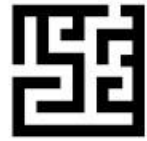# Invoice Reduction

in

Logistics Invoice Verification Process

SAP S/4HANA Sourcing and Procurement (End-User)

Business Scenario

- The Procurement Team wants to know the functionality on SAP system that generates a Credit memo automatically for the reduced quantity/amount if the Vendor has sent an invoice for more quantity/amount than it was received by the Warehouse (Goods receipted)

- In other words, if the Vendor has sent the less quantity than the PO quantity i.e., partial quantity while the original invoice, that is not posted yet, mentions the full quantity and amount as per the PO

- For example, if you raised a PO to a Vendor for 100 Pcs with its relevant amount and you received only 90 Pcs partially as per the Goods receipt, but you received the invoice for 100 Pcs and its relevant amount as per the PO quantity and amount and the invoice is still not posted yet

- So the Procurement team does not want to post Invoice and credit memo separately as previously showed, but want to post one invoice that generates a credit memo automatically to save their time

- Invoice Reduction functionality is used to generate a credit memo automatically for the reduced quantity or amount

- The invoice posting with reduction functionality allows you to post invoices that contain a greater quantity/amount than the goods received due to a vendor error

- While posting the invoice, you can reduce the quantity or amount. In this case, the system creates two accounting documents: the first document contains the actual quantities and amount, and the second document contains a credit memo for the difference between the actual invoiced quantities/amount and the system-suggested quantities/amount as per the Goods receipt

Invoice with Variances
and
Supplier-Specific Tolerances

in

Logistics Invoice Verification Process

SAP S/4HANA Sourcing and Procurement (Configuration and End-User)

Business Scenario (Invoice with Variance)

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- The Procurement Team wants to know how they can post amount variances in Vendor invoice if the PO amount and Vendor invoice amount do not match

- For example, if there are several materials listed in a PO, then it may be a time-consuming job for the Business Users to find out that particular material amount that is causing the amount difference and if it is a small difference, then the system should accept the difference and post the vendor invoice into a small difference G/L account (Profit & Loss) or generate a credit memo for invoice reduction

- Invoice with variance can be posted either through **"Total-based invoice reduction"** or **"Total-based invoice acceptance"** if the difference in amount is within the **Supplier-specific tolerance group** and that tolerance group is assigned into the **Supplier master**

- **Total-based invoice reduction:**
  - In case of several materials listed in a PO, then it may be a time-consuming job for the Business Users to find out the relevant line item that is causing the amount variance, so an invoice reduction is posted without reference to a specific line item and as a result, the system creates a credit memo in addition to the actual invoice

- **Total-based invoice acceptance:**
  - If the difference is small in total amount, then the system should accept the Vendor invoice and post the difference into a small differences G/L account i.e., P&L account type or a non-operating expense or revenue G/L account and this is called **"Total-based invoice acceptance"**

- The system decides whether to proceed with **total-based reduction** or **total-based acceptance** by checking the relative tolerance differences