Oracle

Financials Cloud
Implementing Financials for EMEA

Release 12

This guide also applies to on-premises implementations

ORACLE

Oracle® Financials Cloud Implementing Financials for EMEA

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Contents

Preface

This preface introduces information sources that can help you use the application.

Oracle Applications Help

Use the help icon ? to access Oracle Applications Help in the application. If you don't see any help icons on your page, click the Show Help icon ? in the global header. Not all pages have help icons. You can also access Oracle Applications Help at https://fusionhelp.oracle.com.

Using Applications Help

Watch: This video tutorial shows you how to find help and use help features.

Additional Resources

- **Community:** Use **Oracle Applications Customer Connect** to get information from experts at Oracle, the partner community, and other users.
- **Guides and Videos:** Go to the **Oracle Help Center** to find guides and videos.
- **Training:** Take courses on Oracle Cloud from **Oracle University** .

Documentation Accessibility

For information about Oracle's commitment to accessibility, see the **Oracle Accessibility Program** .

Comments and Suggestions

Please give us feedback about Oracle Applications Help and guides! You can send e-mail to: oracle_fusion_applications_help_ww_grp@oracle.com.

1 Security

Security for Country-Specific Features: Explained

For new implementations, you must assign the country-specific duty roles to your enterprise job roles or users before you can use the features specific to these regions. You have to assign country-specific duty roles to fscm application and obi application stripe to view the country-specific reports on the Scheduled Processes page, and to open the Parameters page of the selected process.

This table describes the duty role for each region:

Region	Duty Role	Role Code
Europe, the Middle East, and Africa (EMEA)	EMEA Financial Reporting	ORA_ JE_ EMEA_ FINANCIAL_ REPORTING_ DUTY
Asia Pacific (APAC)	APAC Financial Reporting	ORA_ JA_ APAC_ FINANCIAL_ REPORTING_DUTY

2 Tax

Manage Tax Reporting Configuration

Global Tax Reporting: Explained

The global tax report processing feature provides a reporting solution for all countries to manage their tax reporting requirements. For some countries in Europe, Middle East, and Africa (EMEA) , Oracle Fusion Financials for EMEA provides predefined reports, such as the Italian VAT registers and the Spanish VAT journals. For other countries, use the tax data models to create your required reports.

Use the global tax report processing feature to organize tax report data according to the requirements of your company and the tax authority. The EMEA reports use the Oracle Fusion tax data models to retrieve tax transaction information based on your tax configuration setup.

Global tax reporting:

- Addresses your tax reporting requirements
- Processes your tax reports

Addressing Your Tax Reporting Requirements

You can streamline your tax reporting with Oracle Fusion Financials for EMEA.

Use the global tax report processing feature to meet the following business needs of your EMEA countries:

- Report tax, such as VAT, based on the tax registration number associated with the legal reporting unit.
- Report tax, such as VAT, based on tax periods with tax calendars that are the same as or different from the accounting calendars.
- Select transactions for reporting based on a user-defined tax reporting date.
- Generate preliminary versions of tax reports in open tax periods to verify and correct data before finalizing the reports.
- Close the tax period by running the final reports to prevent updating or double reporting of transactions to the tax authorities.
- Provide separate sequential document numbering control for tax transactions using the tax registers.
- Report correction transactions to previously closed tax periods and issued tax declarations as newly entered transactions in the open tax period.
- Mark each transaction reported to the authorities with information identifying the submission period end date.
- Retain tax transaction history without affecting the performance of the current tax reporting purposes.

Processing Your Tax Reports

The global tax report processing feature involves several broad user procedures.

Financial administrators and personnel must complete the following:

- Set up prerequisite information for tax reporting. For example, set up the tax reporting codes for the EMEA VAT tax reporting type, and associate the tax reporting type and tax reporting codes to the tax setup.
- Set up tax configuration details such as tax reporting entity and tax register.
- Enter report processing details for a transaction such as tax reporting date.
- Run the Select Transactions for Tax Reporting process to select all the accounted and unaccounted transactions to report within a tax period. You can run tax reports, general and country-specific, for unaccounted, accounted, and both unaccounted and accounted transactions. This helps you to run trial reports and make any corrections before submitting the final report to tax authorities. The selection is based on the tax registration number and tax reporting date, if you have completed the tax setup in Oracle Fusion Tax.

