

# **11*i* Implement and Use Accounts Payable**

**Student Guide**

**Vol 3**

14845GC10

Production 1.0

February 2001

D31744

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**This book was published using:**

**Oracle® Tutor™**



# Table of Contents

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<b>Managing the Supplier Base .....</b>	<b>1-1</b>
Managing the Supplier Base .....	1-2
Objectives .....	1-3
Agenda .....	1-4
How Oracle Products Use Supplier Information .....	1-5
Agenda .....	1-6
Supplier and Supplier Site Settings .....	1-7
Review Question .....	1-11
Answer to Review Question .....	1-12
Avoiding Duplicate Suppliers .....	1-13
Entering Basic Supplier Information .....	1-15
Entering Detailed Supplier Information .....	1-16
Entering Supplier Information in the General Region .....	1-17
Entering Supplier Information in the Classification Region .....	1-18
Entering Supplier Information in the Control Region .....	1-19
Entering Supplier Information in the Payment Region .....	1-20
Entering Supplier Information in the Bank Accounts Region .....	1-21
Entering Supplier Information in the Electronic Data Interchange Region .....	1-22
Entering Supplier Information in the Invoice Tax Region .....	1-23
Entering Supplier Information in the Withholding Tax Region .....	1-24
Entering Supplier Information in the Tax Reporting Region .....	1-25
Entering Supplier Information in the Purchasing Region .....	1-26
Entering Supplier Information in the Receiving Region .....	1-27
Demonstration .....	1-28
Entering Supplier Information .....	1-29
Review Question .....	1-31
Answer to Review Question .....	1-32
Overview of Entering Information at the Supplier Site Level .....	1-33
Entering Detailed Supplier Site Information .....	1-34
Entering Flexible Address Format Information .....	1-35
Entering Supplier Site Information in the General Region .....	1-36
Entering Supplier Site Information in the Contacts Region .....	1-37
Entering Supplier Site Information in the Accounting Region .....	1-38
Entering Employees as Suppliers .....	1-39
Demonstration .....	1-40
Practice 1 Overview .....	1-41
Practice 1 Instructions .....	1-42
Searching and Reviewing Supplier Information Online .....	1-44
Maintaining Supplier and Supplier Site Information .....	1-45
Supplier Reports .....	1-46
Practice 2 Overview .....	1-48
Practice 2 Instructions .....	1-49
Review Question .....	1-51
Answer to Review Question .....	1-52
Agenda .....	1-53
Merging Suppliers .....	1-54
Overview of Merging Suppliers .....	1-55
Merging Suppliers .....	1-57
Demonstration .....	1-60
Identifying Duplicate Suppliers .....	1-61
Maintaining Reports As an Audit Trail .....	1-62
Review Question .....	1-63

Answer to Review Question .....	1-64
Summary.....	1-65
<b>R11i Overview of Supplier Invoicing .....</b>	<b>2-1</b>
R11i Overview of Supplier Invoicing.....	2-2
Course Objectives.....	2-3
Course Agenda.....	2-4
Product Integration .....	2-5
Oracle Payables Integration .....	2-6
Overview of Oracle Payables .....	2-9
Five Major Processes.....	2-10
Oracle Payables Processes.....	2-11
Flow of Default Values.....	2-12
Review Question.....	2-13
Answer to Review Question .....	2-14
Suppliers: Overview .....	2-15
How Oracle Products Use Supplier Information .....	2-16
Entering Invoices: Overview .....	2-17
Entering Invoices.....	2-18
Using the Workbench Model.....	2-20
Using the Invoice Workbench .....	2-21
The Invoice Workbench: Invoice Batches.....	2-22
The Invoice Workbench: Invoices.....	2-23
The Invoice Workbench: Distributions.....	2-25
Demonstration.....	2-26
Review Question.....	2-27
Answer to Review Question .....	2-28
Oracle Payables Invoice Types.....	2-29
Demonstration.....	2-31
Interest Invoices.....	2-32
Invoice Distribution Types .....	2-33
Other Invoice Distributions .....	2-35
Allocating Freight, Tax, and Miscellaneous Lines .....	2-36
Review Question.....	2-37
Answer to Review Question .....	2-38
Invoice Inquiry: Overview.....	2-39
Demonstration.....	2-40
Approving Invoices: Overview.....	2-41
Approving Invoices .....	2-42
Accounting for Invoices.....	2-45
Applying Holds.....	2-47
Releasing Invoice Holds .....	2-49
Manually Releasing Invoice Holds.....	2-50
Review Question.....	2-51
Answer to Review Question .....	2-52
Adjusting Invoices.....	2-53
Canceling Invoices.....	2-54
Summary.....	2-55
<b>Processing Supplier Invoices.....</b>	<b>3-1</b>
Processing Supplier Invoices Oracle Payables Release 11i.....	3-2
Objectives .....	3-3
Agenda.....	3-4
Entering Invoices: Overview .....	3-5
Agenda.....	3-6
Invoice Information .....	3-7
Entering Standard Invoice Header Information .....	3-9
Demonstration.....	3-10

Agenda.....	3-11
Overview of Entering Batches.....	3-12
Entering Invoice Batches.....	3-13
Creating Batch Control Forms.....	3-14
Sample Batch Control Form.....	3-16
Entering Invoices in Batches.....	3-17
Approving Invoices in Batches.....	3-18
Demonstration.....	3-19
Agenda.....	3-20
Entering Distributions.....	3-21
Invoice Distribution Types.....	3-22
Review Question.....	3-24
Answer to Review Question.....	3-25
Entering Distributions.....	3-26
Manually Entering Distributions.....	3-27
Demonstration.....	3-28
Entering Freight Distributions for an Invoice.....	3-29
Enabling Automatically Create Freight Distribution.....	3-30
Creating Distributions by Allocation.....	3-32
Allocating Freight, Tax, and Miscellaneous Lines.....	3-34
Allocating Other Charges within the Same Invoice.....	3-35
Allocation Restrictions.....	3-37
Review Question.....	3-38
Answer to Review Question.....	3-39
Demonstration.....	3-40
Distribution Sets.....	3-41
Defining a Distribution Set.....	3-42
Demonstration.....	3-43
Practice 1 Overview.....	3-44
Practice 1 Instructions.....	3-45
Agenda.....	3-46
Invoice Gateway.....	3-47
Entering Invoice Gateway Identification Information.....	3-48
How to Enter Invoice Gateway Identification Information.....	3-49
How to Enter Invoice Header Information.....	3-51
How to Enter Invoice Line Information.....	3-52
Invoice Line Information.....	3-53
Invoice Gateway.....	3-54
Creating Invoices.....	3-55
Review Question.....	3-56
Answer to Review Question.....	3-57
Demonstration.....	3-58
Practice 2 Overview.....	3-59
Practice 2 Instructions.....	3-60
Agenda.....	3-61
Payables Open Interface Tables.....	3-62
Payables Open Interface Import Program.....	3-63
Integration with Oracle e-Commerce Gateway.....	3-64
Loading Electronic Flat Files.....	3-65
Review Question.....	3-66
Answer to Review Question.....	3-67
Summary.....	3-68
<b>R11i Managing and Approving Invoices .....</b>	<b>4-1</b>
Managing and Approving Invoices.....	4-2
Objectives.....	4-3
Agenda.....	4-4

Invoice Inquiry: Overview.....	4-5
Finding Invoices .....	4-7
Finding Invoice Distributions.....	4-8
Calculating Supplier Balances .....	4-9
Demonstration.....	4-10
Reviewing High-Level Invoice Information.....	4-11
Review Question.....	4-13
Review Question Solution .....	4-14
Agenda.....	4-15
Applying and Releasing Invoice Holds: Overview.....	4-16
Holds.....	4-17
Hold Types .....	4-18
Manually Applying Holds .....	4-19
Manually Applying Invoice Holds.....	4-20
Applying Holds to Suppliers.....	4-21
Applying Holds to Scheduled Payments.....	4-22
Demonstration.....	4-23
Releasing Invoice Holds .....	4-24
Correcting System Holds.....	4-25
Manually Releasing Holds.....	4-26
Manually Releasing System Holds .....	4-28
Releasing Invoice Holds .....	4-30
Releasing Holds .....	4-31
Review Question.....	4-32
Review Question Solution .....	4-33
Demonstration.....	4-34
Agenda.....	4-35
Approving Invoices: Overview.....	4-36
Approving Invoices .....	4-38
Submitting Batch Approval .....	4-40
Approving Invoices Online.....	4-42
Demonstration.....	4-43
Approving Invoice Batches Online.....	4-44
Practice 1 .....	4-45
Practice 1 Solutions .....	4-46
Agenda.....	4-47
Other Invoice Functions: Overview.....	4-48
Adjusting Invoices .....	4-49
Demonstration.....	4-50
Canceling Invoices.....	4-51
Demonstration.....	4-52
Agenda.....	4-53
Adjusting Purchase Order Matched Invoices: Overview.....	4-54
Matching Invoices to Purchase Orders .....	4-55
Matching Invoices to Purchase Orders and Receipts .....	4-56
Resolving Matching Issues .....	4-57
Adjusting Purchase Order Matched Invoices.....	4-58
Review Question.....	4-60
Review Question Solution .....	4-61
Lesson Summary .....	4-62
<b>Matching Invoices to Purchase Orders and Receipts .....</b>	<b>5-1</b>
Matching Invoices to Purchase Orders and Receipts .....	5-2
Objectives .....	5-3
Agenda.....	5-4
Entering Purchase Order Matched Invoices : Overview.....	5-5
The Structure of a Purchase Order.....	5-6

The Structure of a Receipt .....	5-7
Purchase Order Matched Invoices .....	5-8
Why Enter Purchase Order Matched Invoices? .....	5-9
You Can Set Up Controls That Require You To Do The Following: .....	5-10
Matching Process.....	5-11
Different Ways to Match an Invoice to a Purchase Order .....	5-12
Receipt Match.....	5-13
Purchase Order Shipment Match .....	5-14
Purchase Order Distribution Match .....	5-15
Price Corrections .....	5-16
Agenda.....	5-17
Practice Overview.....	5-18
Review Question.....	5-22
Answer to Review Question .....	5-23
Agenda.....	5-24
PO Default and QuickMatch Invoices .....	5-25
Demonstration of Matching QuickMatch and PO Default type Invoices to Receipts and Purchase Orders .....	5-26
Review Question.....	5-27
Answer to Review Question .....	5-28
Agenda.....	5-29
Entering Purchase Order Matched Invoice Records in the Invoice Gateway .....	5-30
Demonstration of How to Match Invoices to Purchase Orders and Receipts in the Invoice Gateway .....	5-31
Review Question.....	5-32
Answer to Review Question .....	5-33
Summary.....	5-34
<b>Processing Debit and Credit Memos .....</b>	<b>6-1</b>
Processing Debit and Credit Memos.....	6-2
Online Help.....	6-3
Viewing Online Help .....	6-4
Objectives .....	6-5
Agenda.....	6-6
Overview .....	6-7
Agenda.....	6-8
Entering Debit and Credit Memos in the Invoice Workbench.....	6-9
Entering Debit and Credit Memos .....	6-10
Demonstration.....	6-11
Practice 1 Overview.....	6-12
Practice 1 Instructions.....	6-13
Review Question.....	6-14
Answer to Review Question .....	6-15
Agenda.....	6-16
Matching Debit and Credit Memos in the Invoice Workbench .....	6-17
Clearing a Credit.....	6-18
Demonstration.....	6-19
Practice 2 Overview.....	6-20
Practice 2 Instructions.....	6-21
Review Question.....	6-23
Answer to Review Question .....	6-24
Agenda.....	6-25
Recording a Price Correction.....	6-26
How to Record a Price Correction.....	6-27
Demonstration.....	6-28
Summary.....	6-29
<b>Processing Recurring Invoices.....</b>	<b>7-1</b>

Processing Recurring Invoices.....	7-2
Online Help.....	7-3
Viewing Online Help.....	7-4
Objectives.....	7-5
Agenda.....	7-6
Recurring Invoice Process.....	7-7
Agenda.....	7-8
Overview of Recurring Invoices.....	7-9
Agenda.....	7-12
Special Calendar Window.....	7-13
Demonstration.....	7-14
Review Question.....	7-15
Answer to Review Question.....	7-16
Agenda.....	7-17
Recurring Invoice Templates.....	7-18
Demonstration.....	7-21
Review Question.....	7-22
Answer to Review Question.....	7-23
Agenda.....	7-24
Creating a Recurring Invoice.....	7-25
Recurring Credit and Debit Memos.....	7-26
Withholding Taxes from Recurring Invoices.....	7-27
Recurring Invoice Restrictions.....	7-28
Demonstration.....	7-29
Practice Overview.....	7-30
Practice Instructions.....	7-31
Review Question.....	7-32
Answer to Review Question.....	7-33
Summary.....	7-34
<b>Processing Prepayments.....</b>	<b>8-1</b>
Processing Prepayments.....	8-2
Objectives.....	8-3
Agenda.....	8-4
Overview of Prepayments.....	8-6
Overview of Processing Prepayments.....	8-9
Review Question.....	8-10
Answer to Review Question.....	8-11
Agenda.....	8-12
Entering Prepayments.....	8-13
Approving and Paying Prepayments.....	8-14
Using Automatic Withholding Tax on Prepayments.....	8-15
Matching a Prepayment to a Purchase Order.....	8-16
Controlling When a Prepayment is Available to Apply to Invoices.....	8-17
Demonstration.....	8-18
Practice 1 Overview.....	8-19
Practice 1 Instructions.....	8-20
Review Question.....	8-22
Answer to Review Question.....	8-23
Agenda.....	8-24
Applying Prepayments to Invoices.....	8-25
Applying Prepayments in the Invoice Workbench.....	8-26
Applying Prepayments in the Invoice Gateway.....	8-27
Applying Prepayments to Expense Reports.....	8-28
Using the Prepayments Status Report.....	8-29
Demonstration.....	8-30
Unapplying Prepayments.....	8-31



Recording a Refund of a Prepayment or Advance.....	8-32
Canceling Prepayments.....	8-33
Review Question.....	8-34
Answer to Review Question .....	8-35
Summary.....	8-36
<b>Accounting in Oracle Payables .....</b>	<b>9-1</b>
Accounting in Oracle Payables.....	9-2
Course Objectives.....	9-3
Agenda.....	9-4
Overview of the Accounting Cycle.....	9-5
Agenda.....	9-6
Accounting Features .....	9-7
Agenda.....	9-8
Accounting Events.....	9-9
Document Classes.....	9-10
Invoice Document Class .....	9-11
Payment Document Class .....	9-12
Invoice Event.....	9-13
Invoice Event - Invoice with One Distribution.....	9-14
Invoice Event - Invoice with Multiple Distributions .....	9-15
Invoice Event - Multiple Distributions with Automatic Offsets Enabled .....	9-16
Invoice Event - Invoice in Foreign Currency.....	9-17
Invoice Event - Accrual on Receipt.....	9-18
Invoice Adjustment Event .....	9-19
Invoice Adjustment Event - Distribution Reversal .....	9-20
Invoice Adjustment Event - Invoice Amount Adjusted .....	9-21
Invoice Cancellation Event.....	9-22
Invoice Cancellation Event - Invoice Cancellation.....	9-23
Prepayment Application Event .....	9-24
Prepayment Unapplication Event .....	9-25
Review Questions.....	9-26
Answers to Review Question.....	9-27
Payment Event.....	9-28
Payment Event - Invoice Payment.....	9-29
Payment Event - Foreign and Functional Currency.....	9-30
Payment Maturity Event.....	9-31
Payment Maturity Event - Future Dated Payment.....	9-32
Payment Adjustment Event .....	9-33
Payment Cancellation Event.....	9-34
Payment Clearing Events.....	9-35
Review Question.....	9-36
Answer to Review Question .....	9-37
Agenda.....	9-38
Creating Accounting Entries.....	9-39
Payables Accounting Process .....	9-40
Prerequisites for Creating Accounting Entries.....	9-41
Demonstration.....	9-42
Review Questions .....	9-44
Answers to Review Questions .....	9-45
Agenda.....	9-46
Viewing Accounting Entries.....	9-47
Correcting Accounting Entries .....	9-48
Demonstration.....	9-49
Practice #1 Overview.....	9-50
Practice #1 Instructions.....	9-51
Agenda.....	9-52

Overview of Transferring Accounting Entries to Your General Ledger.....	9-53
Reviewing Accounting Entries .....	9-54
Posting in Oracle General Ledger.....	9-55
Reconciling Payables Activity.....	9-56
Review Question.....	9-57
Answer to Review Question .....	9-58
Agenda.....	9-59
Period Close Process.....	9-60
Unaccounted Transaction Sweep Program .....	9-61
Summary.....	9-62
<b>R11i Implementing Supplier Invoicing.....</b>	<b>10-1</b>
R11i Implementing Supplier Invoicing .....	10-2
Course Objective .....	10-3
Course Agenda.....	10-4
Defining Invoice Tolerances.....	10-6
How to Set Tolerance Levels for Matching.....	10-8
How to Set Tolerance Levels for Invoice Taxes.....	10-10
Demonstration.....	10-11
Practice 1 .....	10-12
Practice 1 Solutions .....	10-13
Course Agenda.....	10-14
Setting Up Invoice Payables Options .....	10-15
Demonstration.....	10-17
Course Agenda.....	10-18
Creating Automatic Interest Invoices .....	10-19
Setting Up Interest Payables Options .....	10-20
Course Agenda.....	10-21
Invoice Tax Options .....	10-22
Setting Up Invoice Tax Options .....	10-23
Tax Defaults and Rules Payables Options .....	10-24
Demonstration.....	10-25
Practice 2 .....	10-26
Practice 2 Solutions .....	10-27
Course Agenda.....	10-28
Setting Up Matching Options .....	10-29
Demonstration.....	10-30
Review Question.....	10-31
Answer to Review Question .....	10-32
Course Agenda.....	10-33
Invoice Gateway Considerations .....	10-34
Open Interface Workflow Considerations .....	10-35
Invoice-Matching Considerations.....	10-37
Prepayment Considerations .....	10-38
Summary.....	10-39
<b>Overview of Processing Employee Expense Reports .....</b>	<b>11-1</b>
Overview of Processing Employee Expense Reports.....	11-2
Online Help.....	11-3
Objectives .....	11-5
Agenda.....	11-6
Overview .....	11-8
Agenda.....	11-9
Expense Reporting Methods.....	11-10
Creating an Expense Report Using a Standard Web Browser .....	11-11
Disconnected Expense Reporting Process .....	11-13
Disconnected Expense Reporting Process .....	11-14
Disconnected Expense Reporting Process .....	11-15

Review Question.....	11-18
Answer to Review Question .....	11-19
Agenda.....	11-20
Credit Cards.....	11-21
Demonstration.....	11-24
Agenda.....	11-25
Oracle Projects Integration .....	11-26
Agenda.....	11-28
Internet Expenses Workflows.....	11-29
AP Expense Report Workflow Processes .....	11-30
AP Credit Card Workflow .....	11-34
Review Question.....	11-35
Answer to Review Question .....	11-36
Agenda.....	11-37
Payables Invoice Import Program.....	11-38
Agenda.....	11-40
Customizing Internet Expenses.....	11-41
Agenda.....	11-43
Additional Internet Expenses Features .....	11-44
Review Question.....	11-50
Answer to Review Question .....	11-51
Review Question.....	11-52
Answer to Review Question .....	11-53
Summary.....	11-54
<b>Entering and Processing Employee Expense Reports .....</b>	<b>12-1</b>
Entering and Processing Employee Expense Reports.....	12-2
Online Help.....	12-3
Objectives .....	12-5
Agenda.....	12-6
Overview of the Expense Reporting Process.....	12-8
Overview .....	12-9
Agenda.....	12-13
Practice 1 Overview.....	12-14
Practice 1 .....	12-15
Agenda.....	12-16
Holds.....	12-17
Demonstration.....	12-18
Agenda.....	12-19
Advances .....	12-20
Demonstration.....	12-21
Review Question.....	12-22
Answer to Review Question .....	12-23
Agenda.....	12-24
Reviewing and Modifying Expense Reports .....	12-25
Reviewing, Modifying, and Approving Expense Reports .....	12-26
Demonstration.....	12-28
Review Question.....	12-29
Answer to Review Question .....	12-30
Agenda.....	12-31
Payables Invoice Import Program.....	12-32
Demonstration.....	12-34
Summary.....	12-35
<b>R11i Overview of Issuing Payments.....</b>	<b>13-1</b>
R11i Overview of Issuing Payments.....	13-2
Objectives .....	13-3
Agenda.....	13-4

