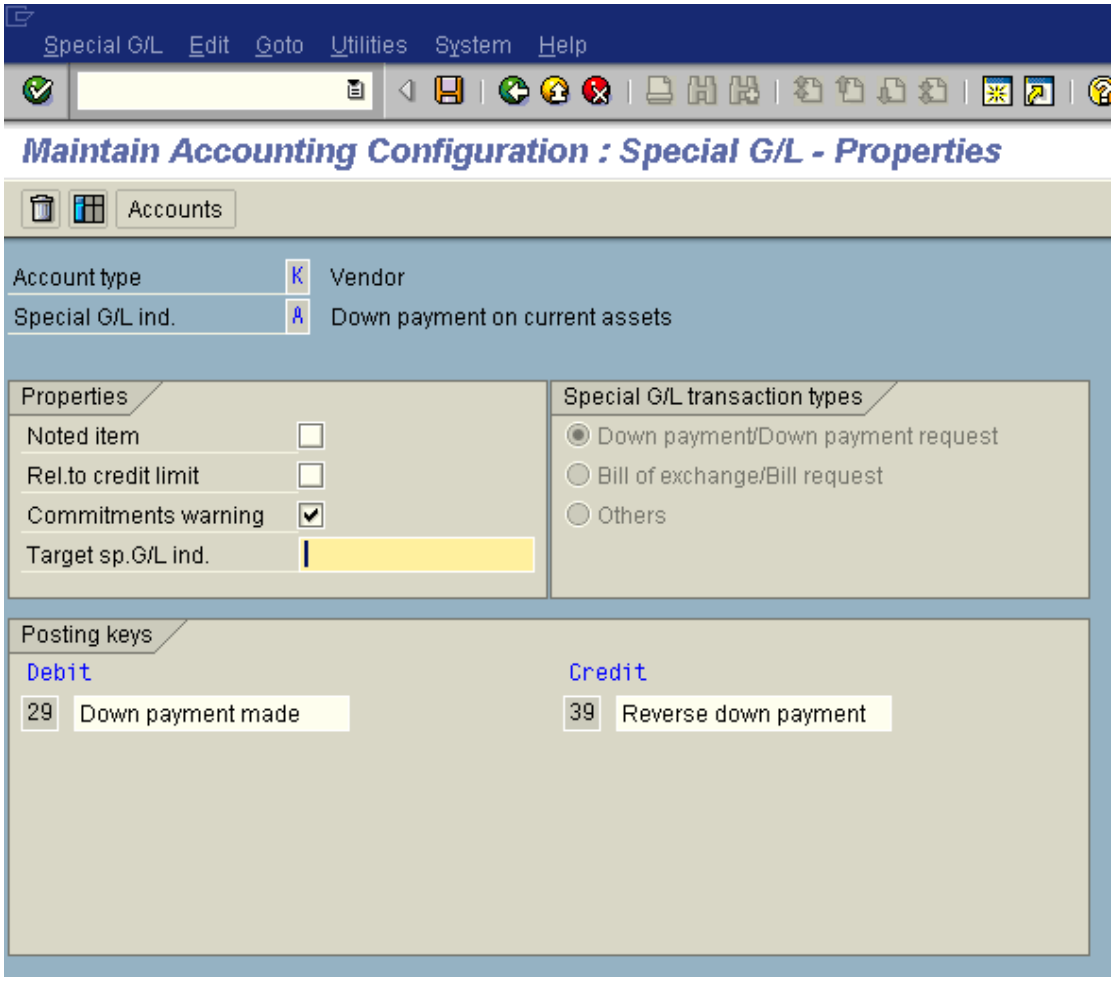
Update the following:-



119820 is the Vendor down payment account

Click on Save

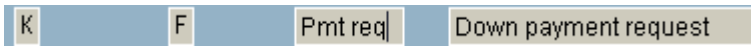
Click on



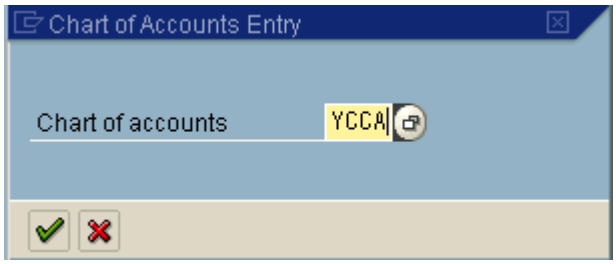
Click on Save

Let us configure a vendor down payment request F. This is required when you want to make payment through automatic payment program. This will create a noted item (statistical entry).