  Note: You must set up the tax reporting configuration before running the Select Transactions for Tax Reporting process.

- Run the preliminary versions of the tax reports.
- Run the Finalize Transactions for Tax Reporting process.
- Run the final or reprint versions of the tax reports.

Related Topics

- Prepare Transaction Tax Reports: Overview

Setting Tax Reporting Configuration Controls for VAT: Critical Choices

To process value-added tax (VAT) reports, set up tax reporting entities for the tax registration number associated with a legal reporting unit and tax regime. When you run the selection process, each selected transaction is stamped with the tax reporting entity ID. You run VAT reports based on the tax reporting entity.

Note: Ensure that you define tax registrations for all legal reporting units with applicable VAT tax requirement.

You can customize your VAT reporting process by specifying the tax calendar for a tax reporting entity, threshold amounts, and VAT registers. The setup includes:

- Common Configuration: Associate the calendar defined for tax reporting to the combination of tax registration number, tax regime, and legal reporting unit. Select the tax registration numbers that you defined in Oracle Fusion Tax against legal reporting units and VAT tax regimes.
- Tax Registers: Record register information and associate it with a tax reporting entity to determine document sequences. Assign one or more document sequence names for each VAT register. The Italian VAT register reports use the VAT register information.

Common Configuration for VAT Reporting

Common configuration for VAT reporting helps you configure attributes common for all tax reporting entities like tax calendar, reporting threshold amount, and reporting sequence. The tax calendar makes use of accounting period types and calendars. The tax calendar is maintained independent of the accounting calendar to control tax periods for reporting transactions based on a tax point date.

Apply a single tax calendar to one, more than one, or all tax reporting entities within your organization. Set up a unified tax reporting period across a legal entity or single legal reporting unit to correctly apply transactions against their tax reporting dates. This helps to decide whether the transaction:

- Should be declared in the next tax return for the current open period as regular entries.
- Should be entered in the next tax return as corrections.

The following table describes the common configuration options for VAT reporting:

Name	Description
Tax Calendar	Select the calendar to be associated to the tax reporting entity.
Threshold Amount	Enter the threshold amount specified for the legal entity or tax regime with tax transactions. If you leave this field blank, the application reports all tax transactions. Some countries like Spain report transactions or make declarations to the authorities if the amount exceeds a certain threshold value.
Enable Reporting Sequence	Select to enable report level sequence number while running the reports. For numbering transactions, print the document sequence number for the transaction or the report-specific sequence number.

Tax Registers for VAT Reporting

Define tax registers for a tax reporting entity, and assign a document sequence name to a combination of tax register and tax reporting entity. The application then selects transactions to report on a tax register based on the document sequence name assignment. Use this setup for Italy only.

Setting Up VAT Reporting: Worked Example

This example demonstrates how you set up the appropriate tax registers for your organization in Italy to meet your tax reporting requirements.

Create a tax reporting entity for every unique combination of tax calendar, tax regime, and tax registration number.

Prerequisites

To process VAT reports, perform the following prerequisites:

1. Set up legal entities and legal reporting units using the **Legal Entity Configurator** to represent your company and its offices. For example, set up Vision Italy as a legal entity.
2. Set up and maintain the first-party tax profiles and tax registrations in the context of tax regime for the legal reporting units in your company using Oracle Fusion Tax.
3. Set up the tax regimes for the taxes in each country and geographic region where you do business, and where a separate tax applies using Oracle Fusion Tax. For example, set up IT VAT as a tax regime. Enable the **Use tax reporting configuration** option on the first-party tax regime. This allows entry of tax reporting configuration details during tax registration setup for legal reporting units for these tax regimes.
4. Set up the tax and tax rates in Oracle Fusion Tax. You must define the tax with the reporting code enabled. EMEA lookup tax reporting codes, such as **VAT** and **Exempt**, are available as predefined tax reporting codes under the EMEA VAT Reporting Type.