Product Integration .....	13-5
Oracle Payables Integration .....	13-6
Overview of Oracle Payables .....	13-9
Five Major Processes .....	13-10
Oracle Payables Processes .....	13-11
Flow of Default Values .....	13-12
Review Question .....	13-13
Answer to Review Question .....	13-14
Issuing Payments: Overview .....	13-15
Payment Features .....	13-16
Oracle Payables Payment Methods .....	13-18
Future-Dated Payments .....	13-19
Using the Workbench Model .....	13-20
Using the Payment Workbench .....	13-21
The Payment Workbench: Payment Batch Sets .....	13-22
The Payment Workbench: Payment Batches .....	13-23
The Payment Workbench: Payment Overview and Payments .....	13-24
Demonstration .....	13-25
Review Question .....	13-26
Answer to Review Question .....	13-27
Manual Payments .....	13-28
Demonstration .....	13-29
Single Computer-Generated Payments .....	13-30
Paying Invoices from the Invoice Workbench .....	13-31
Record Refunds .....	13-32
Payment Batches .....	13-33
Payment Batches: Overview of the Steps .....	13-34
Oracle e-Commerce Gateway Payments Overview .....	13-35
Payment Batch Sets .....	13-36
Demonstration .....	13-37
Review Question .....	13-38
Answer to Review Question .....	13-39
Payment Inquiry .....	13-40
Demonstration .....	13-41
Stopping and Voiding Payments .....	13-42
Accounting for Payments .....	13-43
Demonstration .....	13-45
Payment Reconciliation with Oracle Cash Management .....	13-46
Summary .....	13-47
<b>Processing Single Payments and Refunds .....</b>	<b>14-1</b>
Processing Single Payments and Refunds .....	14-2
Course Objectives .....	14-3
Agenda .....	14-4
Overview of the Payment Generation Process .....	14-5
Agenda .....	14-6
Check Requests .....	14-7
Overview of Processing Check Requests Using Manual Payments .....	14-8
Manual Payments .....	14-9
Creating Manual Payments .....	14-10
Prerequisites for Processing Manual Payments .....	14-11
Demonstration .....	14-12
Practice #1 Overview .....	14-13
Practice #1 Instructions .....	14-14
Review Question .....	14-15
Answer to Review Question .....	14-16
Agenda .....	14-17

Overview of Generating a Single, Computer-Generated Payment .....	14-18
Quick Payments .....	14-19
Recording Zero-Amount Payments .....	14-20
Demonstration.....	14-21
Paying Invoices from the Invoice Workbench.....	14-22
Practice #2 Overview.....	14-23
Practice #2 Instructions.....	14-24
Review Question.....	14-26
Answer to Review Question .....	14-27
Agenda.....	14-28
Refunds.....	14-29
Recording Refunds .....	14-30
Recording Refunds When a Credit Balance Exists.....	14-31
Demonstration.....	14-32
Practice #3 Overview.....	14-33
Practice #3 Instructions.....	14-34
Agenda.....	14-35
Overview of Stop and Void Payments.....	14-36
Stop Payments .....	14-37
Payment Status Updates.....	14-38
Demonstration.....	14-39
Overview of Voiding Payments.....	14-40
Voiding Payments.....	14-41
Review of Voided Payments.....	14-42
Demonstration.....	14-43
Practice #4 Overview.....	14-44
Practice #4 Instructions.....	14-45
Summary.....	14-46
<b>Generating Payments .....</b>	<b>15-1</b>
Generating Payments .....	15-2
Course Objectives.....	15-3
Agenda.....	15-4
Overview of Generating Payments in a Payment Batch .....	15-5
Agenda.....	15-6
Payment Batches.....	15-7
Initiating Payment Batches .....	15-8
Finding a Payment Batch.....	15-9
Demonstration.....	15-10
Review Questions .....	15-11
Answers to Review Questions .....	15-12
Payment Batch Templates .....	15-13
Demonstration.....	15-14
Modifying Payment Batches.....	15-15
Demonstration.....	15-16
Formatting Payments .....	15-17
Demonstration.....	15-18
Confirming Payment Batches .....	15-19
Assigning Status Types to Documents .....	15-20
Demonstration.....	15-21
Practice Overview.....	15-22
Practice Instructions.....	15-23
Review Questions .....	15-25
Answers to Review Questions .....	15-27
Agenda.....	15-29
Payment Batch Sets .....	15-30
Creating Payment Batch Sets.....	15-31

Initiating Payment Batch Sets.....	15-34
How Payables Creates a Payment Batch Name .....	15-35
Payment Batch Set Restrictions .....	15-36
Demonstration.....	15-37
Review Questions .....	15-38
Answers to Review Questions .....	15-40
Agenda.....	15-42
Overview of Electronic Payment Options .....	15-43
Creating Electronic Payments without Oracle's e-Commerce Gateway.....	15-44
Prerequisites for Processing Electronic Payments .....	15-45
Creating Electronic Payments Using Oracle's e-Commerce Gateway .....	15-46
Prerequisites for Using Oracle's e-Commerce Gateway.....	15-47
Using Oracle's e-Commerce Gateway.....	15-48
EDI Outbound Payment File.....	15-49
Creating EDI Payment Batches .....	15-50
Review Question.....	15-51
Answer to Review Question .....	15-52
Summary.....	15-53
<b>R11i Implementing Payments.....</b>	<b>16-1</b>
Oracle Payables Release 11i .....	16-2
Objective.....	16-3
Course Agenda.....	16-4
Cash Control Features.....	16-5
Course Agenda.....	16-6
Defining Pay Groups .....	16-7
How to Define Pay Groups.....	16-8
Course Agenda.....	16-9
Assigning Payment Priorities.....	16-10
How to Assign Payment Priorities.....	16-11
Demonstration.....	16-12
Course Agenda.....	16-13
Defining Payment Terms .....	16-14
How to Define Periods That Payables Uses for Payment Terms .....	16-16
How to Define Payment Terms.....	16-17
Taking Invoice Discounts .....	16-18
Discount Reports .....	16-19
Demonstration.....	16-20
Course Agenda.....	16-21
Assigning Pay-Along Status .....	16-22
Practice 1 .....	16-23
Practice 1 Solutions .....	16-24
Course Agenda.....	16-25
Defining Banks .....	16-26
How to Enter Bank Information .....	16-29
How to Define Bank Accounts .....	16-30
Defining Bank Accounts for Your Suppliers.....	16-32
Course Agenda.....	16-33
Defining Payment Documents for Bank Accounts .....	16-34
Oracle Payables Payment Document Disbursement Types .....	16-35
Setting Up Custom Payment Programs.....	16-36
Setting Up Custom Payment Formats.....	16-37
Practice 2 .....	16-38
Practice 2 Solutions .....	16-39
Demonstration.....	16-40
Review Question.....	16-41
Review Question Solution .....	16-42

Course Agenda.....	16-43
Setting Up Financials Options for Payments .....	16-44
Demonstration.....	16-45
Course Agenda.....	16-46
Setting Up Payables Options for Payments .....	16-47
Setting Up Supplier Payables Options .....	16-49
Demonstration.....	16-50
Course Agenda.....	16-51
Setting Up Future-Dated Payments .....	16-52
How to Set Up Future-Dated Payments .....	16-53
Demonstration.....	16-54
Review Question.....	16-55
Review Question Solution .....	16-56
Course Agenda.....	16-57
Setting Up Oracle Payables to Work with Oracle Cash Management .....	16-58
Summary.....	16-59
<b>R11i Period Closing Process in Oracle Payables.....</b>	<b>17-1</b>
Period Closing Process in Oracle Payables.....	17-2
Objectives .....	17-3
Agenda.....	17-4
Overview of the Period Closing Process .....	17-6
Period Closing Process .....	17-7
Completing the Period Closing Process.....	17-8
Transferring Accounting Details to the General Ledger.....	17-11
Moving Unaccounted Transactions to the Next Period .....	17-12
Controlling the Payables Accounting Periods .....	17-13
Closing an Accounting Period .....	17-14
Demonstration.....	17-15
Review Question.....	17-16
Answer to Review Question .....	17-17
Overview of Submitting Mass Additions .....	17-18
Agenda.....	17-20
Standard Reporting .....	17-21
Accounting and Reconciliation Reports .....	17-22
Payables Accounting Process Report.....	17-23
Payables Accounting Entries Report .....	17-24
Unaccounted Transactions Report.....	17-25
Demonstration.....	17-26
Review Question.....	17-27
Answer to Review Question .....	17-28
Agenda.....	17-29
Reconciling Accounts Payable Activity for the Period .....	17-30
Using the Accounts Payables Trial Balance Report .....	17-31
Reconciling the Accounts Payable Trial Balance Report .....	17-32
Using the Payables Account Analysis Report.....	17-34
Reconciling the Payables Account Analysis Report.....	17-35
Demonstration.....	17-36
Summary.....	17-37
<b>Overview of the Tax Accounting Process .....</b>	<b>18-1</b>
Overview of the Tax Accounting Process.....	18-2
Objectives .....	18-3
Agenda.....	18-4
Overview of Tax in Oracle Applications .....	18-6
Examples of Tax Support in Oracle Applications.....	18-8
Tax Processing on Transactions.....	18-10
Agenda.....	18-11

United States Sales Tax Partner Solutions.....	18-12
Tax Partners.....	18-13
Agenda.....	18-14
Tax Codes and Tax Groups .....	18-15
Agenda.....	18-16
Tax Accounting for Adjustments, Discounts, and Finance Charges.....	18-17
Agenda.....	18-18
Partial and Non-Recoverable Taxes.....	18-19
Agenda.....	18-21
Tax Management with the Tax Reporting Ledger.....	18-22
Summary.....	18-25
<b>Processing IRS 1099 Form.....</b>	<b>19-1</b>
Processing IRS Form 1099 .....	19-2
Objectives .....	19-3
Agenda.....	19-4
1099 Reporting Overview.....	19-6
Agenda.....	19-7
Setting Up Oracle Payables for 1099 Reporting Overview .....	19-8
Defining Reporting Entities That Produce 1099 Reports .....	19-9
Enabling the Combined Filing Program .....	19-10
Defining Income Tax Regions.....	19-11
Agenda.....	19-12
Entering 1099 Suppliers .....	19-13
Agenda.....	19-14
Entering and Paying 1099 Invoices .....	19-15
Agenda.....	19-17
Identifying 1099 Exceptions.....	19-18
Submitting the Update Income Tax Details Utility.....	19-23
1099 Payments Report.....	19-25
Agenda.....	19-26
Submitting 1099 Forms .....	19-27
Agenda.....	19-28
1099 Electronic Media.....	19-29
Summary.....	19-31
<b>Processing Withholding Tax.....</b>	<b>20-1</b>
Processing Withholding Tax.....	20-2
Objectives .....	20-3
Agenda.....	20-4
Automatic Withholding Tax Overview.....	20-5
Overview of Withholding Tax Process.....	20-6
Agenda.....	20-7
Setting Up Withholding Tax Payables Options .....	20-8
Setting Up Withholding Tax.....	20-10
Review Question.....	20-13
Answer to Review Question .....	20-14
Agenda.....	20-15
Withholding Taxes.....	20-16
Entering Invoices.....	20-17
Applying Withholding Tax to Invoices .....	20-19
Demonstration.....	20-21
Review Question.....	20-22
Answer to Review Question .....	20-23
Agenda.....	20-24
Creating Withholding Tax Invoices.....	20-25
Creating Withholding Tax Invoices Manually.....	20-26
Creating Withholding Tax Invoices Automatically .....	20-27



Agenda.....	20-28
Paying a Tax Authority.....	20-29
Review Question.....	20-30
Answer to Review Question .....	20-31
Agenda.....	20-32
Projected Withholding Tax.....	20-33
View Period-To-Date Withheld Amounts .....	20-34
Review Question.....	20-36
Answer to Review Question .....	20-37
Summary.....	20-38
<b>R11i Implementing Global Taxes (Procure to Pay).....</b>	<b>21-1</b>
Implementing Global Taxes (Procure to Pay).....	21-2
Objectives .....	21-3
Agenda.....	21-4
Global Taxes Overview .....	21-5
Tax/VAT Overview .....	21-6
Review Question.....	21-7
Answer to Review Question .....	21-8
Oracle Purchasing Global Taxes Overview .....	21-9
Oracle Payables Global Taxes Overview.....	21-10
Agenda.....	21-11
Defining Tax Types .....	21-12
Defining Tax Codes.....	21-13
Defining Suppliers and Supplier Sites .....	21-14
Review Question.....	21-15
Answer to Review Question .....	21-16
Offset Taxes.....	21-17
Setting Up for Offset Taxes .....	21-18
Demonstration.....	21-19
Agenda.....	21-20
Defining Tax Financials Options .....	21-21
Defining Tax Defaulting in Oracle Purchasing.....	21-22
Oracle Payables Tax Defaulting Overview.....	21-23
Defining Tax Defaulting in Oracle Payables .....	21-24
Setting Up Item Method Defaulting .....	21-25
Setting Up Account Method Defaulting .....	21-26
Review Question.....	21-27
Answer to Review Question .....	21-28
Defining Tax Groups .....	21-29
Demonstration.....	21-30
Automatic Tax Calculation Overview .....	21-31
Setting Up Options for Automatic Tax Calculation.....	21-32
Setting Up Suppliers and Supplier Sites for Automatic Tax Calculation .....	21-33
Review Question.....	21-34
Answer to Review Question .....	21-35
Agenda.....	21-36
Tax Recovery.....	21-37
Setting Up Financials Options for Tax Recovery .....	21-38
Defining and Assigning Supplier Types .....	21-39
Defining Tax Recovery Rules.....	21-40
Review Question.....	21-41
Answer to Review Question .....	21-42
Defining Tax Codes for Tax Recovery .....	21-43
Demonstration.....	21-44
Setting Profile Options for Tax Recovery.....	21-45
Summary.....	21-46

<b>R11i Processing Global Taxes.....</b>	<b>22-1</b>
Processing Global Taxes.....	22-2
Objectives .....	22-3
Agenda.....	22-4
Global Taxes Overview .....	22-5
Tax/VAT Overview .....	22-6
Tax Codes Overview .....	22-7
Tax Recovery.....	22-8
Tax Groups Overview.....	22-9
Agenda.....	22-10
Oracle Purchasing Global Taxes Overview.....	22-11
Entering Tax Information for Purchase Orders.....	22-12
Entering Tax Information for Releases.....	22-13
Entering Tax Information for Requisitions.....	22-14
Viewing Tax information.....	22-15
Practice with Solution.....	22-16
Agenda.....	22-17
Oracle Payables Global Taxes Overview.....	22-18
Oracle Payables Tax Defaulting Overview.....	22-19
Entering Invoices with Tax Groups .....	22-20
Manually Entering Tax Distributions in the Invoice Workbench .....	22-21
Automatic Tax Calculation Overview .....	22-22
Using Automatic Tax Calculation - Header Level.....	22-23
Using Automatic Tax Calculation - Line and Tax Code Level.....	22-24
Previewing Tax Calculation.....	22-25
Demonstration.....	22-26
Offset Taxes Overview .....	22-27
Manually Entering Offset Taxes.....	22-28
Automatically Entering Offset Taxes .....	22-29
Recording Taxes on Expense Reports .....	22-30
Review Question.....	22-31
Answer to Review Question .....	22-32
Agenda.....	22-33
Oracle Order Management Global Taxes Overview.....	22-34
Entering and Viewing Tax Information for Sales Orders .....	22-35
Demonstration.....	22-36
Agenda.....	22-37
Oracle Receivables Global Taxes Overview.....	22-38
Entering and Viewing Tax Information for Transactions .....	22-39
Calculating Multiple and Compound Taxes .....	22-40
Example of Multiple Tax Lines .....	22-41
Example of Compound Tax Lines .....	22-42
Demonstration.....	22-43
Entering and Updating Tax in Credit Memos.....	22-44
Tax in Other Receivables Documents.....	22-45
Entering Tax Information for Miscellaneous Transactions.....	22-46
Review Question.....	22-47
Answer to Review Question .....	22-48
Summary.....	22-49
<b>R11i Reporting Global Taxes.....</b>	<b>23-1</b>
Reporting Global Taxes .....	23-2
Objectives .....	23-3
Agenda.....	23-4
Global Taxes Overview .....	23-5
Tax/VAT Overview .....	23-6
Oracle Purchasing Global Taxes Overview .....	23-7

Oracle Payables Global Taxes Overview.....	23-8
Oracle Order Management Global Taxes Overview.....	23-9
Oracle Receivables Global Taxes Overview.....	23-10
Review Question.....	23-11
Answer to Review Question .....	23-12
Agenda.....	23-13
Overview of Reports for Global Taxes.....	23-14
Defining Report Sets.....	23-15
Submitting Reports and Request Sets.....	23-16
Review Question.....	23-17
Answer to Review Question .....	23-18
Tax Audit Trail Report .....	23-19
Intra-EU VAT Audit Trail Report .....	23-20
Customers with Invoices at 0 VAT and no VAT Registration Number Report.....	23-21
VAT Exception Report .....	23-22
Tax Reconciliation Report.....	23-23
Tax Register Report.....	23-24
Practice .....	23-25
Practice Solution.....	23-26
Demonstration.....	23-27
Country-Specific Reports .....	23-28
Agenda.....	23-29
Tax Reporting Ledger Overview .....	23-30
Tax Extract Overview.....	23-31
Sources of Data.....	23-32
Reports, Concurrent Programs, and Register Types .....	23-33
Financial Tax Register .....	23-34
Multiple Organization Reporting.....	23-35
Cross-Product Reporting.....	23-36
Matrix Reporting .....	23-37
Review Question.....	23-38
Answer to Review Question .....	23-39
RX-Only: Financial Tax Register .....	23-40
Publish RX Reports .....	23-41
Building a Report.....	23-42
Tax Reporting Ledger Columns.....	23-43
Available Column Groups .....	23-44
Demonstration.....	23-45
Summary.....	23-46



# Preface

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## Profile

### Prerequisites

- R11i Navigating Oracle Applications

### How This Course Is Organized

This course is an instructor-led course featuring lecture and hands-on exercises. Online demonstrations and written practice sessions reinforce the concepts and skills introduced.

## **Related Publications**

### **Oracle Publications**

#### Additional Publications

- System release bulletins
- Installation and user's guides
- read.me files
- Oracle Magazine

# Typographic Conventions

## Typographic Conventions in Text

Convention	Element	Example
Bold italic	Glossary term (if there is a glossary)	The <b><i>algorithm</i></b> inserts the new key.
Caps and lowercase	Buttons, check boxes, triggers, windows	Click the Executable button. Select the Can't Delete Card check box. Assign a When-Validate-Item trigger to the ORD block. Open the Master Schedule window.
Courier new, case sensitive (default is lowercase)	Code output, directory names, filenames, passwords, pathnames, URLs, user input, usernames	Code output: <code>debug.set ('I', 300);</code> Directory: <code>bin (DOS), \$FMHOME (UNIX)</code> Filename: Locate the <code>init.ora</code> file. Password: User <code>tiger</code> as your password. Pathname: Open <code>c:\my_docs\projects</code> URL: Go to <code>http://www.oracle.com</code> User input: Enter <code>300</code> Username: Log on as <code>scott</code>
Initial cap	Graphics labels (unless the term is a proper noun)	Customer address ( <i>but</i> Oracle Payables)
Italic	Emphasized words and phrases, titles of books and courses, variables	Do <i>not</i> save changes to the database. For further information, see <i>Oracle7 Server SQL Language Reference Manual</i> . Enter <code>user_id@us.oracle.com</code> , where <i>user_id</i> is the name of the user.
Quotation marks	Interface elements with long names that have only initial caps; lesson and chapter titles in cross-references	Select "Include a reusable module component" and click Finish.  This subject is covered in Unit II, Lesson 3, "Working with Objects."
Uppercase	SQL column names, commands, functions, schemas, table names	Use the SELECT command to view information stored in the LAST_NAME column of the EMP table.

Convention	Element	Example
Arrow	Menu paths	Select File—> Save.