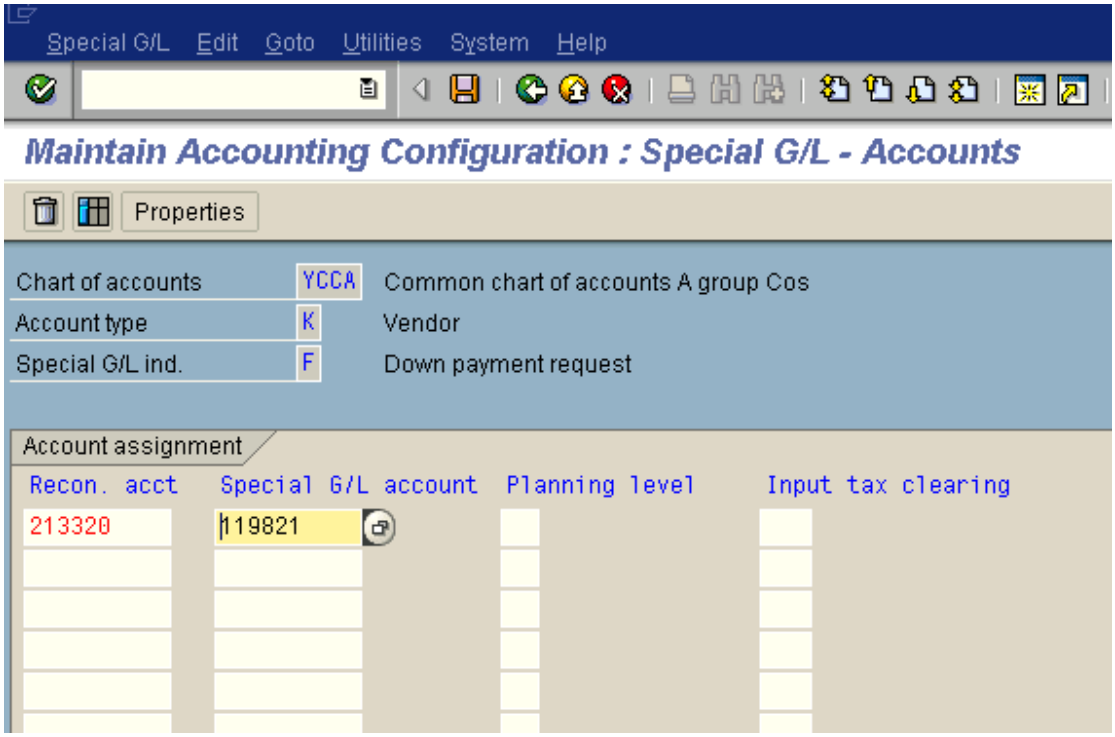
Double click



Update the following:-



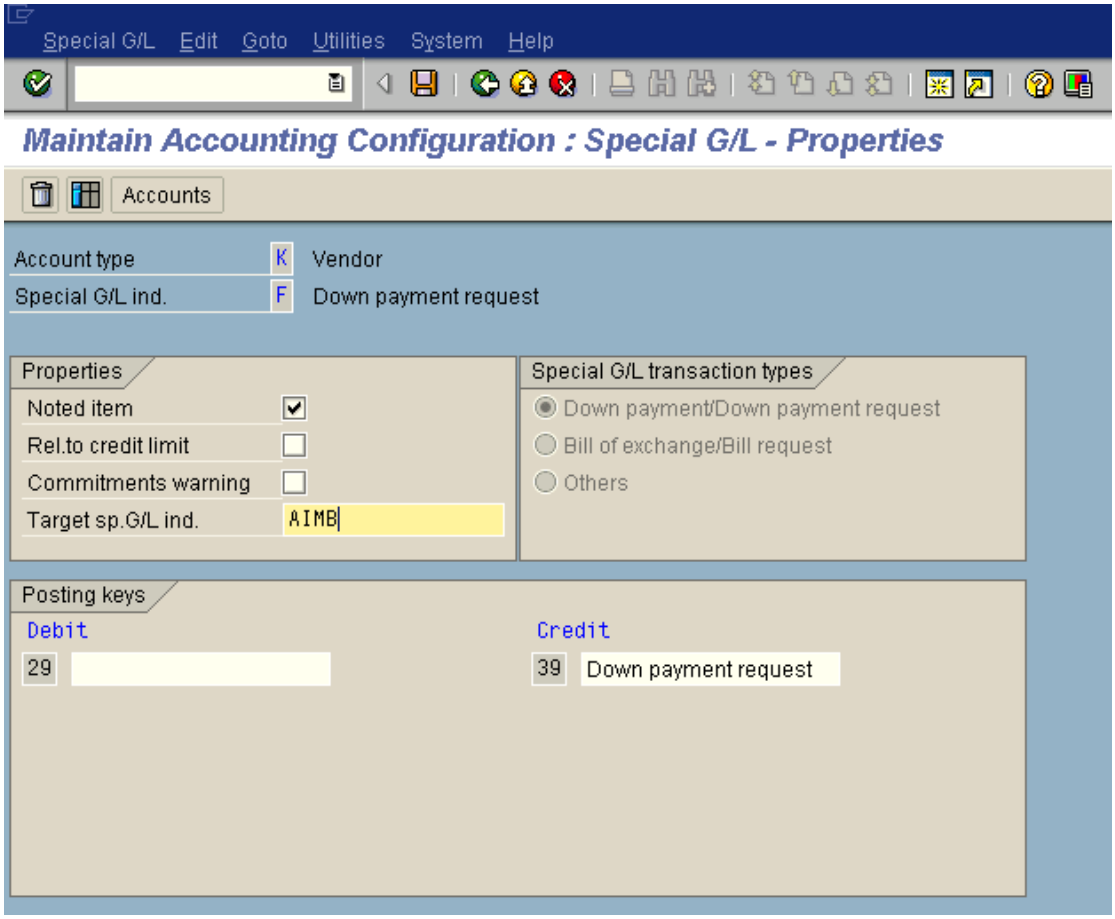
Update the following:-



213320 – Account trade 3rd parties (Reconciliation account)
119821 – Down payment request

Click on

Click on



Click on Save. A is the target special GL indicator

1.3.7 Define Sort Method and Adjustment Accts for Regrouping Receivables/Payables

IMG →Financial Accounting →Accounts Receivable and Accounts Payable → Business Transactions → Closing → Regroup → Define Sort Method and Adjustment Accts for Regrouping Receivables/Payables