5. Define tax reporting periods as accounting periods in Oracle Fusion General Ledger. For example, set up Accounting as an accounting period. The final reporting process maintains the tax reporting periods. If you use the same calendar for accounting and tax reporting, the application still maintains accounting periods independently from tax periods.
6. Specify document sequencing for tax transactions to use different transaction sequencing than reporting sequencing. Define document categories in General Ledger, Payables, and Receivables. Define document sequence names in General Ledger and assign them to document categories. For example, set up IT AX Payables as a document sequence name.

Setting Up VAT Reporting

1. On the Manage Party Tax Profiles page, select Legal Reporting Unit Tax Profiles in the **Search For** field.
2. Enter Vision Italy in the **Legal Entity** field and click **Search**.
3. From results table, select the row for the currently active Vision Italy and click **Edit** .
4. On the Edit Legal Reporting Unit Tax Profile: Vision Italy page click the Tax Registrations tab.
5. Click **Create** to access the Create Tax Registration page.
6. On the Create Tax Registration page, complete the fields, as shown in this table:

Field	Value
Tax Regime Code	IT VAT
Registration Number	123456789

7. Click the Tax Reporting Configuration tab.
8. In the Common Configuration tab, complete the fields, as shown in this table:

Field	Value
Tax Calendar	Accounting
Enable Tax Registers	Select
Enable Reporting Sequence	Select

9. Click the Tax Registers tab and click **New** to add a row in the table.
10. In the Tax Registers table, complete the fields, as shown in this table:

Field	Value
Register Type	Purchase VAT
Name	Purchase VAT
Start Date	Current Date
End Date	Blank

Predefined tax register types are provided for Italy. These include deferred VAT, purchase VAT, sales (self invoice and EU VAT), and sales VAT.

11. Click **New** in the Document Sequence table.
12. Select IT AX Payables in the **Document Sequence Name** field.
13. Click **OK**.
14. Click **Save and Close**.

Manage Tax Box Allocation Rules

Tax Box Allocations: Explained

You are often required to submit tax returns in a format that groups taxable transactions by applying specific grouping rules defined by the tax authorities. In most cases, the grouping rules are based on the location where the transaction took place, transaction type, tax rate, product type, and tax recoverability.

Tax box allocation supports definition of tax grouping rules and complex tax reporting by providing transactional and accounting information, segregated by tax boxes.

You can define tax box allocation rules, based on these rules, tax boxes are assigned to taxable transactions. Tax box allocation rules represent the association between the tax reporting attributes available on the transactions and tax boxes.

You can:

- Define tax box allocation rules on two different levels to support specific needs.
- Share the rules across legal entities or define them for a specific legal entity.

In most tax regimes, legal entities that reside within the same tax regime share the same set of tax grouping rules defined by the tax authorities. Tax box allocation provides you the flexibility to define tax box allocation rules once, and share them across legal entities.

For each tax reporting period, transactions are processed and based on the tax determining factors, tax box numbers are assigned to the transaction lines.

Tax box allocations support periodic and annual reporting. It allows you to separate:

- Purchase and sales transactions
- Recoverable and nonrecoverable taxes
- Domestic and foreign transactions
- Goods and services

Tax box allocation comprises of:

- Tax Box Allocation Rules
- Tax Allocation Process
- Tax Box Allocation Reports

Tax Box Allocation Rules

Tax box allocation rules are user-defined rules. They set the correspondence between tax box number and a set of transaction attributes based on which tax or taxable amount is reported in the tax box.

A tax box represents a tax declaration cell in which tax or taxable amount is reported. It may also represent a group of transactions in tax registers or other tax reports.