Brackets	Key names	Press [Enter].
Commas	Key sequences	Press and release keys one at a time: [Alternate], [F], [D]
Plus signs	Key combinations	Press and hold these keys simultaneously: [Ctrl]+[Alt]+[Del]

## Typographic Conventions in Code

Convention	Element	Example
Caps and lowercase	Oracle Forms triggers	When-Validate-Item
Lowercase	Column names, table names	SELECT last_name FROM s_emp;
	Passwords	DROP USER scott IDENTIFIED BY tiger;
	PL/SQL objects	OG_ACTIVATE_LAYER (OG_GET_LAYER ( 'prod_pie_layer' ) )
Lowercase italic	Syntax variables	CREATE ROLE <i>role</i>
Uppercase	SQL commands and functions	SELECT userid FROM emp;

## Typographic Conventions in Navigation Paths

This course uses simplified navigation paths, such as the following example, to direct you through Oracle Applications.

(N) Invoice > Entry > Invoice Batches Summary (M) Query > Find (B) Approve

This simplified path translates to the following:

1. (N) From the Navigator window, select Invoice > Entry > Invoice Batches Summary.
2. (M) From the menu, select Query > Find.
3. (B) Click the Approve button.

### Notations :

(N) = Navigator

(M) = Menu

(T) = Tab



(I) = Icon

(H) = Hyperlink

(B) = Button

## Typographical Conventions in Help System Paths

This course uses a “navigation path” convention to represent actions you perform to find pertinent information in the Oracle Applications Help System.

The following help navigation path, for example—

(Help) General Ledger > Journals > Enter Journals

—represents the following sequence of actions:

1. In the navigation frame of the help system window, expand the General Ledger entry.
2. Under the General Ledger entry, expand Journals.
3. Under Journals, select Enter Journals.
4. Review the Enter Journals topic that appears in the document frame of the help system window.

## Getting Help

Oracle Applications provides you with a complete online help facility.

Whenever you need assistance, simply choose an item from the Help menu to pinpoint the type of information you want.

### To display help for a current window:

1. Choose Window Help from the Help menu, click the Help button on the toolbar, or hold down the Control key and type 'h'.

A web browser window appears, containing search and navigation frames on the left, and a frame that displays help documents on the right.

The document frame provides information on the window containing the cursor. The navigation frame displays the top-level topics for your responsibility, arranged in a tree control.

2. If the document frame contains a list of topics associated with the window, click on a topic of interest to display more detailed information.

3. You can navigate to other topics of interest in the help system, or choose Close from your web browser's File menu to close help.

## **Searching for Help**

You can perform a search to find the Oracle Applications help information you want. Simply enter your query in the text field located in the top-left frame of the browser window when viewing help, then click the adjacent Find button.

A list of titles, ranked by relevance and linked to the documents in question, is returned from your search in the right-hand document frame. Click on whichever title seems to best answer your needs to display the complete document in this frame. If the document doesn't fully answer your questions, use your browser's Back button to return to the list of titles and try another.

# **R11i Implementing Payments**

## **Chapter 16**

### **R11i Implementing Payments**

**Oracle Payables Release 11i**

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## Objective

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### Objective

**After completing this module, you should be able to implement the payment process in Oracle Payables.**

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### Course Agenda

- Defining pay groups
- Defining payment priorities
- Defining payment terms
- Assigning pay-alone status
- Defining banks
- Defining payment documents
- Setting up Financials options for payments
- Setting up Payables options for payments
- Setting up future-dated payments
- Setting up Payables options to work with Cash Management

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## Cash Control Features

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### Cash Control Features

Business Needs Features	
Prioritize and categorize payments	Pay Group
	Payment Priority
Control payment of invoices	Holds
Reduce cash outlays	Discount
	Credit and debit invoices
Forecast cash needs	Cash Requirements Report
Require special handling for an invoice payment	Pay- alone

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## Course Agenda

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### Course Agenda

- Defining pay groups
- Assigning payment priorities
- Defining payment terms
- Assigning pay-alone status
- Defining banks
- Defining payment documents
- Setting up Financials options for payments
- Setting up Payables options for payments
- Setting up future-dated payments
- Setting up Payables options to work with Cash Management

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### Defining Pay Groups

- A pay group is a feature you use to select invoices for payment in a payment batch. You can define a pay group and assign it to one or more suppliers.
- Define a pay group with a descriptive name, for example, Utilities or Employees.
- Define a default pay group for all suppliers, for an individual supplier, or for a supplier site.

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### How to Define Pay Groups

1. In the Oracle Purchasing Lookups window, select Pay Group in the Type field.
2. In the Name field, enter the name of the pay group that you are defining.
3. Enter a description for the pay group. The name and description will appear on a list of values when you need to enter the name.
4. To make this name inactive on and after a certain date, enter an inactive date.
5. Save your work.

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### Course Agenda

- Defining pay groups
- **Assigning payment priorities**
- Defining payment terms
- Assigning pay-alone status
- Defining banks
- Defining payment documents
- Setting up Financials options for payments
- Setting up Payables options for payments
- Setting up future-dated payments
- Setting up Payables options to work with Cash Management

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### Assigning Payment Priorities

**Assign a payment priority to invoices to prioritize them for payment. You can assign a priority from 1 (high) to 99 (low).**

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### How to Assign Payment Priorities

1. In the Payables Options, Expense Report tabbed region, you can specify a value in the Payment Priority field which defaults to Expense Report invoices.
2. You can also enter a payment priority for specific suppliers and supplier sites in the Suppliers and Supplier Sites windows.
3. Oracle Payables assigns a supplier site's default payment priority to all of the invoices for the supplier site, and the invoice assigns its default payment priority to all of its scheduled payments.

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### Demonstration

**This demonstration covers pay groups and payment priorities.**

**(N) Setup—>Lookups—>Purchasing  
(N) Suppliers—>Entry (T) Payment**

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### Course Agenda

- Defining pay groups
- Assigning payment priorities
- **Defining payment terms**
- Assigning pay-alone status
- Defining banks
- Defining payment documents
- Setting up Financials options for payments
- Setting up Payables options for payments
- Setting up future-dated payments
- Setting up Payables options to work with Cash Management

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## Defining Payment Terms

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### Defining Payment Terms

Assign payment terms to an invoice to automatically create scheduled payments for the invoice with due dates and any discounts.

- You can set up payment terms to default from the Financials Options, supplier, and supplier site levels.
- You can assign a payment term name that helps identify the payment term.
- You can assign up to three discounts for each payment line.

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**(Help) Oracle Financial Applications > Oracle Payables > Setup > Payment Terms > Payment Terms**



### Defining Payment Terms

**You can define payment terms based on a special calendar.**

- **A Payment Terms special calendar type is used to specify due dates for each period in a calendar.**
- **You can set up complex payment schedules. For example, paying on the 5th and 25th of every month.**
- **Exceptions can be made for weekends or bank holidays.**
- **The Payment Terms window has a Calendar field. This links the payment terms to the user-defined calendar.**

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## How to Define Periods That Payables Uses for Payment Terms

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### How to Define Periods That Payables Uses for Payment Terms

1. In the Special Calendar window, select Payment Terms in the Type of Calendar region.
2. Enter a calendar name and description.
3. Enter the number of periods per year.
4. Enter a period name.
5. In the Year field, enter the calendar year in which the period occurs.
6. Enter numbers in the Sequence fields to indicate the order in which the periods occur.
7. Enter the from date and to date for the period.
8. Enter a due date for each period. Save your work.

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**(Help) Oracle Financial Applications > Oracle Payables > Setup > Special Calendar**

## How to Define Payment Terms

---

### How to Define Payment Terms

1. In the **Payment Terms** window, enter a unique payment term name and a description.
2. Enter information in the **Due** tabbed region. Once you set up a special calendar, you can associate it with any payment terms line. You can use a different calendar for each payment term line.
3. If you are using discount terms, enter information in the **First Discount**, **Second Discount**, and **Third Discount** tabbed regions.
4. Save your work.

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**(Help) Oracle Financial Applications > Oracle Payables Setup > Payment Terms > Payment Terms**

## Taking Invoice Discounts

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### Taking Invoice Discounts

- Payables uses payment terms you assign to an invoice to pay invoices at a discounted rate.
- You can define discount payment terms that have Payables vary the discount amount depending on how old the invoice is. You also define the payment terms to pay the full invoice amount if you have missed the discount date.

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**(Help) Oracle Financial Applications > Oracle Payables > Invoices > Discounts**

## Discount Reports

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### Discount Reports

Oracle Payables Discount Reports	
Name	Description
Discounts Available Report	Review invoice discount details for a supplier or group of suppliers. Use this report to identify payments where you can take advantageous discounts.
Discounts Taken and Lost Report	Review discounts taken and lost for a supplier or a group of suppliers for a specified period of time  Review this report to determine whether to modify system and supplier defaults to ensure that discounts are taken

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### Demonstration

**This demonstration covers payment terms.**

**(N) Setup—>Invoice—>Payment Terms**

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## Course Agenda

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### Course Agenda

- Defining pay groups
- Assigning payment priorities
- Defining payment terms
- **Assigning pay-alone status**
- Defining banks
- Defining payment documents
- Setting up Financials options for payments
- Setting up Payables options for payments
- Setting up future-dated payments
- Setting up Payables options to work with Cash Management

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### Assigning Pay-Alone Status

- You can enable the pay-alone attribute for an invoice to ensure that it is paid on a separate payment document.
- You can set up the system to default this attribute from the Financials Options, supplier, and supplier site levels.
- You can override this attribute for any invoice.

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## Practice 1

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### Practice 1

**In this practice, you will answer questions about cash control features.**

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1. You can define a pay group and assign it to one or more \_\_\_\_\_.
2. The payment priority numbers can be between 1 and \_\_\_\_\_.
3. You can override the pay-alone feature at the \_\_\_\_\_ level.
4. When defining discount payment terms, you can define up to \_\_\_\_\_ discounts for each payment line.

## Practice 1 Solutions

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### Practice 1 Solutions

This practice covers questions about cash control features.

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1. You can define a pay group and assign it to one or more **suppliers**.
2. The payment priority numbers can be between 1 and **99**.
3. You can override the pay-alone feature at the **invoice** level.
4. When defining discount payment terms, you can define up to **three** discounts for each payment line.

## Course Agenda

---

### Course Agenda

- Defining pay groups
- Assigning payment priorities
- Defining payment terms
- Assigning pay-alone status
- **Defining banks**
- Defining payment documents
- Setting up Financials options for payments
- Setting up Payables options for payments
- Setting up future-dated payments
- Setting up Payables options to work with Cash Management

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## Defining Banks

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### Defining Banks

Use the Banks window to enter bank information for banks with which you do business. Oracle Receivables and Oracle Payables share bank definitions, although not all bank information is shared. Bank branches can have multiple accounts, and each account you define can be associated with Payables payment documents and Receivables payment methods.

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**(Help) Oracle Financial Applications > Oracle Payables > Setup > Banks > Banks**

### Defining Banks

**For Oracle Payables, use the Banks and Bank Accounts windows to define:**

- **Your internal bank accounts from which you will disburse payments**
- **Supplier bank accounts for suppliers you pay electronically**

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### Defining Banks

**You define payment documents for each internal bank account. These payment documents have payment formats associated with them which specify a payment method of:**

- **Check**
- **Electronic**
- **Wire**
- **Clearing**

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## How to Enter Bank Information

---

### How to Enter Bank Information

1. In the Banks window, enter all basic bank information.
2. Select Bank as the institution.
3. Optionally, enter the information related to electronic data interchange (EDI) or electronic funds transfer (EFT).
4. Optionally, enter contact information in the Contact region.
5. Save your work.
6. Proceed with How to Define Bank Accounts.

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**(Help) Oracle Financial Applications > Oracle Payables > Setup > Banks > Defining Banks**

## How to Define Bank Accounts

---

### How to Define Bank Accounts

1. Enter the bank account name and bank account number.
2. (Optional) Enter an account type and description.
3. To use country-specific account number validation, enter the check digits.
4. Select the account use.
5. In the GL Accounts region, enter a cash, cash clearing, bank charges, and bank errors account.
6. In the Payables Options region, enter operational information for the use of your bank account.

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**(Help) Oracle Financial Applications > Oracle Payables > Setup > Banks > Defining Internal Bank Accounts**



### How to Define Bank Accounts

7. (Optional) Enter contact information in the Account Contact region.
8. Proceed with Defining Payment Documents for Bank Accounts.

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## Defining Bank Accounts for Your Suppliers

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### Defining Bank Accounts for Your Suppliers

You can enter information for bank accounts for which your supplier is the account holder. You then assign these accounts to the supplier and its sites. Payables uses this bank information when you create electronic payments for your suppliers.

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**(Help) Oracle Financial Applications > Oracle Payables > Setup > Banks > Defining Supplier Bank Accounts**

## Course Agenda

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### Course Agenda

- Defining pay groups
- Assigning payment priorities
- Defining payment terms
- Assigning pay-alone status
- Defining banks
- **Defining payment documents**
- Setting up Financials options for payments
- Setting up Payables options for payments
- Setting up future-dated payments
- Setting up Payables options to work with Cash Management

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## Defining Payment Documents for Bank Accounts

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### Defining Payment Documents for Bank Accounts

- You must create at least one payment document before you can use a bank account to create invoice payments.
- When you define payment documents, you can only select payment formats that use the same currency as the bank account currency. If the bank account is a multiple-currency bank account, you can choose foreign currency payment formats or multiple-currency payment formats.

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**(Help) Oracle Financial Applications > Oracle Payables > Setup > Banks > Defining and Maintaining Payables Payment Documents**

## Oracle Payables Payment Document Disbursement Types

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### Oracle Payables Payment Document Disbursement Types

Disbursement Type	Description
Recorded	Records payments made outside Oracle Payables, for example, a handwritten check or a wire.
Computer Generated	1. Creates immediate, single-check payments. 2. Pays invoices in a payment batch, for example, a check run or an electronic payment batch.
Combined	Can be used for both manual or computer-generated payments.

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## Setting Up Custom Payment Programs

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### Setting Up Custom Payment Programs

- Payment programs are used to format payment documents and separate remittance advice in Payables. Payment programs can determine how Payables builds payments, formats payments, and creates payment remittance advice.
- Payables provides several predefined payment programs designed to provide basic layouts for your payment documents. You can also define additional payment programs to meet your organization's unique needs.

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**(Help) Oracle Financial Applications > Oracle Payables > Setup > Payables Implementation Information > Custom Payment Programs**

## Setting Up Custom Payment Formats

---

### Setting Up Custom Payment Formats

- Payment formats are needed to define payment documents in the Banks window. You define payment formats for the four payment methods (check, clearing, electronic, and wire) that Payables uses. You can define as many payment formats as you require for each payment method; however, each payment format must be unique for that payment method.
- Payables provides several predefined payment formats that you can use. You might want to modify one of Payables payment formats to provide different information on your payment document or remittance advice.

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**(Help) Oracle Financial Applications > Oracle Payables > Setup > Payables Implementation Information > Custom Payment Formats**

## Practice 2

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### Practice 2

**In this practice, you will answer true or false questions about banks and payment documents.**

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1. Each bank branch can have multiple accounts. \_\_\_\_
2. You must create at least one payment document before you can use a bank account to create  
invoice payments. \_\_\_\_
3. When you define payment documents, you can select any payment format. \_\_\_\_
4. If the bank account is a multiple-currency bank account, you can only choose  
multiple-currency  
payment formats. \_\_\_\_



## Practice 2 Solutions

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### Practice 2 Solutions

**This practice covers true or false questions about banks and payment documents.**

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1. Each bank branch can have multiple accounts. **True**
2. You must create at least one payment document before you can use a bank account to create invoice payments. **True**
3. When you define payment documents, you can select any payment format. **False—When you define payment documents, you can only select payment formats that use the same currency as the bank account currency.**
4. If the bank account is a multiple-currency bank account, you can only choose multiple-currency payment formats. **False—If the bank account is a multiple-currency bank account, you can choose foreign currency payment formats or multiple-currency payment formats.**

### Demonstration

**This demonstration covers defining banks and payment documents.**

**(N) Setup—>Payment—>Banks**

**(N) Setup—>Payment—>Banks (B) Bank Accounts  
(B) Payment Documents**

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## Review Question

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### Review Question

**Which of the following are disbursement types?**

- A. Recorded**
- B. Electronic**
- C. Combined**
- D. Computer-generated**
- E. All of the above**

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### Review Question Solution

**Which of the following are disbursement types?**

- A. Recorded
- B. Electronic
- C. Combined
- D. Computer Generated
- E. All of the above**

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## Course Agenda

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### Course Agenda

- Defining pay groups
- Assigning payment priorities
- Defining payment terms
- Assigning pay-alone status
- Defining banks
- Defining payment documents
- **Setting up Financials options for payments**
- Setting up Payables options for payments
- Setting up future-dated payments
- Setting up Payables options to work with Cash Management

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## Setting Up Financials Options for Payments

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### Setting Up Financials Options for Payments

- The options that you define in the Supplier-Payables tabbed region, except for the Receipt Acceptance Days option, are used as default values for the Payment region of the Suppliers window. The supplier values default to new supplier sites for the supplier, which default to new invoices for the supplier site.
- You can override these values during entry of the supplier, supplier site, and invoice.

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**(Help) Oracle Financial Applications > Oracle Payables > Setup > Financial Options > Defining Financials Options > Supplier-Payables**

### Demonstration

**This demonstration covers setting up Financials Options for payments.**

**(N) Setup—>Options—>Financials (T) Supplier-Payables**

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### Course Agenda

- Defining pay groups
- Assigning payment priorities
- Defining payment terms
- Assigning pay-alone status
- Defining banks
- Defining payment documents
- Setting up Financials options for payments
- **Setting up Payables options for payments**
- Setting up future-dated payments
- Setting up Payables options to work with Cash Management

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## Setting Up Payables Options for Payments

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### Setting Up Payables Options for Payments

In the **Payment** tabbed region, you can set the following defaults and options that will simplify automatic payment processing:

- **Bank Account**
- **Payment Batch Limit**
- **EFT User Number**
- **Additional Pay Through Days**
- **Allow Document Category Override**
- **Exclude Tax From Discount Calculation**
- **Discount Method**

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**(Help) Oracle Financial Applications > Oracle Payables > Setup > Payables Options > Payables Options Window Reference > Payment Payables Options**

### Setting Up Payables Options for Payments

- **Allow Print**
- **Allow Pre-Date**
- **Allow Void and Reissue**
- **Allow Address Change**
- **Allow Remit-To Account Override**
- **Use Bank Charges**

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## Setting Up Supplier Payables Options

---

### Setting Up Supplier Payables Options

You can set the following payment information defaults in the Supplier tabbed region to enter payment defaults for the Suppliers window:

- Pay Group
- Invoice Currency
- Terms Date Basis
- Pay Date Basis
- Bank Charge Bearer
- Tax Reporting Options

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**(Help) Oracle Financial Applications > Oracle Payables > Setup > Payables Options > Payables Options Window Reference > Supplier Payables Options**

### Demonstration

**This demonstration covers setting up Payables Options for payments.**

**(N) Setup—>Options—>Payables (T) Payment**

**(N) Setup—>Options—>Payables (T) Supplier**

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## Course Agenda

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### Course Agenda

- Defining pay groups
- Assigning payment priorities
- Defining payment terms
- Assigning pay-alone status
- Defining banks
- Defining payment documents
- Setting up Financials options for payments
- Setting up Payables options for payments
- **Setting up future-dated payments**
- **Setting up Payables options to work with Cash Management**

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### Setting Up Future-Dated Payments

- For future-dated payments, the funds are not available until the maturity date. This is the date when the payment document will be honored (paid) by the issuing bank. The document also contains an issue date, which is the date the document was created or presented to the supplier.
- This raises the issue of when to relieve the liability for future-dated payments. You can relieve liability for a future-dated payment either at payment issue or payment maturity.

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## How to Set Up Future-Dated Payments

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### How to Set Up Future-Dated Payments

When you use future-dated payments, you need to select some additional options in Payables.