Here you define the periods for the **remaining** terms of receivables and payables. For each period, you can specify whether transfer postings are to be made for customer, vendor, or G/L accounts. This configuration also regroups credit balance in Accounts Receivable and Debit balance in Accounts Payable.

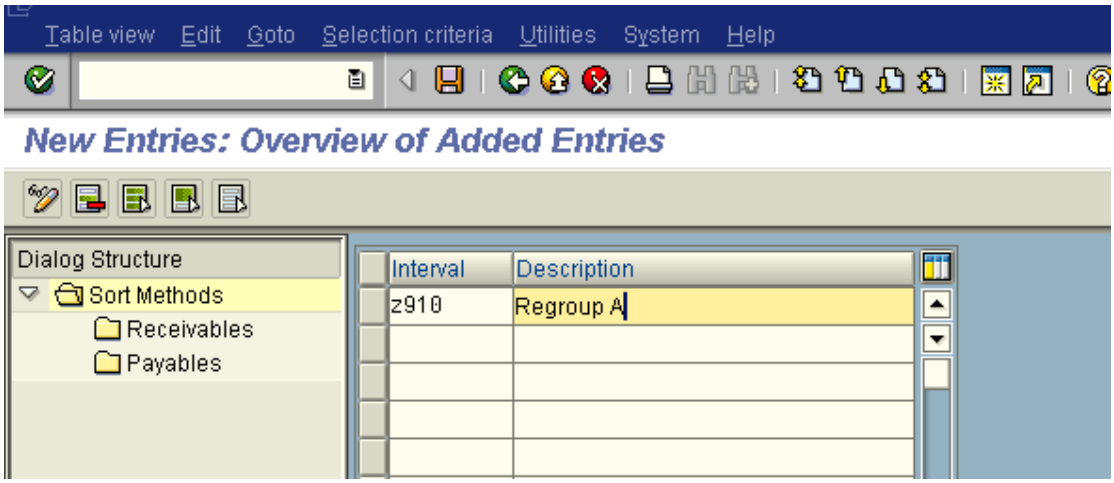
We are configuring for regrouping of AR and AP balances which are maturing beyond 6 months.