Tax Allocation Process

The Tax Allocation Process:

- Checks whether the tax box allocation rule condition is met
- Allocates applicable tax box numbers to taxable transactions
- Verifies whether the rules are defined at the legal entity or global level. If more than one rule is applicable to a transaction, all the rules are applied. However, all the applicable rules must be at the same level, either at the legal entity or global level. Rules at the:
    - Legal entity level are given higher precedence than the rules you define at the global level.
    - Global level are processed and applied only when no rules are defined at the legal entity level.

Note: Run the Tax Allocation Process for a period only after the Tax Reporting Selection Process is executed for the period.

Tax Box Allocation Reports

Oracle Fusion Tax provides various generic reports that are associated with tax box allocations. These reports provide details on tax computation and tax returns.

The following reports are provided:

- Tax Allocations Listing Report
- Tax Allocation Exceptions Report
- Tax Box Return Preparation Report

Run the Tax Box Return Preparation Report to print the tax boxes and the transactions associated with each tax box.

Run the Tax Allocation Listing Report and Tax Allocation Exceptions Report to:

- Verify the tax boxes allocated to the transaction lines
- Check the transaction lines that don't have any tax boxes allocated

Related Topics

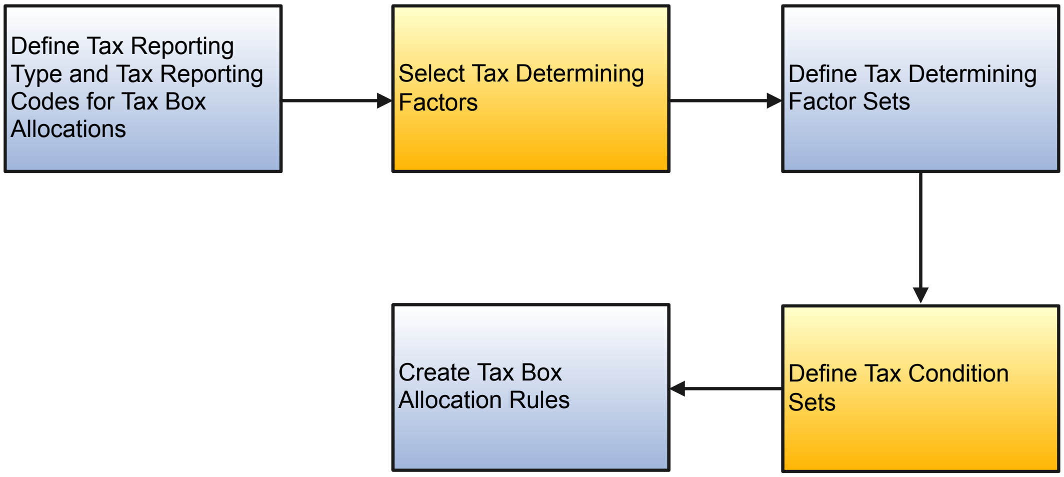
- Preparing Tax Returns Based on Tax Box Allocation Rules: Explained
- Tax Box Allocation Reports: Explained

Defining Tax Box Allocation Rules: Explained

Tax box allocation rules represent the association between tax determining factors and user-defined reporting categories called tax boxes.

Tax or taxable amount is allocated a specific tax box number based on tax determining factors and rules applied to transactions. This number is used for tax box reporting.

The following figure illustrates the steps involved in defining the tax box allocation rules for transactions.



Tax Reporting Type and Tax Reporting Codes

Tax reporting codes represent tax box numbers that are used in the tax box allocation rules. These tax reporting codes are assigned to taxable transactions.

Define tax box numbers as tax reporting codes. For example, assume you have to report recoverable tax amount to the tax authority. Therefore, define tax reporting type with tax reporting type purpose as tax box allocation. Create tax reporting code with box type as recoverable tax box, for example, 11 - Tax Recoverable Box.

Tax Determining Factors and Tax Determining Factor Sets

Select the tax determining factors you want to use for defining tax box allocation rules. For our example, define tax box allocation rules that are based on the following tax determining factors:

- Country: Helps you determine the country from which goods are shipped and the country to which goods are shipped.
- Transaction Business Category: Helps you determine the type of transaction, such as purchase or sales transaction.