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**(Help) Oracle Financial Applications > Oracle Payables > Payments > Future-Dated Payments > Setting Up Your System For Future-Dated Payments**

### Demonstration

**This demonstration covers setting up future-dated payments.**

**(N) Setup—>Options—>Payables (T) Payment Accounting**

**(N) Setup—>Payment—>Banks (B) Bank Accounts (B) Payables Documents (T) future-dated Payments**

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## Review Question

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### Review Question

**Future-dated payments contain both an issue date and a maturity date.**

**A. True**

**B. False**

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### Review Question Solution

**Future-dated payments contain both an issue date and a maturity date.**

**A. True**

B. False

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## Course Agenda

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### Course Agenda

- Defining pay groups
- Assigning payment priorities
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- Defining banks
- Defining payment documents
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- Setting up Payables options for payments
- Setting up future-dated payments
- Setting up Payables options to work with Oracle Cash Management

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## Setting Up Oracle Payables to Work with Oracle Cash Management

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### Setting Up Oracle Payables to Work with Oracle Cash Management

- **Select one or both options for Account Gain/Loss:**
  - When Payment is Issued
  - When Payment Clears
- **Select the Calculate Gain/Loss option:**
  - For Each Invoice
  - For Total Payment
- **Use future-dated Payment Account:**
  - From Payment Document
  - From Supplier Site

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## Summary

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### Summary

**In this module, you should have learned how to implement the payment process in Oracle Payables.**

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# **R11i Period Closing Process in Oracle Payables**

## **Chapter 17**

### **Period Closing Process in Oracle Payables**

**Release 11i**

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### Objectives

**After completing this course, you should be able to do the following:**

- **Describe the period closing process in Oracle Payables**
- **Explain the reporting process in Oracle Payables**
- **Reconcile accounts payable transactions for the period**

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## Agenda

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### Agenda

- **Completing the period closing process in Oracle Payables**
- **Reporting in Oracle Payables**
- **Reconciling accounts payable transactions for the period**

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## Agenda

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### Agenda

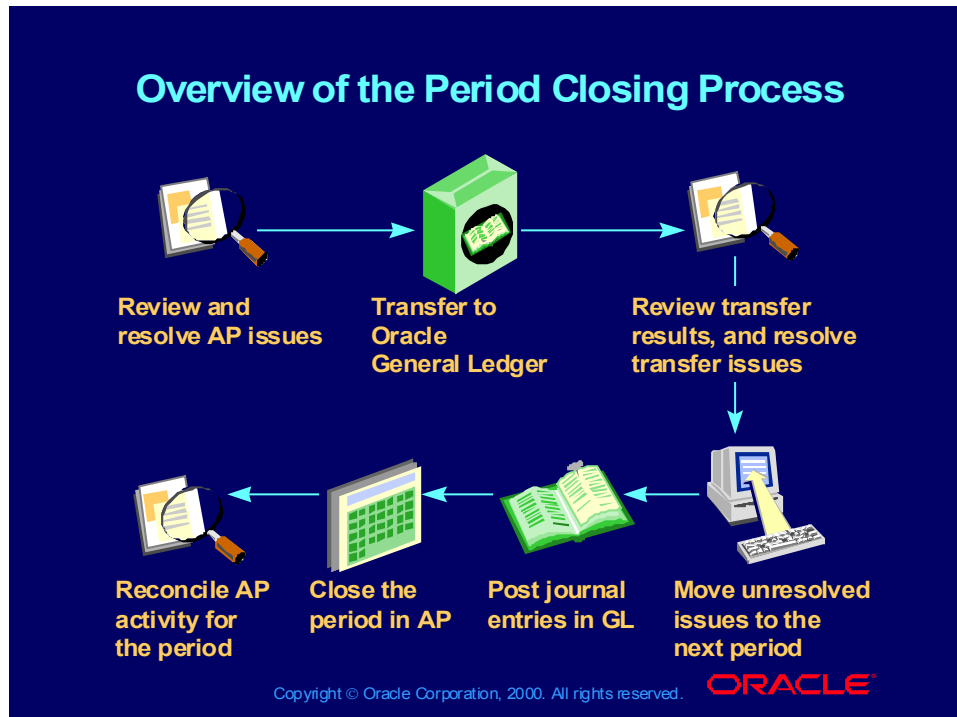
- **Completing the period closing process in Oracle Payables**
- Reporting in Oracle Payables
- Reconciling accounts payable transactions for the period

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## Overview of the Period Closing Process

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### Period Closing Process

- At the end of each accounting period, companies must complete the closing process in Oracle Payables and reconcile Payables activity for the period.
- You close a Payables period after you have completed accounting for transactions for the period and you have transferred the accounting entries to general ledger.

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### Completing the Period Closing Process

1. Approve all invoices and confirm all payment batches.
2. If you use future dated payments, submit the Update Matured Future Dated Payment Status Program.
3. Submit the Payables Accounting Process to account for all unaccounted transactions.
4. Review the Unaccounted Transactions Report. Review any unaccounted transactions and correct data as necessary. Then resubmit the Payables Accounting Process to account for transactions you corrected.

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### Completing the Period Closing Process

5. **Transfer invoices and payments to the General Ledger and resolve any problems you see on the output report.**
6. **(Optional) Move any unresolved accounting transaction exceptions to the next period.**
7. **In the Control Payables Periods window, close the period in Payables.**
8. **Reconcile Payables activity for the period.**

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### Completing the Period Closing Process

9. If you use Oracle Purchasing, accrue uninvoiced receipts.
10. If you use Oracle Assets, run the Mass Additions Create program to transfer capital invoice line distributions from Oracle Payables to Oracle Assets.
11. Post journal entries to the general ledger and reconcile the trial balance to the General Ledger.

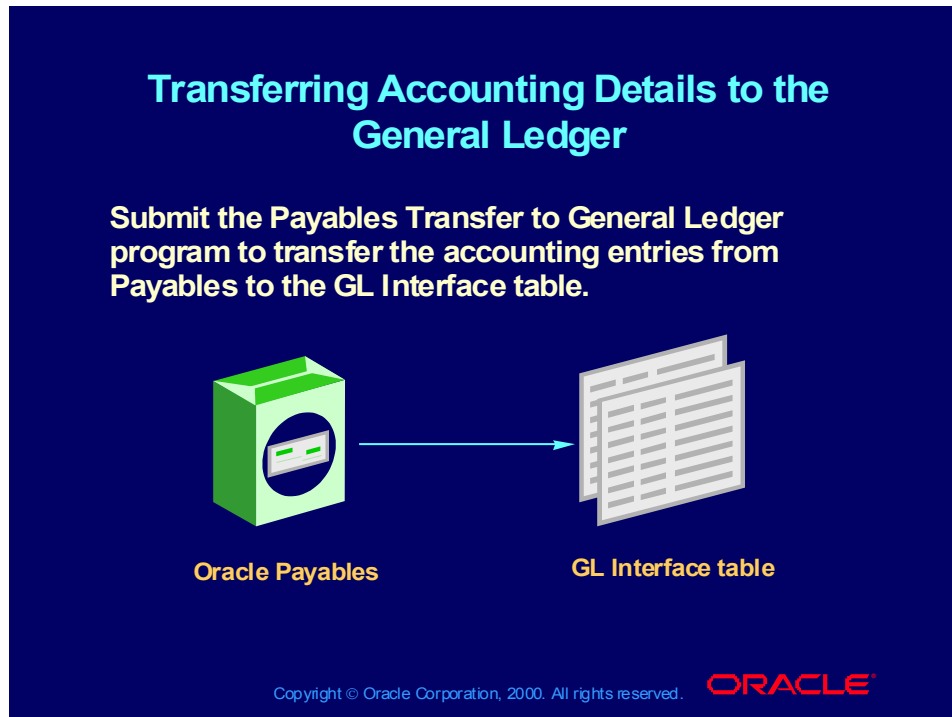
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## Transferring Accounting Details to the General Ledger

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**(Help) Oracle Financial Applications > Oracle Payables > Accounting > Transferring Accounting Entries to Your General Ledger > Payables Transfer to General Ledger Program**

## Moving Unaccounted Transactions to the Next Period

---

### Moving Unaccounted Transactions to the Next Period

- Oracle Payables does not allow you to close a period with unaccounted invoice and payment transactions.
- Use the Unaccounted Transactions Sweep program to transfer all unaccounted invoices and payments from one accounting period to another.

**Note:** The program can be submitted only if there are unaccounted transactions in the period. Also, the program is irreversible.

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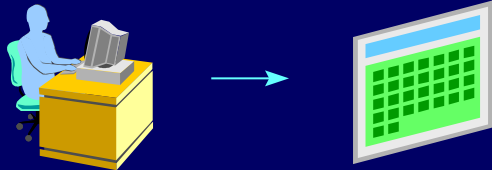
**(Help) Oracle Financial Applications > Oracle Payables > Reports and Programs > Programs > Unposted Invoice Sweep Program**

## Controlling the Payables Accounting Periods

---

**Controlling the Payables Accounting Periods**

Oracle Payables allows you to enter and account for transactions in open accounting periods.



The diagram illustrates the process of controlling accounting periods. On the left, a person is shown sitting at a desk with a computer, representing 'Period activity'. An arrow points from this activity to a calendar icon on the right, which represents 'Period status = Open'.

Period activity → Period status = Open

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**(Help) Oracle Financial Applications > Oracle Payables > Setup > Controlling the Status of AP Accounting Periods > Controlling the Status of AP Accounting Periods**

## Closing an Accounting Period

---

### Closing an Accounting Period

**You close a Payables period after you have:**

- 1. Completed accounting for transactions for the period**
- 2. Transferred the accounting entries to the general ledger**



**Period activity completed**

**Period status = Closed**

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### Demonstration

**This demonstration covers:**

- Opening and closing an accounting period in Oracle Payables
- How to transfer accounting details to the general ledger

**(N) Accounting > Control Payables Periods**

**(N) Other > Requests > Run**

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## Review Question

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### Review Question

**The Unaccounted Transactions Report gives you information about unaccounted invoice and payment transactions and the reason that Payables cannot account for a transaction.**

- 1. True**
- 2. False**

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### Answer to Review Question

**The Unaccounted Transactions Report gives you information about unaccounted invoice and payment transactions and the reason that Payables cannot account for a transaction.**

- 1. True**
2. False

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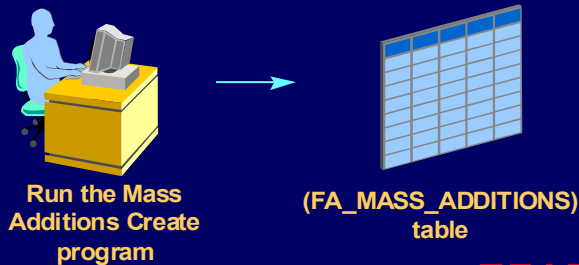
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## Overview of Submitting Mass Additions

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### Overview of Submitting Mass Additions

- The Mass Additions Create program selects invoice lines from Oracle Payables, copies them to a table in Oracle Assets, and marks the invoice lines as having been considered for selection.
- These invoice lines are then used to create assets or cost adjustments.



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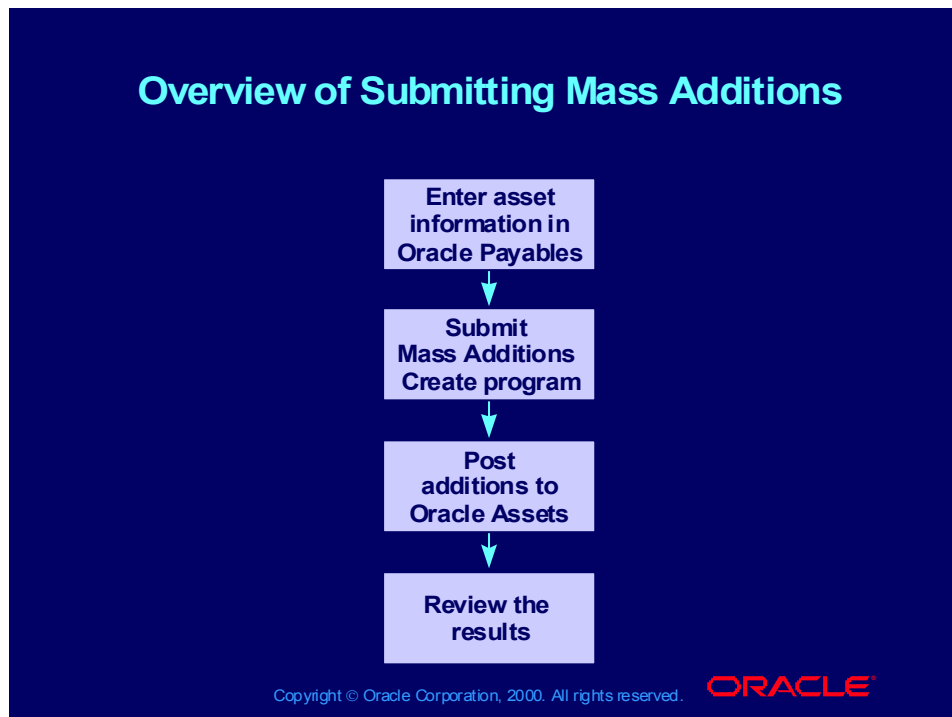
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**(Help) Oracle Financial Applications > Oracle Payables > Reports and Programs > Programs > Mass Additions Create Program**



## Overview of Submitting Mass Additions

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## Agenda

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### Agenda

- Completing the period closing process in Oracle Payables
- **The reporting process in Oracle Payables**
- Reconciling accounts payable transactions for the period

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## Standard Reporting

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### Standard Reporting

- Oracle Payables standard reports and listings include trial balances, account analysis reports, invoice registers, payment registers, and more.
- These reports can be used to report on period activity.



Period activity



Standard reports

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### Accounting and Reconciliation Reports

**Payables provides the following accounting and reconciliation reports:**

- **Accounts Payable Trial Balance Report**
- **Payables Account Analysis Report**
- **Payables Accounting Entries Report**
- **Payables Accounting Process Report**
- **Posted Invoice Register**
- **Posted Payment Register**
- **Unaccounted Transactions Report**

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**(Help) Oracle Financial Applications > Oracle Payables > Reports and Programs > Accounting and Posting Reports > Posted Invoice Register**

**(Help) Oracle Financial Applications > Oracle Payables > Reports and Programs > Accounting and Posting Reports > Posted Payment Register**

### Payables Accounting Process Report

Use the Payables Accounting Process report to review accounting entries created by the Payables Accounting Process. The report has two sections:

- **Accounting Entries Audit Report**
  - The audit report provides, in detail or summary, a listing of accounting entries created by the accounting process.
- **Accounting Entries Exception Report**
  - The exception report lists in detail all accounting entries that were created with an error status and a description of that error.

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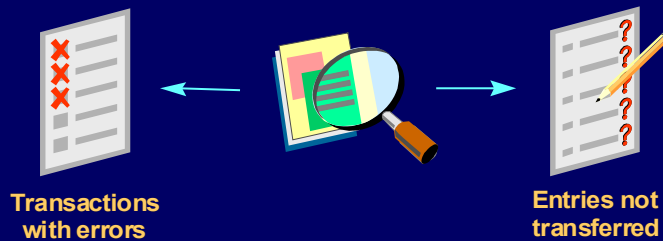
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## Payables Accounting Entries Report

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### Payables Accounting Entries Report

- Use the Payables Accounting Entries Report to review and analyze accounting entries in the Payables subledger.
- The report also lists transactions that have been accounted with error and all entries that could not be transferred to the general ledger interface.



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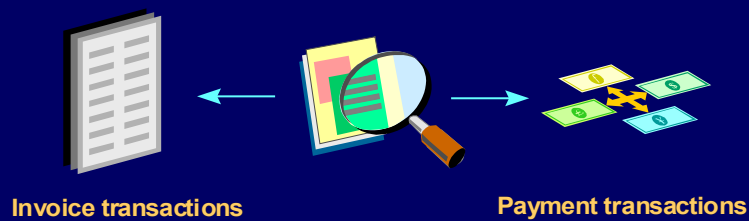
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## Unaccounted Transactions Report

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### Unaccounted Transactions Report

Use the Unaccounted Transactions Report to identify and review all unaccounted invoice and payment transactions and see the reason that Payables cannot account for a transaction.



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### Demonstration

**This demonstration covers running and viewing a  
Posted Invoice Register report.**

**(N) Other > Requests > Run**

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## Review Question

---

### Review Question

**The Payables Accounting Entries Report lists not only the accounting entries in the Payables subledger, but also the transactions that have been accounted with error.**

- 1. True**
- 2. False**

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### Answer to Review Question

**The Payables Accounting Entries Report lists not only the accounting entries in the Payables subledger, but also the transactions that have been accounted with error.**

- 1. True**
2. False

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## Agenda

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### Agenda

- Completing the period closing process in Oracle Payables
- The reporting process in Oracle Payables
- **Reconciling accounts payable transactions for the period**

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## Reconciling Accounts Payable Activity for the Period

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### Reconciling Accounts Payable Activity for the Period

Use the following Oracle Payables reports to reconcile your transferred invoices and payments to your Accounts Payable Trial Balance to ensure that your Trial Balance accurately reflects your accounts payable liability:

- Posted Invoice Register
- Posted Payment Register

**Note:** Before running your reports, be sure you have run the Payables Transfer to General Ledger Program for all transactions in the period that you are reconciling. Also, be sure to post the transactions in General Ledger.

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## Using the Accounts Payables Trial Balance Report

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### Using the Accounts Payables Trial Balance Report

- Use the Accounts Payables Trial Balance report to reconcile your accounts payable liability in your general ledger.
- Compare the Accounts Payables Trial Balance to the accounts payables balance in your general ledger system for a given period.

**Note:** Because the Trial Balance presents the outstanding accounts payable liability information, it is only valid for an accrual set of books.

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**(Help) Oracle Financial Applications > Oracle Payables > Accounting > Reconciling Payables Activity > Reconciling Payables Activity to General Ledger**

## Reconciling the Accounts Payable Trial Balance Report

---

### Reconciling the Accounts Payable Trial Balance Report

To reconcile your Accounts Payable Trial Balance for a given period:

- Add the current period's accounted invoices (total invoice amount from the Posted Invoice Register) to the prior period's Accounts Payable Trial Balance.
- Next, subtract the current period's accounted payments (total cash plus discounts taken from the Posted Payments Register) from this total.
- This amount should equal the current period's Accounts Payable Trial Balance.

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**(Help) Oracle Financial Applications > Oracle Payables > Reports and Programs > Accounting and Posting Reports > Accounts Payable Trial Balance Report**

## Reconciling the Accounts Payable Trial Balance Report

### **Reconciling the Accounts Payable Trial Balance Report**

**The following is an example of reconciling the Accounts Payable Trial Balance Report for April:**

**March Accounts Payable Trial Balance  
+ April Posted Invoice Register  
- April Posted Payment Register  
= April Accounts Payable Trial Balance**

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## Using the Payables Account Analysis Report

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### Using the Payables Account Analysis Report

- Use the Payables Account Analysis Report to review and analyze accounting entries in Payables.
- This report is helpful when you reconcile your accounts with your general ledger.

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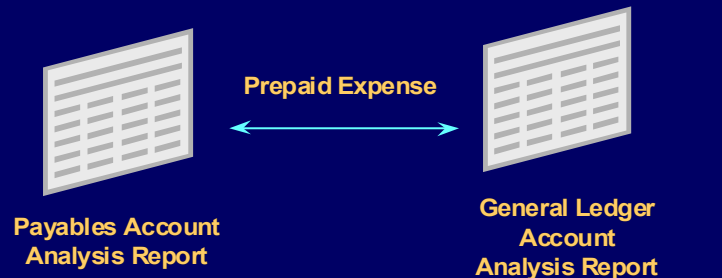
## Reconciling the Payables Account Analysis Report

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### Reconciling the Payables Account Analysis Report

You can submit the Payables Account Analysis report in detail and compare it to an account analysis report in your general ledger.

For example, you can reconcile the prepaid expense account between Payables and your general ledger.