119020 AR 3rd parties

119842 AR adjustment account regrouping
119843 Debit balance in AP
119060 A/R maturity > 6 months
213320 A/P 3rd parties
213370 A/P maturity > 6 months
219942 A/P adjustment account regrouping
219943 Cr. Balance in AR

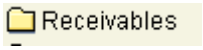
Click on

Update the following: -



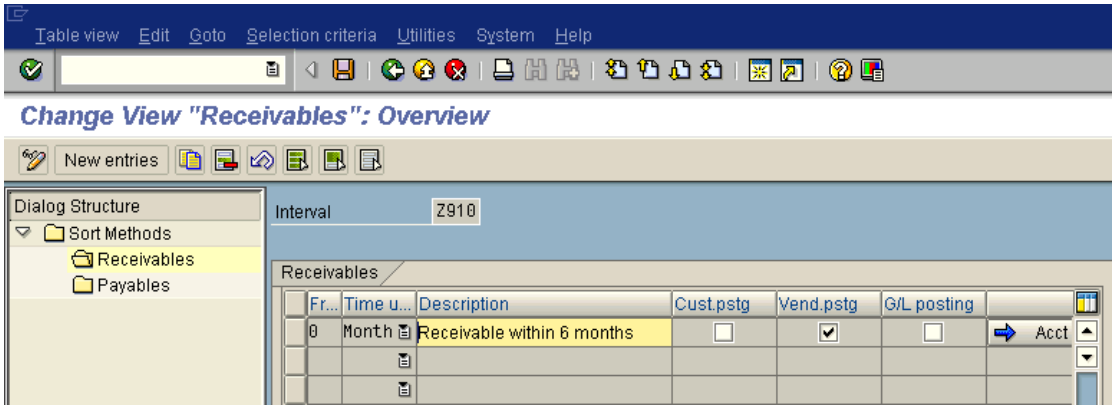
Click on Save

Select

Double Click 