These tax determining factors together are called tax determining factor set.

Tax Condition Sets

Assign the values to the tax determining factors. For our example, determine the recoverable tax amount on standard purchase invoices from Italy. Assign the following values to the tax determining factors:

- Ship-to Country = Italy
- Ship-from Country = Italy
- Transaction Business Category = Standard Purchase Invoice

Tax Box Allocation Rules

Create the tax box allocation rules. For our example, create a rule that assigns the tax box 11 when the following conditions are met:

- Country from where the goods are shipped is Italy

- Country to which goods are shipped is Italy
- Transaction type is a standard purchase invoice

Related Topics

- Preparing Tax Returns Based on Tax Box Allocation Rules: Explained
- Tax Box Allocation Reports: Explained

Using Tax Reporting Type for Tax Box Allocation Rules: Explained

Tax reporting type is used to specify the tax reporting codes. Tax reporting codes are tax box numbers used in the tax box allocation rules. These codes are assigned to taxable transactions.

For tax box allocation rules, use Tax Box Allocation as the tax reporting type purpose on the Create Tax Reporting Type page.

Using Tax Reporting Type

- To define tax reporting type that must be shared across several countries, leave the Country field blank.
- To restrict the usage of tax reporting type to just one country, enter the country name in the Country field.

Use the Tax Reporting Codes section to specify the tax box numbers that are used in the tax box allocation rules.

The following table explains the required fields for tax box allocation rules:

Field	Description
Tax Reporting Code	Specify the tax box numbers that are assigned to the transactions, and used for reporting.
Amount Sign	Select a positive or negative sign to indicate whether the amounts must be displayed as positive or negative in the reports.
Box Type	Specify the type of tax box on which the tax box rule applies such as: • Recoverable Taxable Amount • Nonrecoverable Taxable Amount • Recoverable Tax Amount • Nonrecoverable Tax Amount • Total Amount

Setting Up Tax Box Allocation Rules: Worked Example

Many European countries commonly record domestic purchase or sales transactions with a particular tax rate. They then report the transaction taxable and tax amounts to the tax authorities in a specific tax box according to the tax rate applied to the transaction.

This example illustrates how to configure tax box allocation rules and allocate tax box numbers to domestic purchase transactions.

The following table summarizes key decisions for this example:

Decisions to Consider	In this example
Tax reporting codes	The following factors determine the transactions that are reported: • Country where you are registered for tax purposes • Country of the suppliers with whom you are doing business • Transaction type you want to report • Tax rate applicable on the transactions
Tax condition set	The following values must be assigned to the tax determining factors: • Goods are shipped from and shipped to Italy • Standard VAT rate applies to the goods • Transaction is a purchase transaction
Tax box allocation rules	Define a rule that assigns tax box number 11 when the conditions mentioned above are met.

In this example, your company is registered in Italy for tax purposes, and does business with Italian suppliers. You need to report the recoverable taxable amount of purchase transactions from Italian suppliers that are taxed on the standard VAT rate. The tax authority requires that you report these amounts using tax box number 11.

Define Tax Reporting Codes

Use the Create Tax Reporting Type page to define tax boxes for reporting the tax and taxable amounts of reportable transactions to the tax authorities.

To create a tax reporting type:

1. Go to the Manage Tax Reporting Types page.
2. Click the **Create** icon.
3. Enter all the required fields on the Create Tax Reporting Type page.
4. Select Tax box allocation as the **Tax Reporting Type Purpose**.
5. Enter the following values in the Tax Reporting Codes section:

Tax Reporting Codes	Amount Sign	Box Type	Effective Start Date
11	Plus	Recoverable taxable amount box	1/1/70

Define a Tax Determining Factor Set

Various Determining Factor Classes, such as Derived, Registration, and Geography, are used to define the tax determining factor sets.