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### Demonstration

**This demonstration covers running and viewing an  
Accounts Payable Trial Balance Report.**

**(N) Other > Request > Run**

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## Summary

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### Summary

**In this lesson, you should have learned how to:**

- **Describe the period closing process in Oracle Payables**
- **Explain the reporting process in Oracle Payables**
- **Reconcile accounts payable transactions for the period**

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# **Overview of the Tax Accounting Process**

## **Chapter 18**

# Overview of the Tax Accounting Process

Release 11*i*

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### Objectives

**After completing this module, you should be able to do the following:**

- **Describe the various types of tax that Oracle Applications support**
- **Describe United States Sales Tax Partner Solutions**
- **Explain Tax Codes and Tax Groups in Oracle Applications**
- **Describe Tax Accounting for Adjustments, Discounts, and Finance Charges**
- **Describe how to manage Partial and Non-Recoverable Taxes in Oracle Applications**
- **Describe the Tax Reporting Ledger**

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## Agenda

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### Agenda

- **Types of Tax that Oracle Applications support**
- **United States Sales Tax Partner Solutions**
- **Tax Codes and Tax Groups In Oracle Applications**
- **Tax Accounting for Adjustments, Discounts, and Finance Charges**
- **Managing Partial and Non-Recoverable Taxes**
- **Tax Reporting Ledger**

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## Agenda

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### Agenda

- **Types of Tax that Oracle Applications support**
- **United States Sales Tax Partner Solutions**
- **Tax Groups In Oracle Applications**
- **Tax Accounting for Adjustments, Discounts, and Finance Charges**
- **Managing Partial and Non-Recoverable Taxes**
- **Tax Reporting Ledger**

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### Overview of Tax in Oracle Applications

Oracle Applications support the following types of tax:

- Value Added Tax
- Recoverable and Non-Recoverable Input Taxes
- EU Acquisition and Reverse Charge Taxes
- Deferred Output Taxes
- Withholding Taxes
- US State and Local Taxes
- Goods and Service Tax
- Canadian Government, Provincial and Harmonized Sales Tax

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### Overview of Tax in Oracle Applications

Oracle Applications support the following types of tax:

- Sales Equalization Taxes
- Investment Taxes
- Excise Duties
- Latin American Tax regimes (Brazilian ICMS, IPI, Tributary Substitutions; Argentine VAT perception, Turnover perception; Colombian VAT)

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### Examples of Tax Support in Oracle Applications

- Oracle Payables and Purchasing support automated calculation and accounting of partial and non-recoverable tax.
- In Oracle Payables, you can capture tax detail on expense report receipts to allow for reporting and reclamation of tax.
- For countries such as France, Italy and Russia, Oracle Receivables supports deferral of Output Tax liability until payment has been collected.
- For cross border drop shipments within Europe, Oracle Receivables/Order Management/Order Capture support automatic defaulting of one or more applicable taxes.

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### Examples of Tax Support in Oracle Applications

- In Oracle Receivables, you can calculate and account for multiple tax regimes, levying additional taxes such as Surcharges, Excise, and Sales Equalization taxes as required.
- The Latin Tax Engine in Oracle Receivables can calculate and report taxes in the local tax regimes for taxes levied in your order-to-cash cycle.
- Oracle Payables has country-specific localizations that calculate tax and supplier withholding for taxes levied and withheld in your procure-to-pay cycle.

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### **Tax Processing on Transactions**

**With a setup, specific to your country, you can automate both the Procure to Pay and Order to Cash process, with the system controlling all the tax calculations, accounting and reporting based on your setup.**

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## Agenda

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### Agenda

- Types of Tax that Oracle Applications support
- **United States Sales Tax Partner Solutions**
- Tax Codes and Tax Groups In Oracle Applications
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- Managing Partial and Non-Recoverable Taxes
- Tax Reporting Ledger

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### United States Sales Tax Partner Solutions

- The US Tax Partner Solutions let you provide for complex tax calculation needs while retaining the full power of Receivables to create and store all other tax data.
- The US Sales Tax Partner Solution is called whenever a tax rate is calculated by the Receivables Tax Engine. When implemented, the Tax Partner Solution will return a tax rate or amount from the Tax Partner program. Receivables will use this information to create the appropriate tax line(s) and related accounting information.

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### Tax Partners

**Oracle integrates with these partner products:**

- **Taxware Sales Use Tax System (PLSQL)**
- **Vertex Quantum for US Sales & Use Tax (PLSQL)**

**Note: The integration supports US Sales tax only.**

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## Agenda

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### Agenda

- Types of Tax that Oracle Applications support
- United States Sales Tax Partner Solutions
- **Tax Codes and Tax Groups In Oracle Applications**
- Tax Accounting for Adjustments, Discounts, and Finance Charges
- Managing Partial and Non-Recoverable Taxes
- Tax Reporting Ledger

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### Tax Codes and Tax Groups

- **Tax Codes.** Individual taxes can be either inclusive or exclusive on the price list. Each of these taxes can both raise and lower the price list amount and be calculated using a different Taxable Basis.
- **Tax Groups.** Multiple tax codes can be grouped together within the Order to Cash business cycle. Multiple conditional tax codes can be grouped together to build a schedule or group of candidate taxes.

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## Agenda

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### Agenda

- Types of Tax that Oracle Applications support
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- Tax Codes and Tax Groups In Oracle Applications
- **Tax Accounting for Adjustments, Discounts, and Finance Charges**
- Managing Partial and Non-Recoverable Taxes
- Tax Reporting Ledger

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## Tax Accounting for Adjustments, Discounts, and Finance Charges

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### **Tax Accounting for Adjustments, Discounts, and Finance Charges**

- In Oracle Receivables, you can set up your system to include tax accounting on adjustments, discounts, and finance charges.
- Flexible setup options let you decide how the tax is calculated and which tax accounts to use for each activity. This can reduce your tax liability in countries where adjusting entries for tax are allowed.
- In Oracle Payables, adjusting entries for payment term discounts can automatically update your Input Tax accounts as the discount is taken.

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## Agenda

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### Agenda

- Types of Tax that Oracle Applications support
- United States Sales Tax Partner Solutions
- Tax Codes and Tax Groups In Oracle Applications
- Tax Accounting for Adjustments, Discounts, and Finance Charges
- **Managing Partial and Non-Recoverable Taxes**
- Tax Reporting Ledger

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### Partial and Non-Recoverable Taxes

- Tax management features in Oracle Purchasing and Oracle Payables allow you to automatically account for partial and non-recoverable taxes.
- Both Oracle Purchasing and Oracle Payables give you the ability to :
  - reclaim or recover tax based on a variable recovery rate.
  - automatically recognize the extent to which you are liable for tax.
  - ensure you are recovering all allowable taxes.

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### Partial and Non-Recoverable Taxes

- Tax amounts are automatically calculated and recorded on your purchasing documents.
- If required by your business, you can also encumber and accrue for the non-recoverable tax.

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## Agenda

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### Agenda

- Types of Tax that Oracle Applications support
- United States Sales Tax Partner Solutions
- Tax Codes and Tax Groups In Oracle Applications
- Tax Accounting for Adjustments, Discounts, and Finance Charges
- Managing Partial and Non-Recoverable Taxes
- **Tax Reporting Ledger**

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### **Tax Management with the Tax Reporting Ledger**

- **Oracle Applications simplify global tax management by providing a single cross-product Tax Reporting Ledger. You can produce a single report of all your taxable sales and purchase documents across Oracle Receivables, Oracle Payables and Oracle General Ledger.**
- **The Tax Reporting Ledger can be used in conjunction with any reporting tool, including Rxi and Application Desktop Integrator for Variable Format Reports.**

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### **Tax Management with the Tax Reporting Ledger**

**The following tax registers are supported:**

- **Single cross-product Tax Register**
- **Standard Input and Output Tax Registers**
- **Deferred Output Tax Register**
- **Recoverable and Non-Recoverable Tax Registers**

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### **Tax Management with the Tax Reporting Ledger**

**The Tax Reporting Ledger reports on tax accounting within the following sources:**

- **Receivable Invoices, Credit Memos, Debit Memos**
- **Receivable Line and Invoice Adjustments**
- **Receivable Payment Applications for Deferred Tax**
- **Receivable Earned and Unearned Discounts**
- **Receivable Miscellaneous Receipts and Payments**
- **Payables Invoice and Credit Memos**
- **Payables Prepayments**
- **General Ledger Manual Journal Entries**

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### Summary

In this lesson, you should have learned how to:

- Describe the types of tax that Oracle Applications support
- Explain the United States Sales Tax Partner Solutions
- Explain Tax Codes and Tax Groups in Oracle Applications
- Explain Tax Accounting for Adjustments, Discounts, and Finance Charges
- Describe ways to manage Partial and Non-Recoverable Taxes
- Describe the Tax Reporting Ledger

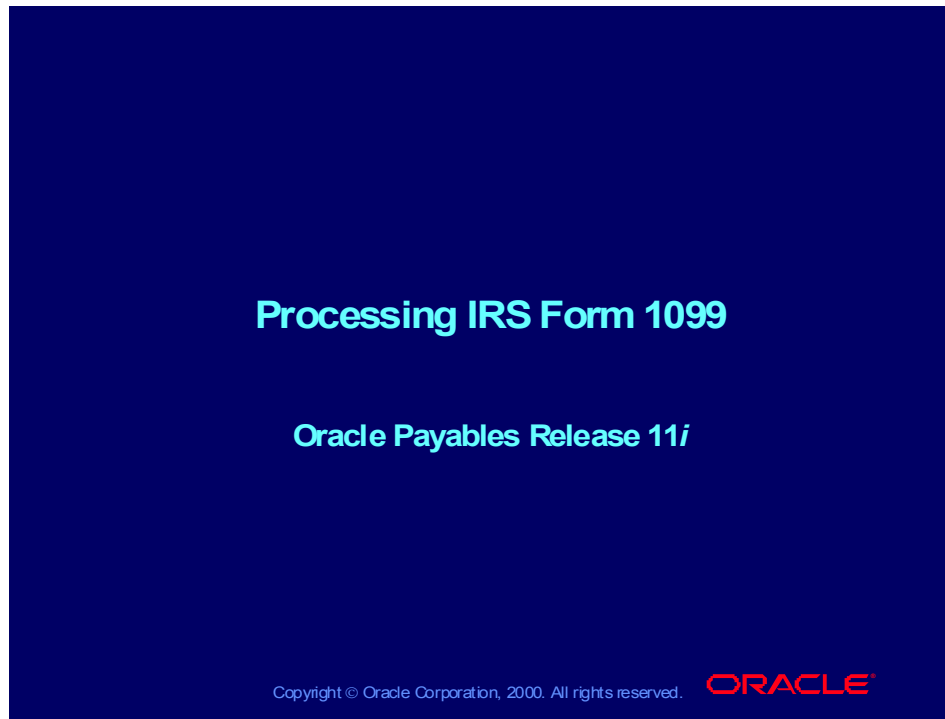
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# **Processing IRS 1099 Form**

## **Chapter 19**

**Notations:**

- (N) = Navigator
- (T) = Tab
- (I) = Icon
- (H) = Hyperlink
- (B) = Button
- (Help) = Oracle Applications Help System



### Objectives

**After completing this course, you should be able to:**

- **Execute the setup for 1099 reporting**
- **Describe how to enter 1099 details for suppliers**
- **Describe how to enter and pay 1099 invoices**
- **Describe how to identify and resolve 1099 exceptions**
- **Explain the submit 1099 forms process**
- **Explain the 1099 Electronic Media report process**

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## Agenda

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### Agenda

- **1099 Reporting Overview**
- **Setup for 1099 Reporting**
- **Entering 1099 Details for Suppliers**
- **Entering and Paying 1099 invoices**
- **Identifying and Resolving 1099 Exceptions**
- **Submitting 1099 Forms**
- **Submitting the 1099 Electronic Media Report**

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## Agenda

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### Agenda

- **1099 Reporting Overview**
- Setup for 1099 Reporting
- Entering 1099 Details for Suppliers
- Entering and Paying 1099 invoices
- Identifying and Resolving 1099 Exceptions
- Submitting 1099 Forms
- Submitting the 1099 Electronic Media Report

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### 1099 Reporting Overview

In the United States, you must report to the Internal Revenue Service certain types of payments you make to 1099 reportable suppliers.

- In the Suppliers window, you can designate suppliers as federally reportable.
- When you enter invoices for the supplier, you classify invoice distributions by 1099 MISC type using the Income Tax Type field. At year end, you can then report, in standard formats, your accumulated 1099 payment information to the Internal Revenue Service, other tax agencies, and your suppliers.

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**(Help) Oracle Financial Applications > Oracle Payables > Reports and Programs > Income Tax Forms and Reports > 1099 Reporting Overview**

## Agenda

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### Agenda

- 1099 Reporting Overview
- **Setup for 1099 Reporting**
- Entering 1099 Details for Suppliers
- Entering and Paying 1099 invoices
- Identifying and Resolving 1099 Exceptions
- Submitting 1099 Forms
- Submitting the 1099 Electronic Media Report

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## Setting Up Oracle Payables for 1099 Reporting Overview

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### Setting Up Oracle Payables for 1099 Reporting Overview

- Define your tax reporting entities that produce 1099 reports.
- If you use combined federal and state filing, define your tax region.
- To use combined federal and state filing, select the Combined Filing Program Payables option.

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## Defining Reporting Entities That Produce 1099 Reports

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### Defining Reporting Entities That Produce 1099 Reports

Use the Reporting Entity window to define reporting entities for your 1099 tax reporting. A reporting entity is any person or organization that has a unique tax identification number (TIN)

- Enter the tax ID number
- Enter one or more balancing segment values that comprise the reporting entity.
- When you submit a 1099 report, you select the tax reporting entity as one of your parameters.

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## Enabling the Combined Filing Program

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### Enabling the Combined Filing Program

- **Combined Filing Program:** Select this option if you are participating in the IRS Combined Federal/State Filing Program.
- **Use Pay Site's Tax Region:** Select this option if you want to use a 1099 supplier's tax region as the default tax region for the invoice distributions of your 1099 suppliers.

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### Defining Income Tax Regions

**Tax region codes must be defined only if you are participating in the Combined Filing Program. Consult tax publications for the reporting requirements of each tax region.**

- **Enter the region abbreviation you are defining, or locate the region abbreviation you are updating.**
- **Enter the region's Internal Revenue Service code.**
- **Enter a description for the region.**
- **For the reporting limit amount enter the minimum amount Oracle Payables uses to determine whether to report on a supplier's payments.**

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## Agenda

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### Agenda

- 1099 Reporting Overview
- Setup for 1099 Reporting
- **Entering 1099 Details for Suppliers**
- Entering and Paying 1099 invoices
- Identifying and Resolving 1099 Exceptions
- Submitting 1099 Forms
- Submitting the 1099 Electronic Media Report

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### Entering 1099 Suppliers

- Identify a 1099 supplier as federal and state reportable.
- In the Income Tax Type field, select from a list of 1099 MISC types.
- Enter a reporting name if different than the supplier name.
- Enable the tax reporting site for the supplier. The address information will print on the 1099 form.
- In the Verification Date field, enter the date you received tax verification from the supplier. In Oracle Payables you can submit Tax Information Verification Letters for your suppliers. Oracle Payables prevents the generation of any further letters to a supplier after the verification date.

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## Agenda

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### Agenda

- 1099 Reporting Overview
- Setup for 1099 Reporting
- Entering 1099 Details for Suppliers
- **Entering and Paying 1099 invoices**
- Identifying and Resolving 1099 Exceptions
- Submitting 1099 Forms
- Submitting the 1099 Electronic Media Report

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### Entering and Paying 1099 Invoices

- If you set up a supplier as federally reportable and assign a default income tax type, Payables defaults the Income Tax Type (1099 MISC Type) to each invoice distribution you enter for that supplier.
- You can override the default Income Tax Type for an invoice distribution in the Distributions window.
- When you submit 1099 reports for your suppliers, Oracle Payables sums up paid or partially paid invoice distribution lines for each Income Tax Type.

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## Entering and Paying 1099 Invoices

- **Assign, or accept the default for income tax type and income tax region for invoice distributions entered for a 1099 supplier.**
  - **If you are entering distributions by using a distribution set that does not include an Income tax type for any distributions, Oracle Payables automatically enters the supplier's default Income tax type.**
  - **In the Income Tax Region field, enter a region to identify a distribution as applicable to the United States state 1099 reporting requirements. If you select the Use Pay Site's Tax Region payable option, the default for the Region is the state in the address for the supplier site.**

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# Agenda

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## Agenda

- 1099 Reporting Overview
- Setup for 1099 Reporting
- Entering 1099 Details for Suppliers
- Entering and Paying 1099 invoices
- **Identifying and Resolving 1099 Exceptions**
- Submitting 1099 Forms
- Submitting the 1099 Electronic Media Report

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## Identifying 1099 Exceptions

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### Identifying 1099 Exceptions

Submit the following reports to review, identify, and correct 1099 exceptions:

- Use the 1099 Invoice Exceptions Report to review paid invoice distributions with inaccurate or missing 1099 income tax information.
- 1099 Supplier Exceptions Report
- Tax Information Verification Letter
- Update Income Tax Details Utility

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### Identifying 1099 Exceptions

- The 1099 Invoice Exceptions Report is divided into three sections:
  - Invoice distribution lines for 1099 suppliers with no income tax type.
  - Invoice distribution lines for non-1099 suppliers with an income tax type.
  - Invoice distribution lines with null or invalid income tax regions.
- For each exception, the report lists invoice and distribution information. This report is sorted by supplier, invoice, and invoice distribution number.

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### Identifying 1099 Exceptions

#### 1099 Supplier Exceptions Reports

- Use the 1099 Supplier Exceptions Report to review 1099 suppliers with inaccurate or outdated 1099 income tax information
- Run the 1099 Supplier Exceptions Report before you submit your 1099 reports to identify suppliers that Oracle Payables will treat as exception in your 1099 reports.
- You can correct these supplier exceptions in the Supplier window.
- Submit the 1099 Supplier Exceptions Report for each of your tax reporting entities.

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### Identifying 1099 Exceptions

- For each exception, Oracle Payables lists the supplier name, supplier number, tax identification number, tax reporting site, state, and exception condition. The report includes a brief description of each exception type condition it finds.
- Oracle Payables sorts this report by exception condition and supplier name. A supplier is listed once for each exception condition it meets.

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### Identifying 1099 Exceptions

#### Tax Verification Information Letter

- You can submit the Tax Information Verification Letter Report for each supplier requesting the name, address, TIN, and type of organization.

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### Submitting the Update Income Tax Details Utility

- **Submit this utility to report on or update the Income Tax Type and Income Tax Region fields on invoice distributions. These fields are required for all invoice distributions of 1099 reportable suppliers, because the fields are necessary for 1099 reporting.**
- **To correct inaccurate or missing Income Tax Type or Income Tax Region fields for 1099 suppliers:**
  - **Ensure that the supplier has accurate 1099 information.**
  - **Submit the utility.**

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### Submitting the Update Income Tax Details Utility

- You can also use this utility to correct invoice distributions of non-1099 suppliers that have income tax types assigned. If the supplier is a non-1099 supplier but you have inadvertently assigned Income Tax Types:
  - Ensure that the supplier is not federally reportable in the Suppliers window and that the site Income Tax Type field is blank.
  - Submit the Update Income Tax Details.
- If the supplier should be a 1099 supplier, update the supplier as federally reportable in the Suppliers window. In this case, the invoice distributions are accurate, so you need not submit the Update Income Tax Details Utility.

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## 1099 Payments Report

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### 1099 Payments Report

**Submit the 1099 Payments Report to create a listing of payments made to 1099 suppliers. After you review the listing, you can make corrections to 1099 Payment Information before running the 1099 forms and Electronic Media.**

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## Agenda

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### Agenda

- 1099 Reporting Overview
- Setup for 1099 Reporting
- Entering 1099 Details for Suppliers
- Entering and Paying 1099 invoices
- Identifying and Resolving 1099 Exceptions
- **Submitting 1099 Forms**
- Submitting the 1099 Electronic Media Report

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## Submitting 1099 Forms

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### Submitting 1099 Forms

- Use the 1099 Forms report to print, on preformatted forms mandated by the Internal Revenue Service, the total 1099 MISC payments for a particular 1099 supplier.
- Submit the 1099 Forms report for each tax reporting entity in your organization.
- The IRS requires that a copy of the Suppliers 1099 Form be sent to the supplier at year end.
- If you have less than 250 1099 forms, you can send a copy of the forms to the IRS.