Click on

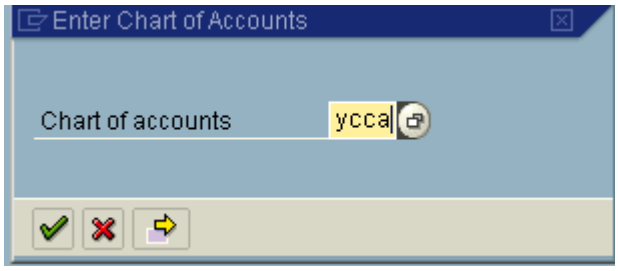
Update the following: -



Click on Save

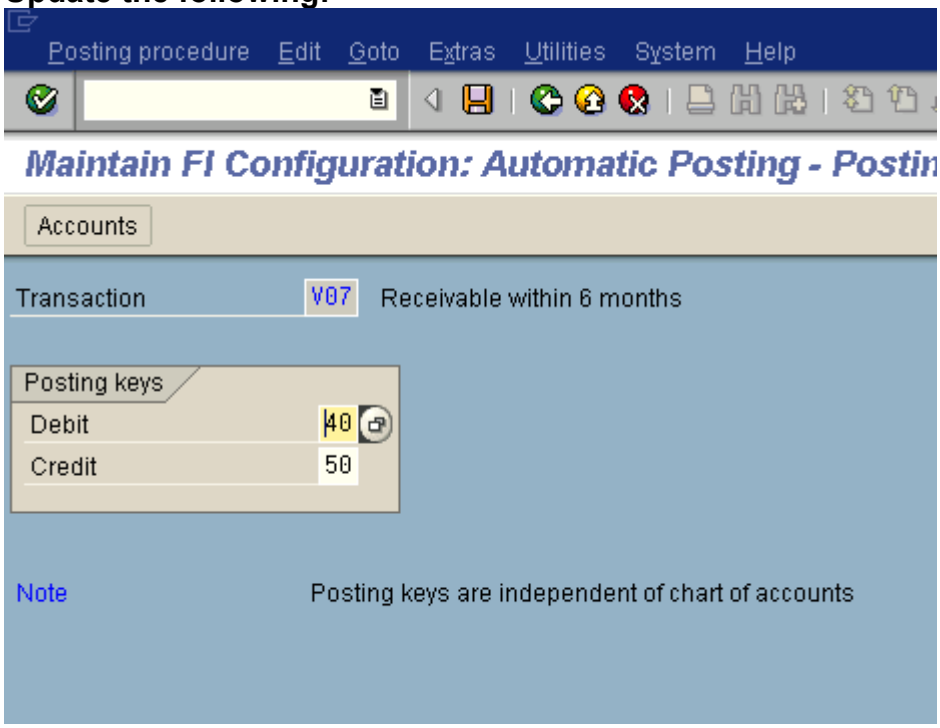
Click on

Update the following: -



Click on

Update the following: -



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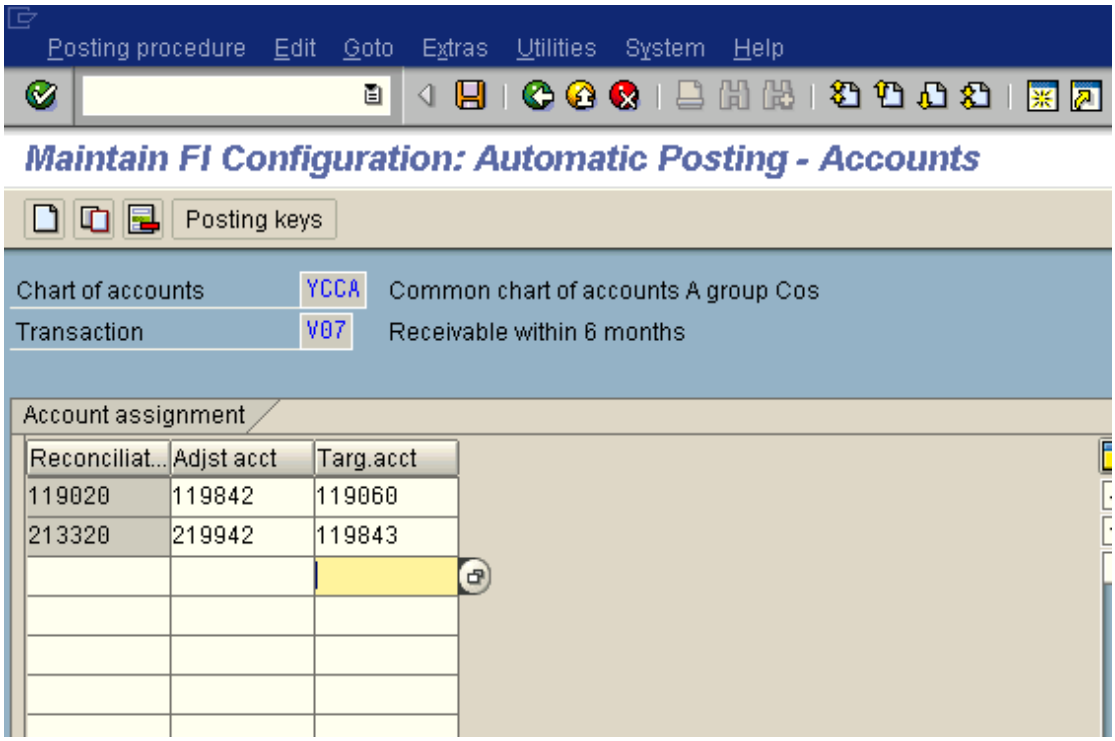

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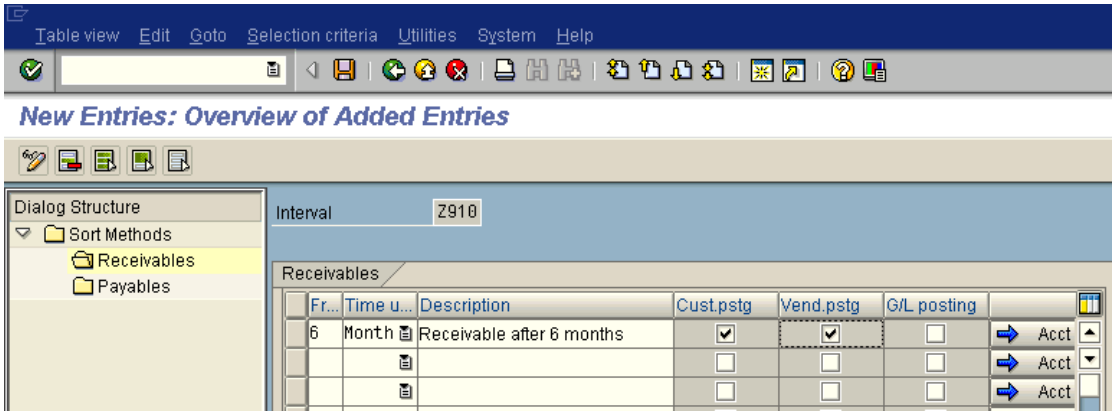