To define a tax determining factor set:

1. Go to the Manage Tax Determining Factor Sets page.
2. Click the **Create** icon.
3. Enter all the required fields on the Create Tax Determining Factor Sets page.
4. Select Tax box allocation as the **Set Usage**.

5. Enter the following values in the **Associate Tax Determining Factors** table:

Determining Factor Class	Tax Class Qualifier	Determining Factor
Derived		Tax Rate Name
Geography	Ship from	Country
Geography	Ship to	Country
Registration	Bill-from party	Registration Status
Transaction generic classification	Level 1	Transaction Business Category

Define a Tax Condition Set

Tax condition sets help map the Tax Determining Factor Set using specific values.

In this example, you provide specific values that are associated with the determining factors defined in the previous step.

To define a tax condition set:

1. Go to the Manage Tax Condition Sets page.
2. Click the **Create** icon.
3. Enter all the required fields on the Create Tax Condition Sets page.
4. Select the **Enabled** check box.
5. Enter the following values in the **Tax Condition Set Details** table:

Tax Determining Factor Class	Tax Class Qualifier	Tax Determining Factor Name	Operator	Value or From Range
Derived		Tax Rate Name	Equal to	IT VAT STANDARD RATE
Geography	Ship from	Country	Equal to	Italy
Geography	Ship to	Country	Equal to	Italy
Registration	Bill-from party	Registration Status	Equal to	Registered
Transaction generic classification	Level 1	Transaction Business Category	Equal to	Purchase_ Transaction

Define Tax Box Allocation Rules

Define tax box allocation rules to to use the Tax Reporting Type and Determining Factor Set defined in the earlier steps.

To define Tax Box Allocation Rules:

1. Go to the Manage Tax Box Allocation Rule page.

2. Click the **Create** icon.
3. Enter the following values in the Rule Details section on the Tax Determining Factors page:

Field	Value	Notes
Configuration Owner	Global configuration owner	Decide whether you want to define rules globally or for a specific legal entity.
Tax Regime Code	IT VAT	
Tax	IT VAT	
Rule Code	TBA Domestic Purchase Rate	
Report Periodicity	Periodic allocation	
Rule Name	TBA Domestic purchase transaction	
Start Date	1/1/70	
Tax Reporting Type		Select the name of the tax reporting type that you gave while defining tax reporting type.

4. Select the tax determing factor that you defined in the previous step as the **Code** under the Tax Determining Factor Set section.

   The tax determining factor set details that you provided earlier appear in the **Tax Determining Factor Set Details** table.
5. Click **Next**.

   Use the Tax Condition Set page to associate the Tax Condition Set created in the previous step with the tax box allocation rule.
6. Select the **Tax Condition Set Code** that you specified while defining the tax determining factor set in the previous step.
7. Enter the **New Condition Set Order** as 1.
8. Click the **Results** button.

   Use the **Results List** to associate the tax boxes defined using tax reporting type codes to the tax box allocation rule.
9. Select the **Enabled** check box.
10. Click **Submit**.

    When you run the Tax Box Allocation process, it applies the tax box allocation rule to the invoice and assigns tax box number 11 to the invoice. You can review this using the Tax Allocation Listing Report.

Manage Letter of Intent Limits for Italy

Supplier Exemptions for Italy: Explained

In Italy, export transactions are exempted from value-added tax (VAT). Companies classified as regular exporters have more input VAT than output VAT. They can request their suppliers to not charge VAT on transactions for export-related goods. Italian law lets you claim an exemption if you meet certain legal requirements.

These legal requirements are:

- Your regular exporter ratio is higher than 10 percent.
- The value of goods and services purchased without VAT charges is lower or equal to your exemption limit.
- You declare all export activities to your tax authorities.

The exemption limit is the total VAT exemption amount that a regular exporter can claim to its suppliers. A regular exporter can avoid purchasing and importing of goods and services without VAT up to the determined amount or ceiling. This exemption process is considered the Letter of Intent process.