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**(Help) Oracle Financial Applications > Oracle Payables > Reports and Programs > Income Tax Forms and Reports > 1099 Forms**

## Agenda

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### Agenda

- 1099 Reporting Overview
- Setup for 1099 Reporting
- Entering 1099 Details for Suppliers
- Entering and Paying 1099 invoices
- Identifying and Resolving 1099 Exceptions
- Submitting 1099 Forms
- **Submitting the 1099 Electronic Media Report**

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### 1099 Electronic Media

- Submit the 1099 Electronic Media report to generate your summarized 1099 information in electronic format as required by the Internal Revenue Service.
- You can create this file in a format to either send electronically or store on a diskette or magnetic tape to send to the Internal Revenue Service.
- The IRS requires electronic or magnetic media filing in one of these formats if you submit 250 or more records for your 1099 reporting.

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**(Help) Oracle Financial Applications > Oracle Payables > Reports and Programs > Income Tax Forms and Reports > 1099 Electronic Media**

### 1099 Electronic Media

- If you enable the Combined Filing Payables option, Payables produces K records for all tax regions (or states) participating in the Combined Filing Program that have qualifying payments.
- Payables produces B records for suppliers with 1099 payment amounts which equal or exceed the tax region's reporting limit in qualifying states. Payables produces these records when you submit the 1099 Electronic Media report.
- Payables provides a total for the payments in the B record for each payee.
- If there are any exceptions for your 1099 suppliers included in this 1099 Electronic Media report, Payables will not create the report.

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### Summary

**In this lesson, you should have learned how to:**

- **Set Up 1099 Reporting**
- **Enter 1099 Details for Suppliers**
- **Enter and Pay 1099 Invoices**
- **Identify and Resolve 1099 Exceptions**
- **Submit 1099 forms**
- **Submit 1099 Electronic Media Report**

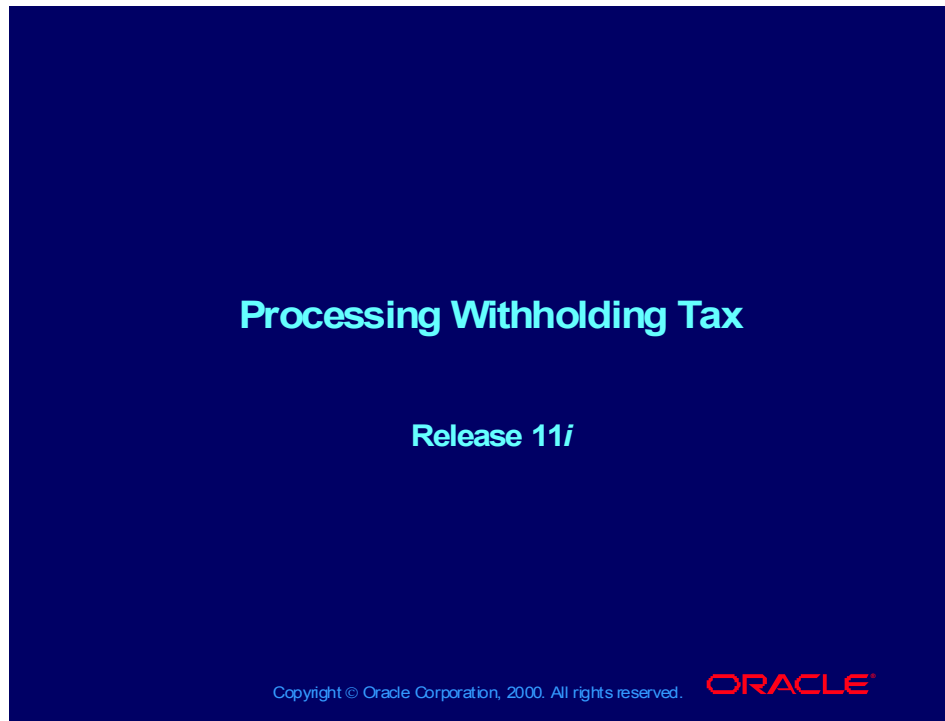
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# **Processing Withholding Tax**

## **Chapter 20**



**Notations:**

(N) = Navigator

(T) = Tab

(I) = Icon

(H) = Hyperlink

(B) = Button

(Help) = Oracle Applications Help System



## Objectives

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### Objectives

**After this Withholding Tax Course, you should be able to:**

- **Explain how to set up withholding tax in Payables**
- **Explain how to apply withholding tax to invoices you enter**
- **Explain how to create withholding tax invoices**
- **Explain how to pay a tax authority**
- **Explain how to review withholding tax information**

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## Agenda

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### Agenda

- **Setting up automatic withholding tax**
- **Applying withholding tax to invoices you enter**
- **Creating withholding tax invoices**
- **Paying a tax authority**
- **Reviewing withholding tax information**

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### Automatic Withholding Tax Overview

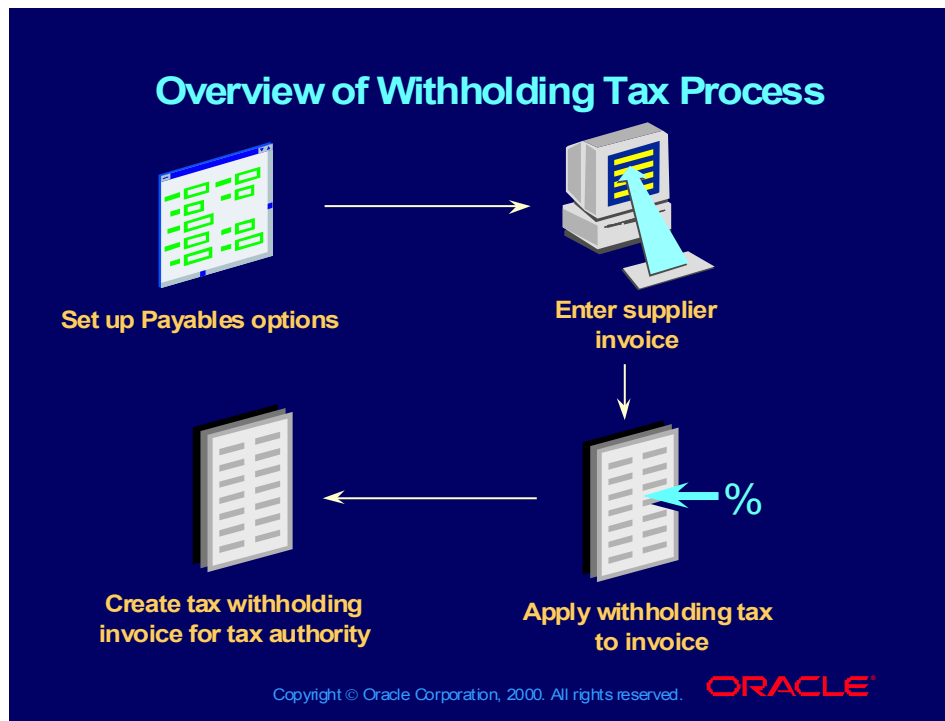
- You might be required to withhold taxes from:
  - supplier invoices
  - your employee expense reports
- You set up Payables to automatically withhold tax either:
  - at invoice approval time
  - at payment time

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## Overview of Withholding Tax Process

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**(Help) Oracle Financial Applications > Oracle Payables > Other Topics > Withholding Tax**

## Agenda

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### Agenda

- **Setting up automatic withholding tax**
- **Applying withholding tax to invoices you enter**
- **Creating withholding tax invoices**
- **Paying a tax authority**
- **Reviewing withholding tax information**

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## Setting Up Withholding Tax Payables Options

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### Setting Up Withholding Tax Payables Options

To allow Automatic Withholding Tax for your expense reports and supplier invoices, enable the Use Withholding Tax Payables option. Then, choose from the following Withholding Tax Payables options:

- **Allow Manual Withholding:** Enable this option to allow manual creation and adjustments of Withholding Tax type distributions for your invoices.
- **Tax Group:** Enter the name of the withholding tax group that you would like to use as the default withholding tax group for the new suppliers you enter.

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(Help) Oracle Financial Applications > Oracle Payables > Other Topics > Setting Up Withholding Tax

### Setting Up Withholding Tax Payables Options

- **Apply Withholding Tax:** Select the time at which Payables will apply withholding taxes to you supplier's invoices: at invoice approval time or payment time.
- **Withholding Amount Basis:** Select the Include Discount Amount checkbox if you want Payables to include the discount amount when it calculates withholding tax amounts for the invoice. Select the Include Tax Amount option if you want Payables to include the invoice tax amount when it calculates withholding tax amounts for the invoice.
- **Create Withholding Invoice:** Select the time at which Payables will automatically create invoices to remit withheld taxes to tax authorities: at Invoice approval time or payment time.

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### Setting Up Withholding Tax

- Create a unique Pay Group so you can easily group the invoices for payment to the tax authority.
- Enter each tax authority as a supplier, with supplier Type Tax Authority. Assign the appropriate unique Pay Group to the supplier.
- Create a Payment Format that uses the Tax Authority Remittance Advice as its Separate Remittance.
- For the appropriate bank(s), in the Payment Documents window, create a payment document that uses a Computer Generated or Combined Disbursement type, and uses the Payment Format with the Tax Authority Remittance Advice.

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### Setting Up Withholding Tax

Define your Withholding Tax type tax codes and tax rates. When you define a withholding tax code, you indicate first whether you will have any amount or rate controls by selecting one of the following rate structures:

**Period Limit:** After you pay a certain amount for withholding tax in a period, Payables stops withholding taxes.

**Flat Rate:** The withholding tax has no amount or period limits.

**Amount Ranges:** The tax rate depends on how much you have already paid during a time period. You can base the paid amount on the gross amount of total paid invoice amounts, or on the total amount of tax withheld. The time period can be either per withholding tax calendar period or per invoice.

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### Setting Up Withholding Tax

- **Assign tax authority suppliers to the tax codes.**
- **To allow automatic withholding of multiple taxes per expense report or invoice, define your withholding tax groups.**
- **Enter withholding tax details for suppliers.**
- **Define withholding tax exemptions and rate exceptions for all of a supplier site's invoices or for specific invoices of a supplier site.**

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## Review Question

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### Review Question

**If you enable the Use Withholding Tax option, Payables allows you to manually create and adjust Withholding Tax type distributions for your invoices.**

- 1. True**
- 2. False**

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## Answer to Review Question

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### Answer to Review Question

**If you enable the Use Withholding Tax option, Payables allows you to manually create and adjust Withholding Tax type distributions for your invoices.**

1. True
2. False

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## Agenda

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### Agenda

- Setting up automatic withholding tax
- Applying withholding tax to invoices you enter
- Creating withholding tax invoices
- Paying a tax authority
- Reviewing withholding tax information

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### Withholding Taxes

**In order to automatically withhold taxes, you must:**

- **Enter invoices**
- **Apply withholding tax to invoices**

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### Entering Invoices

- For invoices, Payables defaults the withholding tax group from the supplier site to the invoice and then to the invoice distribution. Accept this default or enter a different withholding tax group for an invoice or invoice distribution.
- For recurring invoices, enter a withholding tax group for a recurring invoice template. When you create invoices, Payables automatically assigns the withholding tax group from the recurring invoice template to all invoice distributions created for each invoice.

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### Entering Invoices

- **For expense reports, assign a withholding tax group to an expense report header. Payables defaults the withholding tax group to all new expense items created for the expense report. Accept or modify the default withholding tax group for each expense item. When you import the expense report using Invoice Import, Payables automatically assigns the withholding tax group assigned to each expense item to the invoice distribution created from the expense item.**

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### Applying Withholding Tax to Invoices

- Payables can automatically apply withholding tax, or you can perform these tasks manually.
- If you choose to apply withholding tax automatically, you must choose in the Payables options window, whether to do this during Approval or during payment processing.
- If you choose to apply withholding tax manually, you must first enable the allow Manual Withholding Payables option.

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### Applying Withholding Tax to Invoices

**Payables performs the following for you if you apply automatic withholding tax:**

- **For each group of invoice distributions assigned with the same withholding tax group, Payables creates a negative (positive for Credit/Debit Memos) Withholding Tax type invoice distribution for each Withholding Tax type tax code assigned to the invoice distribution.**
- **Adjusts the amount of the invoice to reflect the amount of the withheld tax.**
- **Adjusts the amount of the scheduled payments for the invoice to reflect the amount of the withheld tax.**

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### Demonstration

**In Oracle Payables we will demonstrate how to:**

- **Enter a supplier invoice**
- **Apply withholding tax to the invoice**

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## Review Question

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### Review Question

**You can choose to apply withholding tax at payment time.**

- 1. True**
- 2. False**

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## Answer to Review Question

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### Answer to Review Question

**You can choose to apply withholding tax at payment time.**

1. True
2. False

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## Agenda

---

### Agenda

- Setting up automatic withholding tax
- Applying withholding tax to invoices you enter
- **Creating withholding tax invoices**
- Paying a tax authority
- Reviewing withholding tax information

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## Creating Withholding Tax Invoices

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### Creating Withholding Tax Invoices

- After you apply withholding tax to an invoice, you can optionally create invoices to remit withheld tax to the tax authority.
- Payables can automatically create withholding tax invoices, or you can perform this task manually.

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**(Help) Oracle Financial Applications > Oracle Payables > Other Topics > Creating Withholding Tax Invoices**

### Creating Withholding Tax Invoices Manually

If you choose to create withholding tax invoices manually, then create an invoice:

- for each Withholding Tax type invoice distribution on an invoice.
- for the tax authority supplier and site assigned to the Withholding Tax type tax code and for the amount of the Withholding Tax type invoice distribution.

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### Creating Withholding Tax Invoices Automatically

If you choose to create withholding tax invoices automatically, you must choose whether to do this at invoice approval time or at payment time.

- If you specify that you want to create withholding tax invoices during Approval, Payables creates unapproved withholding tax invoices for tax authority suppliers assigned to the withholding tax code.
- If you specify that you want to create withholding tax invoices during payment processing, Payables creates unapproved withholding tax invoices during the Confirm program of payment batch processing, or during processing of a Quick payment.

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## Agenda

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### Agenda

- Setting up automatic withholding tax
- Applying withholding tax to invoices you enter
- Creating withholding tax invoices
- **Paying a tax authority**
- Reviewing withholding tax information

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### Paying a Tax Authority

- Create a payment batch and enter the unique Pay Group for the tax authority.
- Choose a payment document that uses a Payment Format with a Tax Authority Remittance Advice.
- The Tax Authority Remittance Advice lists original invoices on which tax was withheld, and the withheld tax amounts.

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**(Help) Oracle Financial Applications > Oracle Payables > Other Topics > Paying a Tax Authority**

## Review Question

---

### Review Question

**If you choose to create withholding tax invoices manually, you must create an invoice for each Withholding Tax type invoice distribution on an invoice.**

- 1. True**
- 2. False**

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## Answer to Review Question

---

### Answer to Review Question

**If you choose to create withholding tax invoices manually, you must create an invoice for each Withholding Tax type invoice distribution on an invoice.**

1. True
2. False

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## Agenda

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### Agenda

- **Setting up automatic withholding tax**
- **Applying withholding tax to invoices you enter**
- **Creating withholding tax invoices**
- **Paying a tax authority**
- **Reviewing withholding tax information**

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### Projected Withholding Tax

**When the Apply Withholding Tax Payables option is set to At Payment Time, you can use the Projected Withholding Tax window to review projected withholding tax invoice distributions for an invoice.**

- **Payables creates one Withholding Tax type invoice distribution for each Withholding Tax type tax code per withholding tax group assigned to an invoice distribution.**
- **Information in this window is display only.**

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### View Period-To-Date Withheld Amounts

Use this window to review period-to-date withheld amounts for a Withholding Tax type tax code for a supplier.

- You can review the amount subject to withholding and the period-to-date withheld amount.
- This window shows automatically withheld amounts, and does not show amounts that you withheld manually.
- The information in this window is display only.

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### View Period-To-Date Withheld Amounts

Submit the following standard reports to satisfy tax authority, supplier, and management reporting requirements.

- Withholding Tax By Invoice Report
- Withholding Tax By Payment Report
- Withholding Tax By Supplier Report
- Withholding Tax By Tax Authority Report
- Withholding Tax Certificate Listing Report

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## Review Question

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### Review Question

**The View Period-To-Date Withheld Amounts listing includes amounts that you withhold manually.**

- 1. True**
- 2. False**

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## Answer to Review Question

---

### Answer to Review Question

**The View Period-To-Date Withheld Amounts listing includes amounts that you withhold manually.**

1. True
2. False

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### Summary

In this lesson, you should have learned how to:

- Set up automatic withholding tax
- Apply withholding tax to invoices you enter
- Create withholding tax invoices
- Pay a tax authority
- Review withholding tax information

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# **R11i Implementing Global Taxes (Procure to Pay)**

## **Chapter 21**

# Implementing Global Taxes (Procure to Pay)

Release 11*i*

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### Objectives

**After this module, you should be able to:**

- **Describe global taxes and the way Oracle Purchasing and Oracle Payables support them**
- **Define tax codes and suppliers**
- **Set up tax defaults, tax groups, and Automatic Tax Calculation**
- **Set up tax recovery**

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## Agenda

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### Agenda

- **Describing global taxes and the way Oracle Purchasing and Oracle Payables support them**
- Defining tax codes and suppliers
- Setting up tax defaults, tax groups, and Automatic Tax Calculation
- Setting up tax recovery

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### Global Taxes Overview

**Tax regimes around the world differ in their requirements. For example:**

- **Value Added Tax (VAT)** - Imposed on the value added to goods or services at each stage of their supply
- **Goods and Services Tax (GST)** - Sales tax levied on many consumer products and professional services

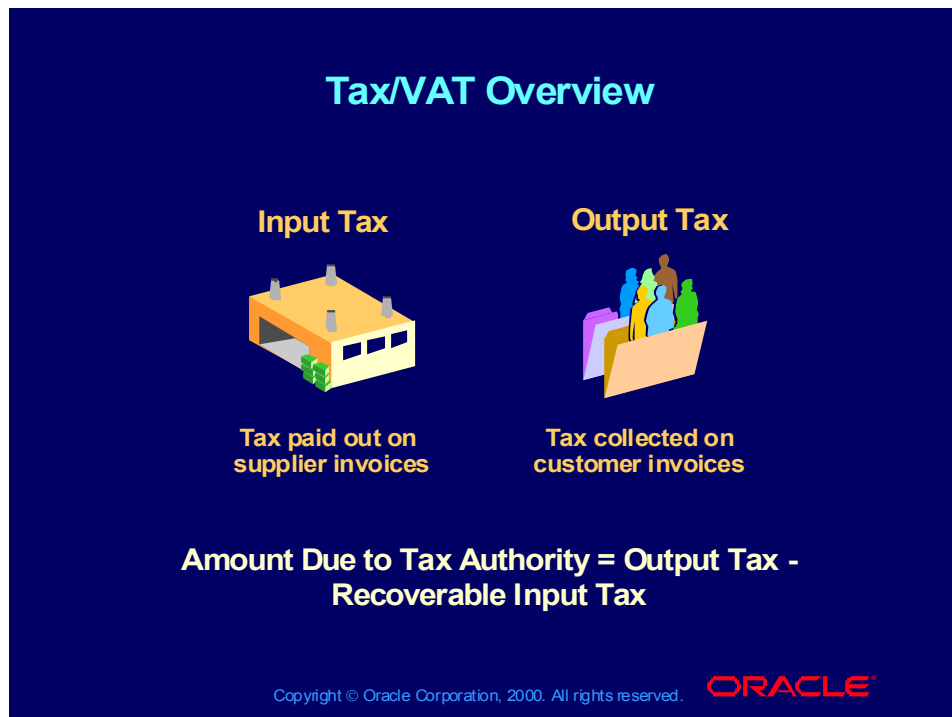


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## Tax/VAT Overview

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## Review Question

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### Review Question

**Recoverability is the rate at which you can reclaim input taxes paid to your tax authority.**

- 1. True**
- 2. False**

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## Answer to Review Question

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### Answer to Review Question