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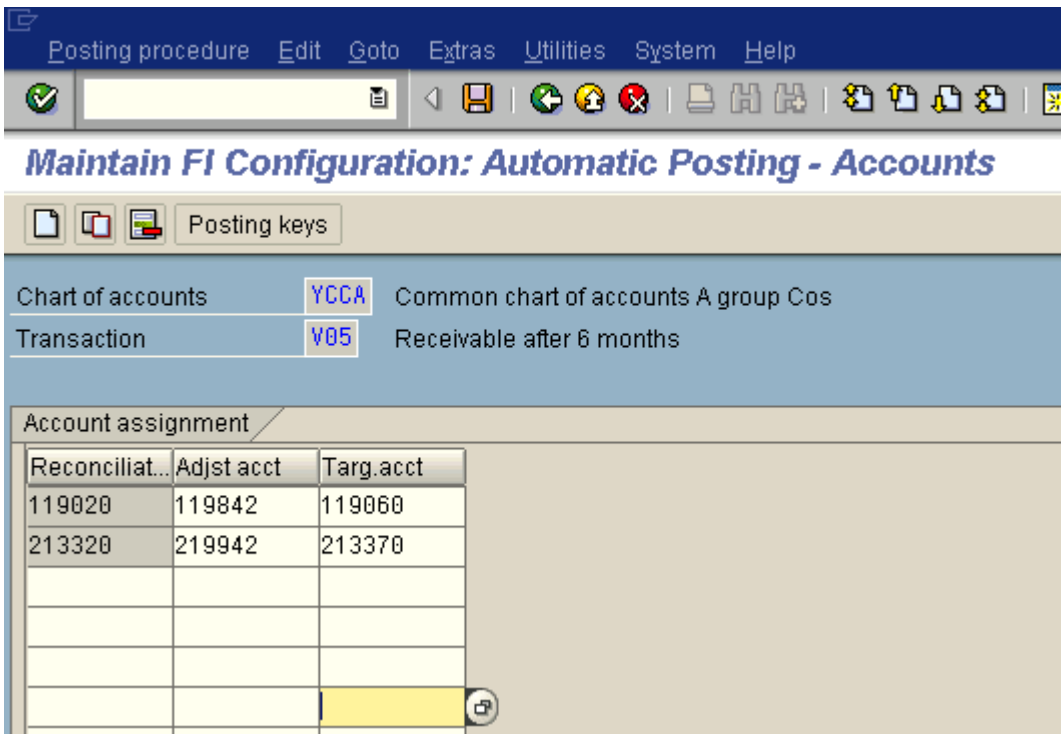

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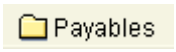
Double Click 

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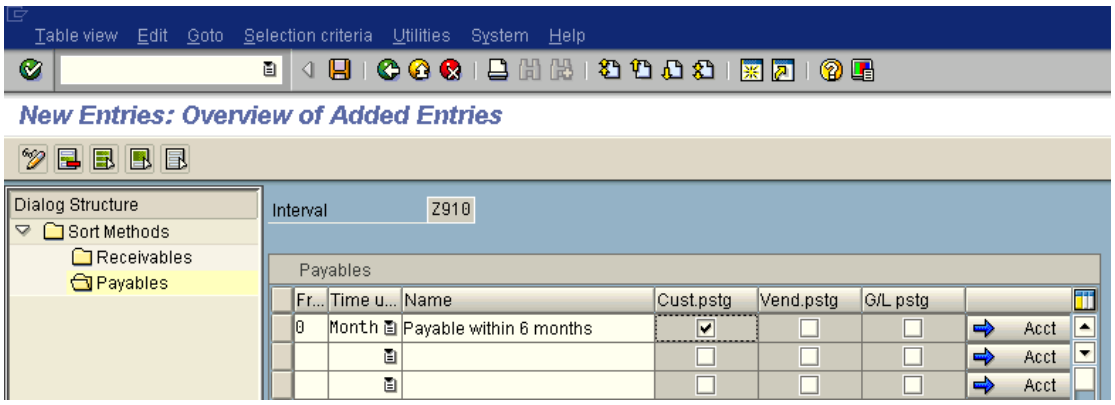