For each year, the initial exemption limit is the sum of all reported export invoices of the previous year. You can allocate your yearly exemption limit among different suppliers. To each supplier:

- Send a Letter of Intent indicating the exemption amount.
- Request them not to charge tax when they send the invoices.

At the end of the year, if your total exempt purchases of goods and services is higher than your exemption limit, you incur administrative sanctions and penalties.

Exemption Limit Types

Exemption limits are of two types:

- Annual: The exemption is manually calculated at the beginning of the year. The calculation is based on the sum of exemption limits for all the reported export invoices of the previous year. Companies can allocate the yearly exemption limit among different suppliers. Send Letters of Intent to each supplier that indicate the exemption amounts and request that they do not charge tax when they send the invoices.
- Monthly: The exemption is manually calculated at the beginning of each month. The calculation is based on operations in the previous 12 months. This method is used frequently by regular exporters as it allows for progressive increase of exports since it's calculated monthly.

Once exemption limits are defined for a legal entity, the exemption limit type cannot be changed during a calendar year.

Exemption limits can be adjusted during the year to:

- Reflect the increase or decrease in export activities.
- Changes in the VAT exemption amount as agreed with the tax authorities.

Exemption Process

The following outlines the steps in the process:

1. Define the exemption type and exemption limit for the legal entity and calendar year.
2. For a supplier, create and print a Letter of Intent specifying the limit. The Letter of Intent can also be suspended or revoked, and sent to the supplier requesting that the supplier charge VAT on invoices. An inactive letter can be returned into active status if needed.

Note: A Letter of Intent can be created for a particular supplier site or for all sites. Define a Letter of Intent:

a. Select the Manage Tax Exemptions task.
b. Search for third-party tax profiles for which you want to define the Letter of Intent.

3. As a customer, receive and register the Letter of Intent. You can set the status of the letter to active, revoked, suspended, or inactive.

Note: Register the Letter of Intent on a particular site or on all the sites.

4. Generate Letter of Intent registers and reports to track the exemption amount consumed by the suppliers.

FAQs for Manage Letter of Intent Limits for Italy

How do I apply exemption limits to invoices?

Create a tax reporting type and codes for exemption letters. Select **Tax exemptions** as the tax reporting type use of the tax reporting type. When creating letters of intent, associate the tax reporting type and code you defined with a letter of intent. At the invoice distribution level, associate appropriate invoice lines with a letter of intent number. When you run the Letter of Intent reports, the report logic selects all invoices with the related tax reporting codes.

Can I adjust the monthly limits once they're created?

Use the **Adjust Exemption Limit** dialog box to modify, add or subtract either the monthly exemption limit or annual exemption limit. For example, you want to reduce the current month limit by 25,000 EUR. Enter -25,000 in the **Adjustment** field. The application subtracts 25,000 from the current month amount.

What are the letter types for supplier exemptions for Italy?

If you want to assign exemption limits to the supplier, enter a letter type in the **Letter Type** field.

Options include:

- **Exempted Amount**: Exemption letter with exemption limit printed.
- **Exempted Period**: Exemption letter with a date range.
- **Specific Operation**: Customs letter for a single transaction.

Note: The default is **Exempted Amount**, which is the only type that prints an exemption limit amount on the letter.

3 Receivables

Reversals

Reversal of Automatic Receipts: How It's Processed

Use the Automatic Receipts Reversal process to identify the rejected settlements in a settlement batch and reverse the corresponding receipts. The process only reverses automatic receipts, not manual receipts.

Settings That Affect Reversal of Automatic Receipts

Before you can automatically reverse receipts in a settlement batch, you must map the ISO rejection codes to a reversal category. This mapping is used to derive the reversal category for reversing the receipt.

Use the Manage Reversal Reason to Category Mappings page in Oracle Fusion Functional Setup Manager to map the ISO rejection codes with corresponding reversal categories.

How Receipts are Reversed

When a bank can't process an automatic remittance of a record, the record is sent back for reversal. The returned record consists of two bank files:

- Reversal file - pain message 002.001.03. This message provides technical details of the reversals that are needed to reverse a receipt.
- Bank statement files CAMT-053.