**Recoverability is the rate at which you can reclaim input taxes paid to your tax authority.**

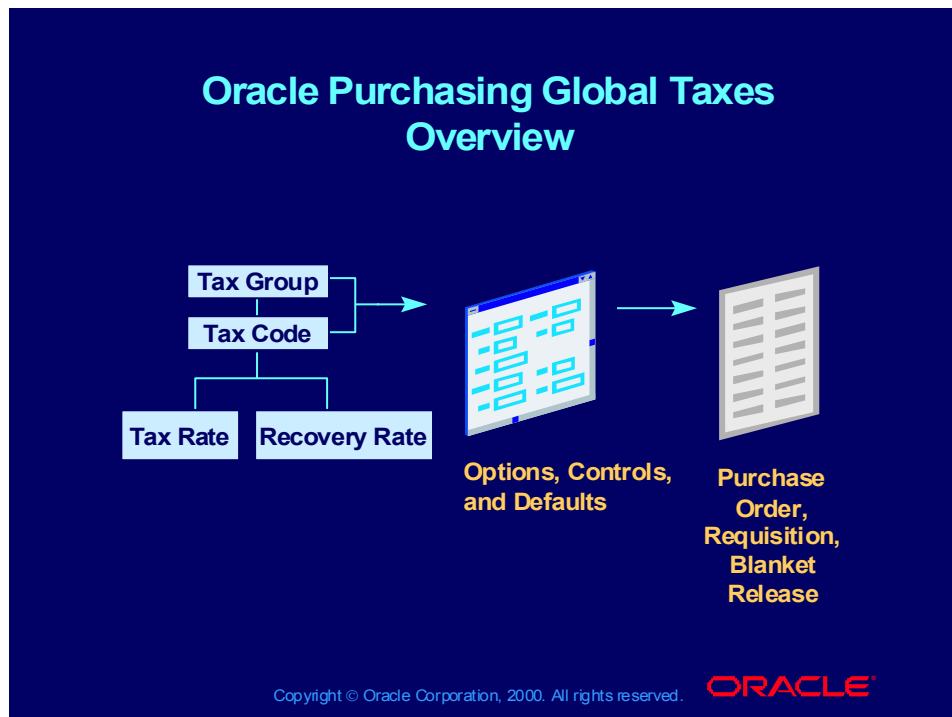
1. True
2. False

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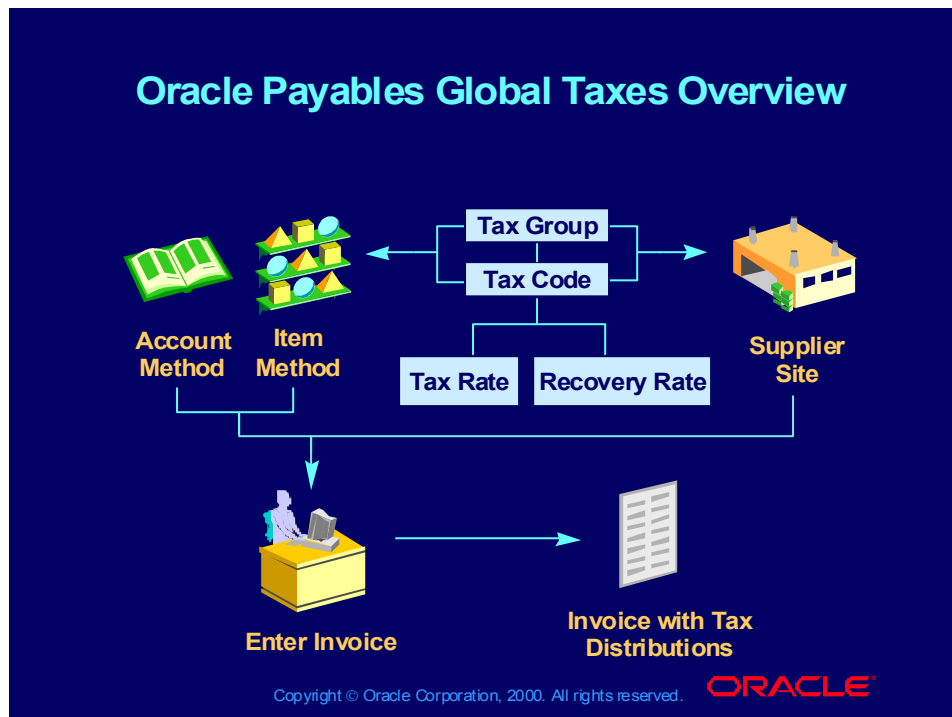
## Oracle Purchasing Global Taxes Overview

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**(Help) Oracle Purchasing > Purchase Orders > Tax Defaults in Purchasing**

## Oracle Payables Global Taxes Overview



## Agenda

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### Agenda

- Describing global taxes and the way Oracle Purchasing and Oracle Payables support them
- **Defining tax codes and suppliers**
- Setting up tax defaults, tax groups, and Automatic Tax Calculation
- Setting up tax recovery

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## Defining Tax Types

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### Defining Tax Types

- Optionally use the Oracle Payables Lookups window to define tax types, for example, VAT.
- Oracle Purchasing and Payables treat all sales and user-defined tax types the same way.

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**(N) Setup > Lookups > Payables**

**(Help) Oracle Payables > Setup > Lookups**



## Defining Tax Codes

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### Defining Tax Codes

Use the **Tax Codes** window to define the tax codes that you will use to record tax information in **Purchasing** and **Payables** documents.

For each tax code, you can:

- Define and use in Oracle **Purchasing** or **Payables**
- Enter:
  - Tax type
  - Tax rate
  - Effective dates
  - Recovery rate or recovery rule
  - GL account

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**(N) Oracle Purchasing: Setup > Tax > Tax Codes**

**(N) Oracle Payables: Setup > Tax > Codes**

**(Help) Oracle Payables > Setup > Tax Codes > Tax Codes**

## Defining Suppliers and Supplier Sites

---

### Defining Suppliers and Supplier Sites

Suppliers and supplier sites are shared between Oracle Purchasing and Oracle Payables and can be set up in either product.

1. Enter the tax registration number in the Tax Registration Number field in the header region.
2. Optionally enter a default tax code or group in the Invoice Tax Code field for supplier sites.
3. Optionally check the Use Offset Taxes checkbox.

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**(N) Oracle Purchasing: Supply Base > Suppliers > (T) Invoice Tax**

**(N) Oracle Payables: Suppliers > Entry > (T) Invoice Tax**

**(Help) Oracle Payables > Suppliers > Suppliers and Supplier Sites Window  
Reference > Suppliers and Supplier Sites Header Field Reference > Suppliers  
and Supplier Sites Header Field Reference**

**(Help) Oracle Payables > Suppliers > Suppliers and Supplier Sites Window  
Reference > Suppliers and Supplier Sites Header Field Reference > Invoice  
Tax Region**

## Review Question

---

### Review Question

**Oracle Purchasing and Oracle Payables treat the user-defined global taxes as \_\_\_\_\_ taxes.**

- 1. Sales**
- 2. Use**
- 3. Offset**
- 4. Withholding**
- 5. None of the above**

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### Answer to Review Question

**Oracle Purchasing and Oracle Payables treat the user-defined global taxes as Sales taxes.**

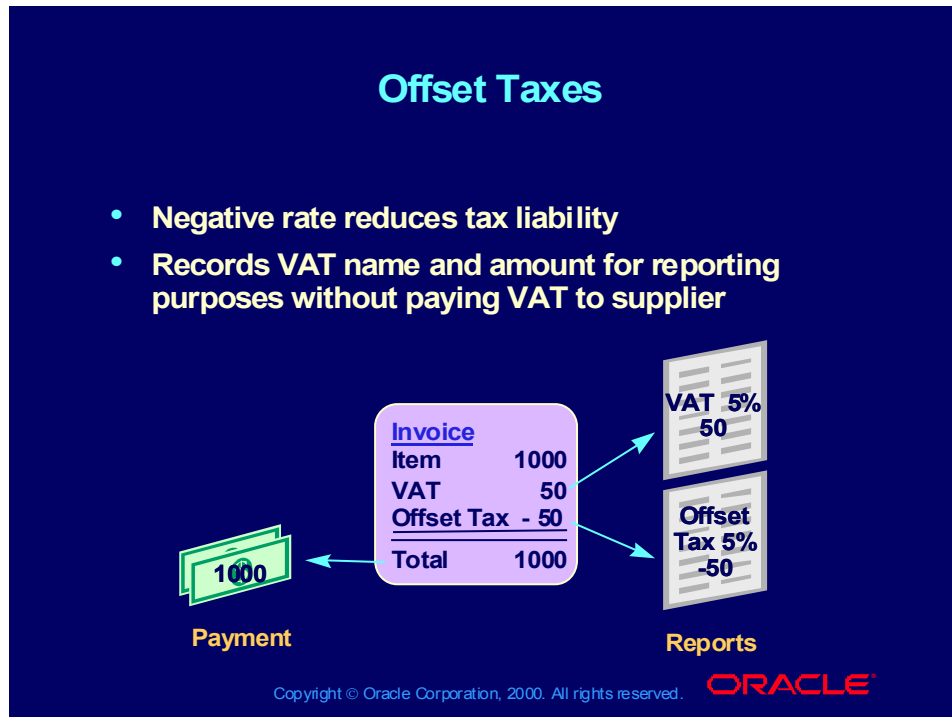
1. Sales
2. Use
3. Offset
4. Withholding
5. None of the above

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## Offset Taxes

---



(Help) Oracle Payables > Invoices > Taxes on Invoices > Offset Taxes > EU VAT Taxes

## Setting Up for Offset Taxes

---

### Setting Up for Offset Taxes

1. Define a tax code with Offset type and negative rate.
2. Define a user-defined tax code, such as a VAT code, and enter the Offset tax code in the Offset Tax Code field.
3. Check the Use Offset Taxes checkbox for supplier sites that you want to automatically create Offset tax distributions for.

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**(N) Setup > Tax > Codes**

**(N) Suppliers > Entry > (B) Sites > (T) Invoice Tax**

**(Help) Oracle Payables > Invoices > Taxes on Invoices > Offset Taxes > Setting Up Payables for Offset Taxes**

**(Help) Oracle Payables > Setup > Tax Codes > Tax Codes**

### Demonstration

**This demonstration covers how to:**

- **Set up Offset taxes**
- **Set up supplier sites for Offset taxes**

**(N) Setup > Tax > Codes**

**(N) Suppliers > Entry > (B) Sites > (T) Invoice Tax**

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## Agenda

---

### Agenda

- Describing global taxes and the way Oracle Purchasing and Oracle Payables calculates them
- Defining tax codes and suppliers
- **Setting up tax defaults, tax groups, and Automatic Tax Calculation**
- Setting up tax recovery

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## Defining Tax Financials Options

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### Defining Tax Financials Options

- **Default tax code**
- **VAT registration**
  - **Member State**
  - **VAT Registration Number**
- **Tax recovery**
- **Calculation rules**

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**(N) Setup > Options > Financials > (T) Tax**

**(Help) Oracle Payables > Setup > Financials Options > Financials Options  
Window Reference > Tax Financials Options**

## Defining Tax Defaulting in Oracle Purchasing

---

### Defining Tax Defaulting in Oracle Purchasing

Use the Purchasing Options window to define:

- Which sources Oracle Purchasing uses to default tax codes to documents
- The order in which Oracle Purchasing searches the sources to find a valid tax code value

A tax code defined in the Purchase Order Preferences window overrides these tax defaults.

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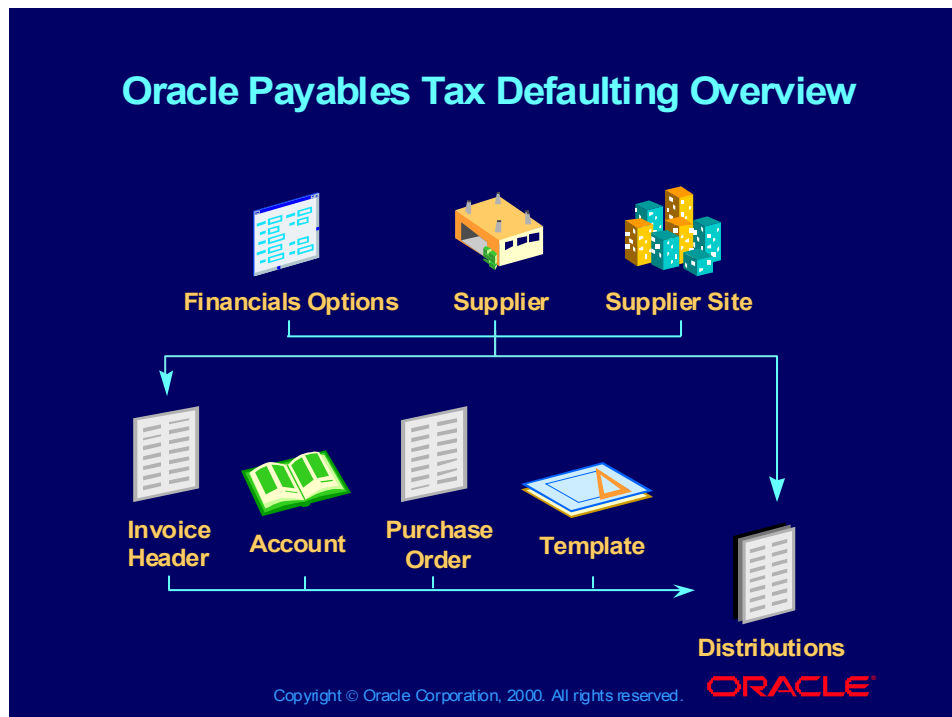
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**(N) Setup > Organizations > Purchasing Options > (T) Tax Defaults**

**(Help) Oracle Purchasing > Setting Up > Purchasing Options > Defining Tax Default Options**

## Oracle Payables Tax Defaulting Overview

---



**(Help) Oracle Payables > Invoices > Taxes on Invoices > Defaulting Tax in Payables**

## Defining Tax Defaulting in Oracle Payables

---

### Defining Tax Defaulting in Oracle Payables

Use the **Tax Defaults and Rules** region of the **Payables Options** window to define:

- Which sources Oracle Payables uses to default tax codes to documents
- The order in which Oracle Payables searches the sources to find a valid tax code value

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**(N) Setup > Options > Payables > (T) Tax Defaults and Rules**

**(Help) Oracle Payables > Setup > Payables Options > Payables Options  
Window Reference > Tax Defaults and Rules Payables Options**

## Setting Up Item Method Defaulting

---

### Setting Up Item Method Defaulting

- Tax code defaults based on the inventory item and source (point of supply) if the invoice is matched to a purchase order
- Defaulting hierarchy set in the Tax Defaults and Rules region of the Payables Options window
- Method suitable for implementations closely integrated with Oracle Purchasing

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**(N) Setup > Options > Payables > (T) Tax Defaults and Rules**

**(Help) Oracle Payables > Invoices > Taxes on Invoices > Tax Control Methods**

## Setting Up Account Method Defaulting

---

### Setting Up Account Method Defaulting

Use the Account Method if your chart of accounts is constructed around tax compliance.

1. Include Account source in tax defaulting hierarchy and optionally check Enforce Tax From Account checkbox (Payables Options window)
2. Assign tax codes to the Account segment of expense or asset accounts (Tax Options window)
  - Tax code for invoice distributions optionally validated against the tax code assigned to expense or asset account

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**(N) Setup > Options > Payables > (T) Tax Defaults and Rules**

**(N) Setup > Tax > GL Tax Assignments > (T) Account Level**

**(Help) Oracle Payables > Invoices > Taxes on Invoices > Tax Control Methods**

**(Help) Oracle Payables > Invoices > Taxes on Invoices > Deriving Tax From a Natural Account**

## Review Question

---

### Review Question

**Oracle Payables uses the tax default hierarchy to find a valid tax code to default to:**

- 1. The invoice header**
- 2. Distribution lines**
- 3. Both**

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## Answer to Review Question

---

### Answer to Review Question

**Oracle Payables uses the tax default hierarchy to find a valid tax code to default to:**

1. The invoice header
2. Distribution lines
3. **Both**

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## Defining Tax Groups

---

### Defining Tax Groups

Use the Tax Groups window to group tax codes for calculating multiple taxes on single taxable items.

For each tax group, you can enter:

- Tax group code
- Effective dates
- Sales or user-defined tax codes that default in:
  - Tax rates
  - Offset taxes
  - Recovery rules and rates

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**(N) Setup > Tax > Groups**

**(Help) Oracle Payables > Setup > Tax Groups**

## Demonstration

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### Demonstration

**This demonstration covers how to define a tax group.**

**(N) Setup > Tax > Groups**

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## Automatic Tax Calculation Overview

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### Automatic Tax Calculation Overview

**Automatic Tax Calculation automatically calculates invoice sales tax and creates tax distributions.**

**Calculation levels:**

- **Header**
- **Line**
- **Tax Code**

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**(Help) Oracle Payables > Other Topics > Automatic Tax Calculation > Automatic Tax Calculation Overview**

## Setting Up Options for Automatic Tax Calculation

---

### Setting Up Options for Automatic Tax Calculation

- **Payables Options window**
  - **Enable Automatic Tax Calculation**
  - **Select calculation level**
  - **Select optional controls**
- **Financials Options window**
  - **Default tax code**
  - **Select rounding rule**
  - **Set up recoverability**

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**(N) Setup > Options > Payables > (T) Invoice Tax**

**(N) Setup > Options > Financials > (T) Tax**

**(Help) Oracle Payables > Setup > Payables Options > Payables Options Window Reference > Invoice Tax Payables Options**

**(Help) Oracle Payables > Setup > Financials Options > Financials Options Window Reference > Tax Financials Options**

## Setting Up Suppliers and Supplier Sites for Automatic Tax Calculation

---



**(N) Suppliers > Entry > (B) Sites > (T) Invoice Tax**

**(Help) Oracle Payables > Suppliers > Suppliers and Supplier Sites Window Reference > Suppliers and Supplier Sites Header Field Reference > Invoice Tax Region**

## Review Question

---

### Review Question

**If you are using the Oracle Applications Multiple Organization Support feature, you cannot enter a value in the Invoice Tax Code field at which level?**

- 1. Supplier**
- 2. Supplier Site**
- 3. Invoice**

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### Answer to Review Question

**If you are using Oracle Applications Multiple Organization Support feature, you cannot enter a value in the Invoice Tax Code field at which level?**

- 1. Supplier**
2. Supplier Site
3. Invoice

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## Agenda

---

### Agenda

- Describing global taxes and the way Oracle Purchasing and Oracle Payables support them
- Defining tax codes and suppliers
- Setting up tax defaults, tax groups, and Automatic Tax Calculation
- **Setting up tax recovery**

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### Tax Recovery

- Global taxes can be:
  - Recoverable
  - Partially recoverable
  - Nonrecoverable
- Recovery rate is the percentage of tax that you can reclaim for credit
- Assign tax recovery rate or rule to tax code
- Payables creates separate distributions for recoverable and nonrecoverable portions of tax
- Setup is also used for Automatic Tax Calculation in a tax regime where tax is all nonrecoverable

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**(Help) Oracle Payables > Invoices > Tax on Invoices > Recoverable Tax > Setting Up Payables for Recoverable Tax**

## Setting Up Financials Options for Tax Recovery

---

### Setting Up Financials Options for Tax Recovery

1. Check the **Enable Recoverable Tax** checkbox
2. Enter a recovery rate in the **Default Recovery Rate** field that defaults to the **Tax Codes** and **Tax Recovery Rules** windows
3. Select **Include Recoverable Tax** in the **Cash Basis Encumbrance** field
  - If using cash basis accounting for secondary set of books
  - To encumber recoverable and nonrecoverable tax against the expense account

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**(N) Setup > Options > Financials > (T) Tax**

**(Help) Oracle Payables > Invoices > Tax on Invoices > Recoverable Tax > Setting Up Payables for Recoverable Tax**

## Defining and Assigning Supplier Types

---

### Defining and Assigning Supplier Types

If you use tax recovery rules that use supplier types:

- Define additional values for Supplier Type in the Oracle Purchasing Lookups window
- Assign supplier types to suppliers in the Type field of the Suppliers window

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**(N) Oracle Purchasing: Setup > Purchasing > Lookup Codes**

**(N) Oracle Payables: Suppliers > Entry > (T) Classification**

**(Help) Oracle Payables > Invoices > Tax on Invoices > Recoverable Tax > Setting Up Payables for Recoverable Tax**

## Defining Tax Recovery Rules

---

### Defining Tax Recovery Rules

- Use the Tax Recovery Rules window to define tax recovery rules if the recovery rate varies depending on:
  - Distribution account
  - Invoice date
  - Condition
- Each rule can have multiple rates
- Each active rate needs a unique combination of:
  - Account range
  - Effective dates
  - Condition

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**(N) Setup > Tax > Recovery Rules**

**(Help) Oracle Payables > Setup > Tax Recovery Rules > Tax Recovery Rules**

**(Help) Oracle Payables > Setup > Tax Recovery Rules > Tax Recovery Rules Window Reference**

**(Help) Oracle Payables > Invoices > Tax on Invoices > Recoverable Tax > Setting Up Payables for Recoverable Tax**

## Review Question

---

### Review Question

For complex tax recovery rules, you can enter a \_\_\_\_\_ instead of a tax recovery rate.