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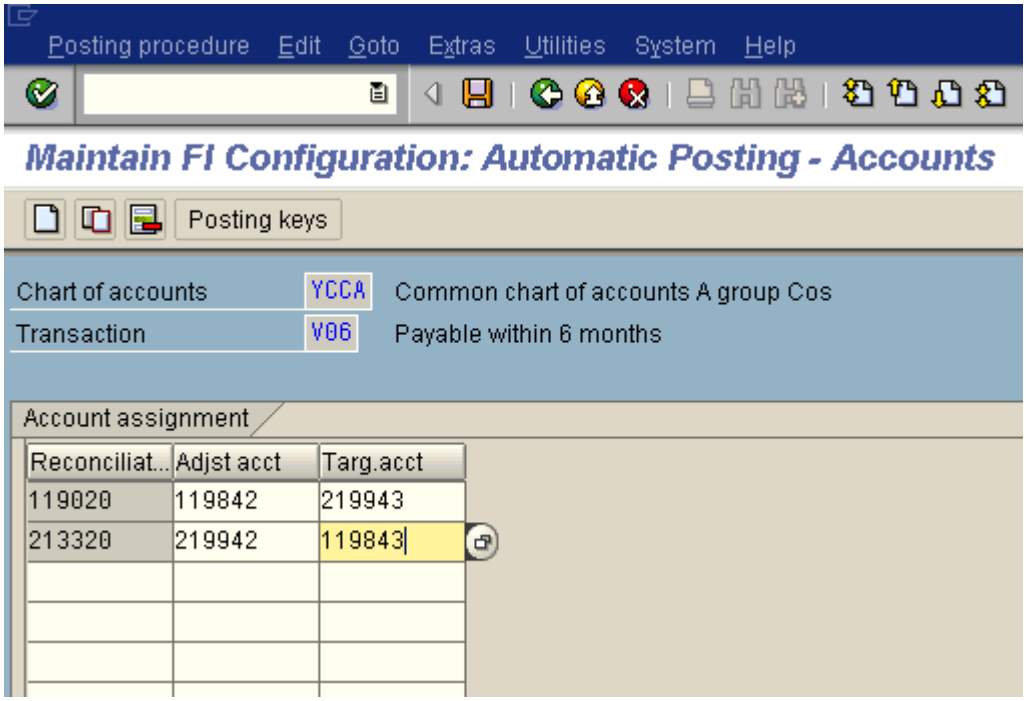

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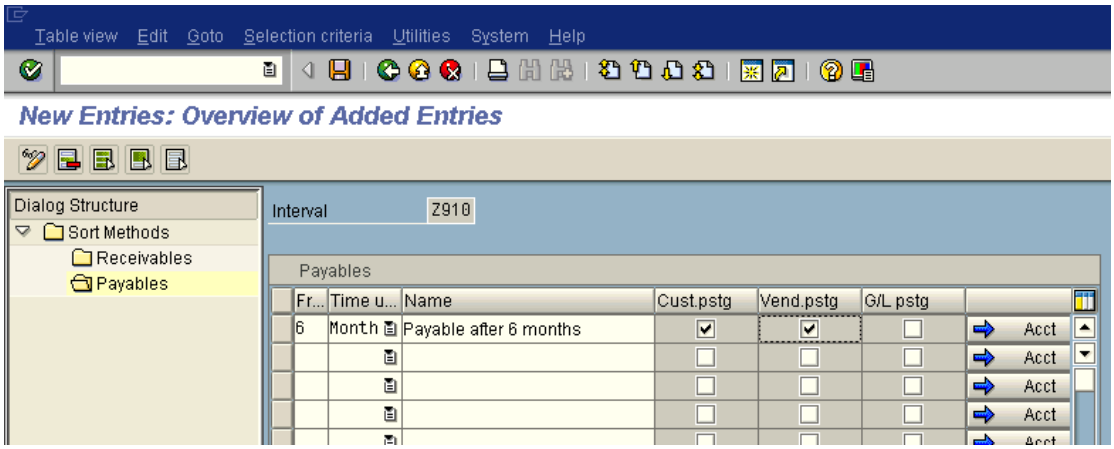