The following steps outline the reversal process:

1. The Retrieve Funds Capture Acknowledgments process in Oracle Fusion Payments processes the pain message and sends information on the rejected receipts to Oracle Fusion Receivables.
2. The Automatic Receipts Reversal process receives the information on the rejected receipts and looks for the mapping between the rejection code and reversal category.
3. If a mapping exists for the rejection code, the corresponding receipt is reversed. If a mapping doesn't exist, the status of the corresponding receipt is set to Confirmed.
4. To reverse receipts that are set to Confirmed, you must define the mapping and run the Automatic Receipts Reversal process to reverse the corresponding receipts.

   Note: Reconciled receipts aren't reversed by the Automatic Receipts Reversal process. You must manually unreconcile the receipts before reversing them.

5. After the Automatic Receipts Reversal process completes, the Reversal Status Report is generated. Use the report to review the automatic receipt reversals processed in a settlement batch. The report displays details of the:
   - Receipts that are reversed along with the reversal reason
   - Receipts that aren't reversed and the reason they weren't reversed
6. The report is automatically run after the Automatic Receipts Reversal process. However, you can also run the report manually.

Related Topics

- Settlement Batches: How They are Processed

Mapping ISO Rejection Codes with Reversal Categories: Procedures

To automatically reverse receipts in a settlement batch, you must map the ISO rejection codes to a reversal category. This mapping is used to derive the reason for reversing a receipt.

Use the Manage Reversal Reason to Category Mappings page in Oracle Fusion Functional Setup Manager to map the ISO rejection codes with the corresponding reversal categories.

Configure ISO Rejection Codes as Reversal Reasons

Before you begin, ensure that the ISO codes appear in the **Reversal Reason** list on the Manage Reversal Reason to Category Mappings page. Define the ISO codes as lookups of the CKAJST_REASON lookup type.

To configure ISO rejection codes as reversal reasons:

1. Navigate to Oracle Functional Setup Manager.
2. Search for the Manage Receivables Lookups task.
3. Click the **Go to Task** icon.

   The Manage Receivables Lookups page appears.
4. Enter CKAJST_REASON in the **Lookup Type** box and click the **Search** button.
5. Click the **Add Row** icon that appears on the **Financials Generic Lookup Type: CKAJST_REASON** table.
6. Enter the ISO rejection code in the **Lookup Code** box.
7. Enter the meaning and description for the rejection code in the **Meaning** and **Description** boxes.
8. Click the **Enable** box so that the rejection code appears as the reversal reason on the Manage Reversal Reason to Category Mappings page.
9. Repeat steps 5 through 8 to configure other ISO rejection codes.
10. Click the **Save and Close** button when you complete configuring all the ISO rejection codes.

Map Rejection Codes to Reversal Categories

To map the ISO rejection codes to reversal categories:

1. Navigate to Oracle Functional Setup Manager
2. Search for the Manage Receivables Reversal Reason to Category Mappings task.
3. Click the **Go to Task** icon.

   The Manage Reversal Reason to Category Mappings page appears.
4. Click the **Add Row** icon.
5. Select the ISO rejection code from the **Reversal Reason** list.
6. Select the category from the **Reversal Category** list.
7. Click the **Enabled** box to enable the mapping between the reversal reason and reversal category.
8. Enter the **Payment Standard**, identifier of the established standard that is associated with the reversal reason.
9. Repeat steps 4 to 8 to map other ISO rejection codes.
10. Click the **Save and Close** button when you complete mapping all the ISO rejection codes.

Glossary

Europe, Middle East, and Africa (EMEA)

A regional designation used for government, marketing and business purposes for countries in Europe, the Middle East, and Africa.

value-added tax (VAT)

An indirect tax on consumer expenditures that is collected on business transactions and imported goods. Value-added tax (VAT) is added to products at each stage of their production. If customers are registered for VAT and use the supplies for taxable business purposes, then they typically receive credit for the VAT that is paid.