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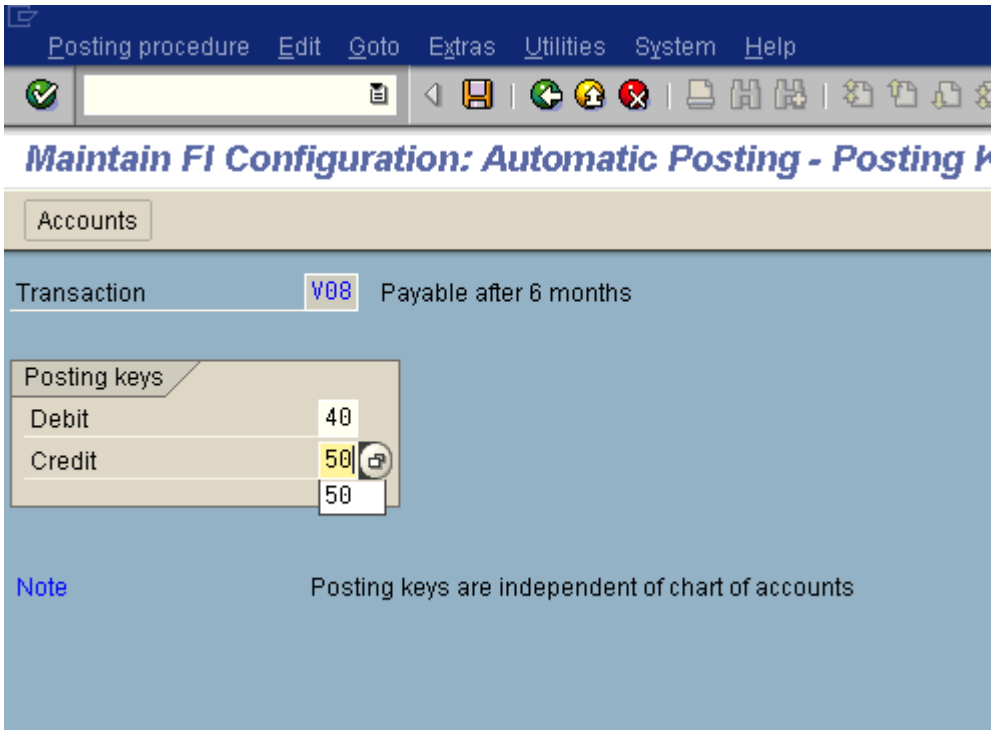

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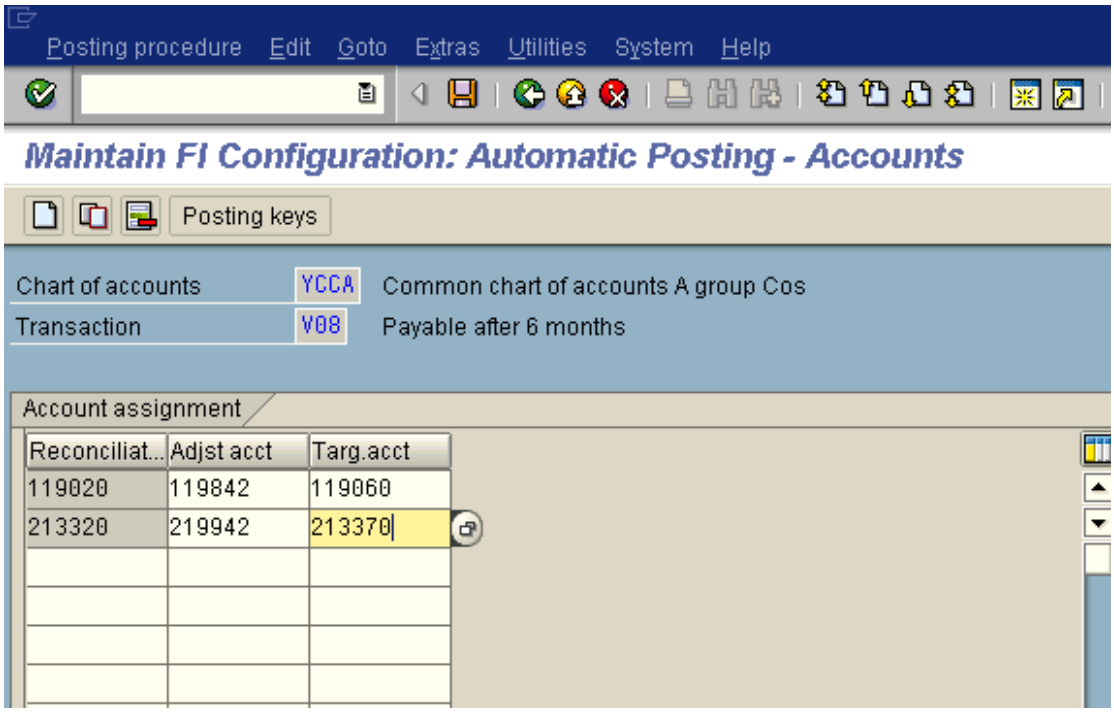

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