1. Concurrent program name
2. Tax group
3. PL\*SQL function

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### Answer to Review Question

For complex tax recovery rules, you can enter a PL\*SQL function instead of a tax recovery rate.

1. Concurrent program name
2. Tax group
3. **PL\*SQL function**

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## Defining Tax Codes for Tax Recovery

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### Defining Tax Codes for Tax Recovery

- Use the Recovery Rules region of the Tax Codes window
- Enter a tax recovery rate in the Recovery Rate field or a tax recovery rule in the Rule Name field
- Enter 0 in the Recovery Rate field for all tax codes if you are using Automatic Tax Calculation in a tax regime where tax recovery is not allowed

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**(N) Setup > Tax > Codes > (T) Recovery Rules**

**(Help) Oracle Payables > Invoices > Tax on Invoices > Recoverable Tax > Setting Up Payables for Recoverable Tax**

**(Help) Oracle Payables > Setup > Tax Codes > Tax Codes Window Reference**

### Demonstration

**This demonstration covers how to:**

- Define a tax recovery rule
- Define a tax code with the tax recovery rule

**(N) Setup > Tax > Recovery Rules**

**(N) Setup > Tax > Codes > (T) Recovery Rules**

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## Setting Profile Options for Tax Recovery

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### Setting Profile Options for Tax Recovery

- Use the **System Profile Values** window in the **System Administrator Responsibility**
- Set options for entering **Purchasing or Payables** documents:
  - **Tax: Allow Override of Tax Code**
  - **Tax: Allow Override of Tax Recovery Rate**

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**(N) Profile > System**

**(Help) Oracle Payables > Invoices > Tax on Invoices > Recoverable Tax > Setting Up Payables for Recoverable Tax**

### Summary

**In this module, you should have learned how to:**

- **Describe global taxes and the way Oracle Purchasing and Oracle Payables support them**
- **Define tax codes and suppliers**
- **Set up tax defaults, tax groups, and Automatic Tax Calculation**
- **Set up tax recovery**

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# **R11i Processing Global Taxes**

## **Chapter 22**

# Processing Global Taxes

Release 11*i*

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### Objectives

**After this module, you should be able to:**

- **Describe global taxes**
- **Process global taxes in Oracle Purchasing**
- **Process global taxes in Oracle Payables**
- **Process global taxes in Oracle Order Management**
- **Process global taxes in Oracle Receivables**

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## Agenda

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### Agenda

- **Describing global taxes**
- Processing global taxes in Oracle Purchasing
- Processing global taxes in Oracle Payables
- Processing global taxes in Oracle Order Management
- Processing global taxes in Oracle Receivables

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### Global Taxes Overview

**Tax regimes around the world differ in their requirements. For example:**

- **Value Added Tax (VAT)** - Imposed on the value added to goods or services at each stage of their supply
- **Goods and Services Tax (GST)** - Sales tax levied on many consumer products and professional services

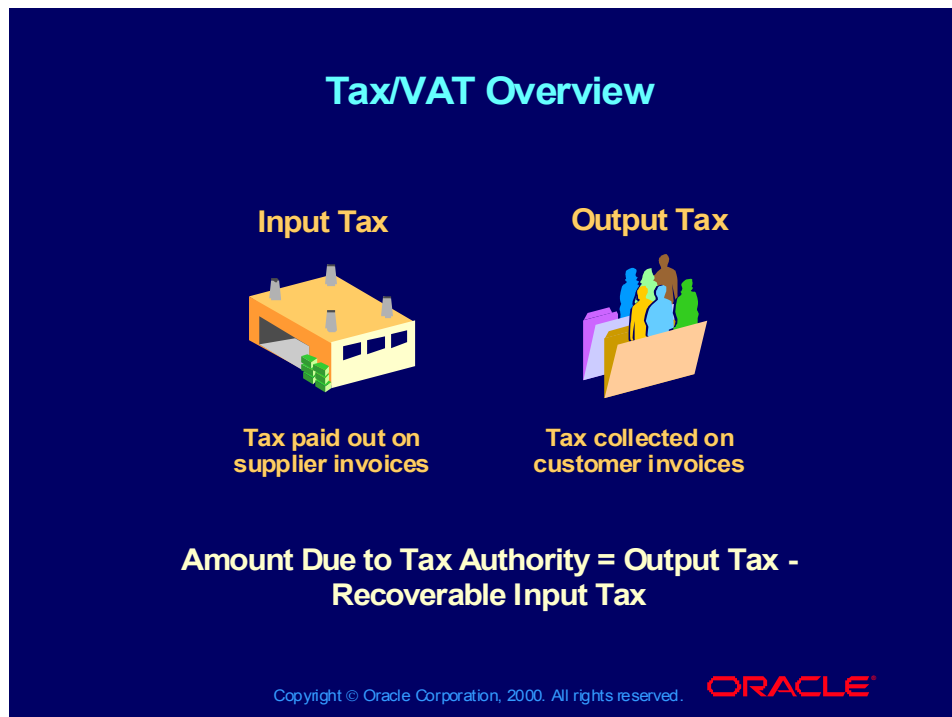


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## Tax/VAT Overview

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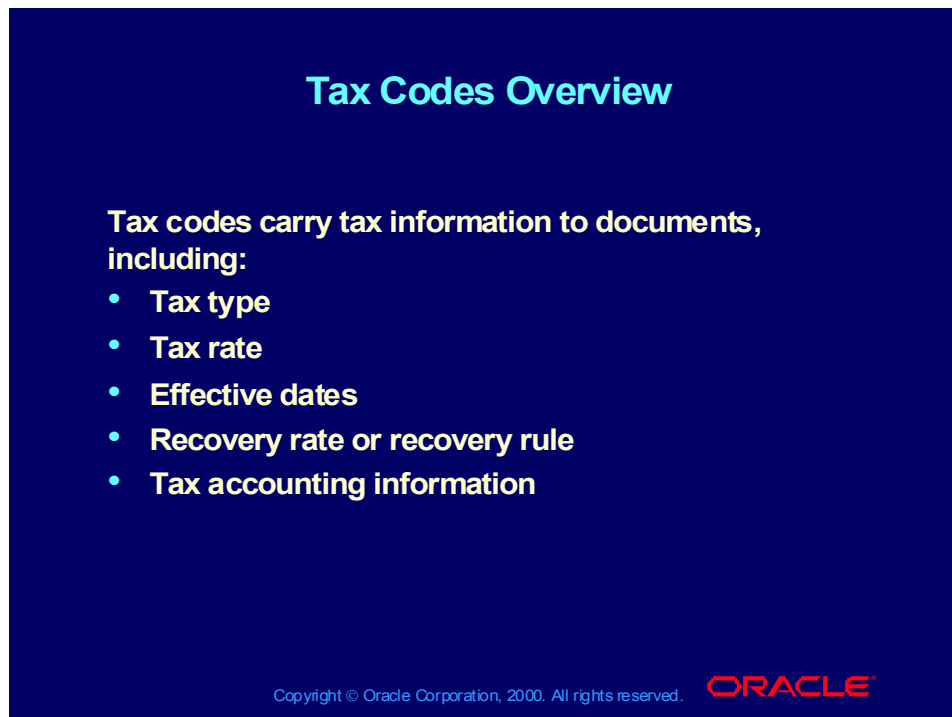
**(Help) Oracle Payables > Invoices > Taxes on Invoices > Entering Taxes on Invoices**

**(Help) Oracle Receivables > Tax > Implementing Value Added Tax**



## Tax Codes Overview

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A blue rectangular slide with white text. At the top center is the title 'Tax Codes Overview'. Below it, the text 'Tax codes carry tax information to documents, including:' is followed by a bulleted list of five items: 'Tax type', 'Tax rate', 'Effective dates', 'Recovery rate or recovery rule', and 'Tax accounting information'. At the bottom right is the Oracle logo, and at the bottom left is a small copyright notice.

**Tax Codes Overview**

Tax codes carry tax information to documents, including:

- Tax type
- Tax rate
- Effective dates
- Recovery rate or recovery rule
- Tax accounting information

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**(Help) Oracle Payables > Setup > Tax Codes > Tax Codes**

**(Help) Oracle Receivables > Tax > Setting Up > Tax Codes and Rates**

### Tax Recovery

- Global input taxes can be:
  - Recoverable
  - Partially recoverable
  - Nonrecoverable
- Recovery rate is the percentage of tax that you can reclaim for credit
- Tax recovery rate or rule is assigned to tax code
- Oracle Payables creates separate distributions for recoverable and nonrecoverable portions of tax

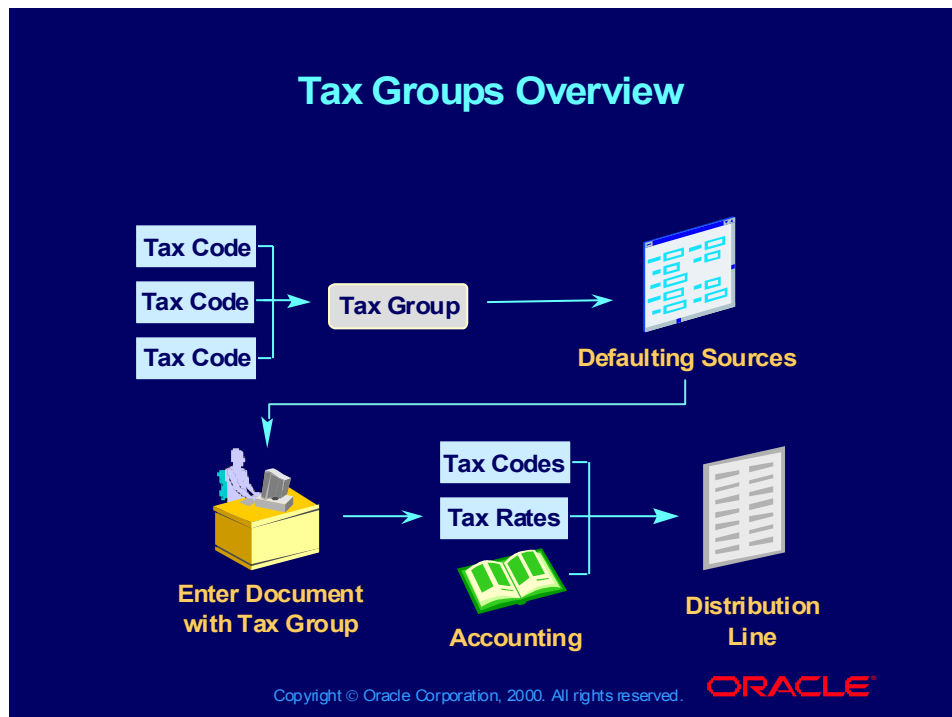
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**(Help) Oracle Payables > Invoices > Taxes on Invoices > Recoverable Tax > Setting Up Payables for Recoverable Tax**

## Tax Groups Overview

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(Help) Oracle Payables > Setup > Tax Groups

(Help) Oracle Receivables > Tax > Setting Up > Tax Groups

## Agenda

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### Agenda

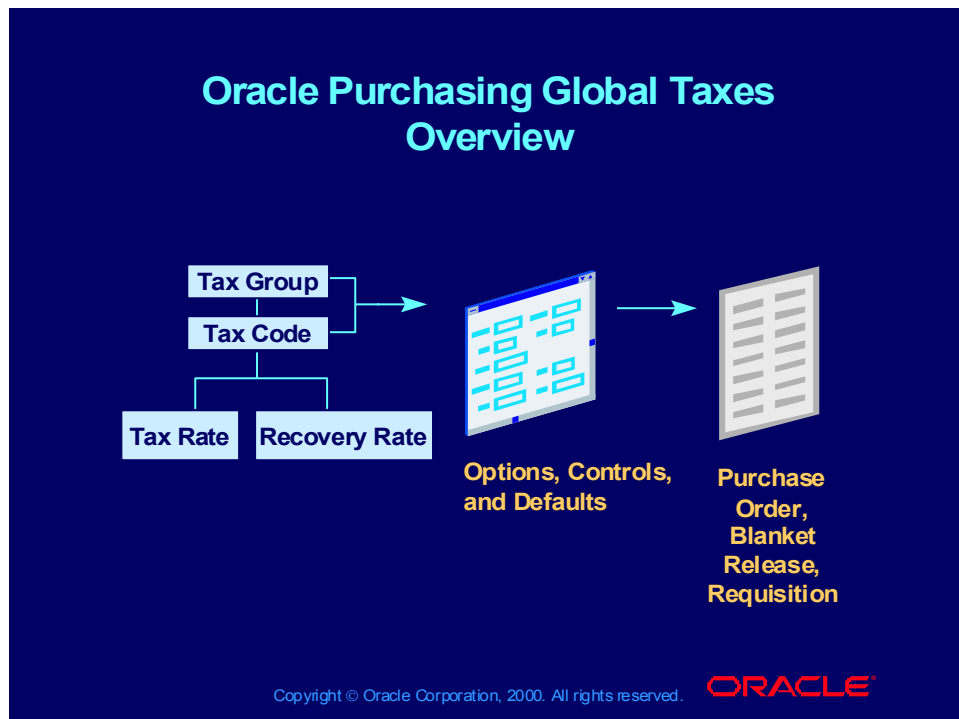
- Describing global taxes
- **Processing global taxes in Oracle Purchasing**
- Processing global taxes in Oracle Payables
- Processing global taxes in Oracle Order Management
- Processing global taxes in Oracle Receivables

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## Oracle Purchasing Global Taxes Overview

---



**(Help) Oracle Purchasing > Purchase Orders > Tax Defaults in Purchasing**

## Entering Tax Information for Purchase Orders

---

### Entering Tax Information for Purchase Orders

1. Enter purchase order header and line information in the Purchase Orders window.
2. Enter shipment information in the Shipments window.
  - Taxable check box is checked if a tax code/tax group is associated with the item
  - Accept or override the tax code/tax group default in the Tax Code field
3. Accept or override the recovery rate defaulted from the tax code in the Distributions window.

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**(N) Purchase Orders > Purchase Orders > (B) Shipments > (B) Distributions  
(Help) Oracle Purchasing > Purchase Orders > Creating Purchase Orders > Entering Headers**

**(Help) Oracle Purchasing > Purchase Orders > Creating Purchase Orders > Entering Lines**

**(Help) Oracle Purchasing > Purchase Orders > Creating Purchase Orders > Entering Shipments**

**(Help) Oracle Purchasing > Purchase Orders > Creating Purchase Orders > Entering Distributions**

## Entering Tax Information for Releases

---

### Entering Tax Information for Releases

1. Enter release header information in the Releases window.
2. Enter shipment information in Shipments region; accept or override tax code/tax group default in the Tax Code field. The tax code/tax group defaults in this order from the:
  - Setup in the Purchase Order Preferences window
  - Planned purchase order shipment
  - Setup in the Purchasing Options window
3. Accept or override the recovery rate defaulted from the tax code in the Distributions window.

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**(N) Purchase Orders > Releases > (T) Shipments > (B) Distributions**

**(Help) Oracle Purchasing > Purchase Orders > Creating Releases > Entering Release Headers**

**(Help) Oracle Purchasing > Purchase Orders > Creating Releases > Entering Release Shipments**

**(Help) Oracle Purchasing > Purchase Orders > Creating Releases > Entering Release Distributions**

## Entering Tax Information for Requisitions

---

### Entering Tax Information for Requisitions

1. Enter requisition header information in the Requisitions window.
2. In the Items region, accept or override tax code/tax group default in the Tax Code field.
3. Accept or override the recovery rate defaulted from the tax code in the Distributions window.

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**(N) Requisitions > Requisitions > (T) Items > (B) Distributions**  
**(Help) Oracle Purchasing > Requisitions > Entering Requisition Headers**  
**(Help) Oracle Purchasing > Requisitions > Entering Requisition Lines**  
**(Help) Oracle Purchasing > Requisitions > Entering Requisition Distributions**



## Viewing Tax information

---

### Viewing Tax information

For purchase orders, releases, and requisitions, use:

- The Tax Code Summary window to view tax lines totaled and grouped by tax code
- The Tax Details window to view all tax information for each line, shipment, and distribution

These windows are only for viewing, not changing, tax information which includes recovery rates and recoverable amounts.

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**(N) Purchase Orders > Purchase Orders > (M) Tools > Tax Code Summary**

**(N) Purchase Orders > Purchase Orders > (M) Tools > Tax Details**

**(N) Purchase Orders > Releases > (M) Tools > Tax Code Summary**

**(N) Purchase Orders > Releases > (M) Tools > Tax Details**

**(N) Requisitions > Requisitions > (M) Tools > Tax Code Summary**

**(N) Requisitions > Requisitions > (M) Tools > Tax Details**

**(Help) Oracle Purchasing > Purchase Orders > Viewing Tax Code Summary Information**

**(Help) Oracle Purchasing > Purchase Orders > Viewing Tax Details**

### Practice with Solution

**Query a purchase order and view its tax information using the Tax Code Summary and Tax Details windows.**

**(N) Purchase Orders > Purchase Orders > (M) Tools > Tax Code Summary**

**(N) Purchase Orders > Purchase Orders > (M) Tools > Tax Details**

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### Practice Solution

1. Navigate to the Purchase Orders window.
2. From the View menu, query the purchase order that the instructor specifies.
3. From the Tools menu, select Tax Code Summary.
4. From the Tools menu, select Tax Details.
5. View the tax information in both windows.

## Agenda

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### Agenda

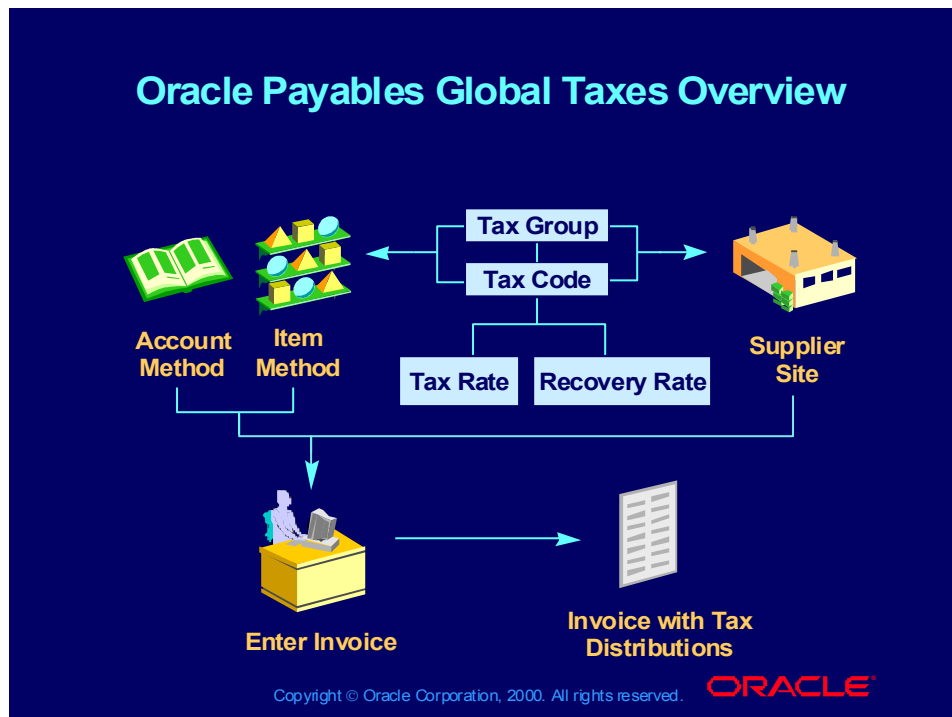
- Describing global taxes
- Processing global taxes in Oracle Purchasing
- **Processing global taxes in Oracle Payables**
- Processing global taxes in Oracle Order Management
- Processing global taxes in Oracle Receivables

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## Oracle Payables Global Taxes Overview

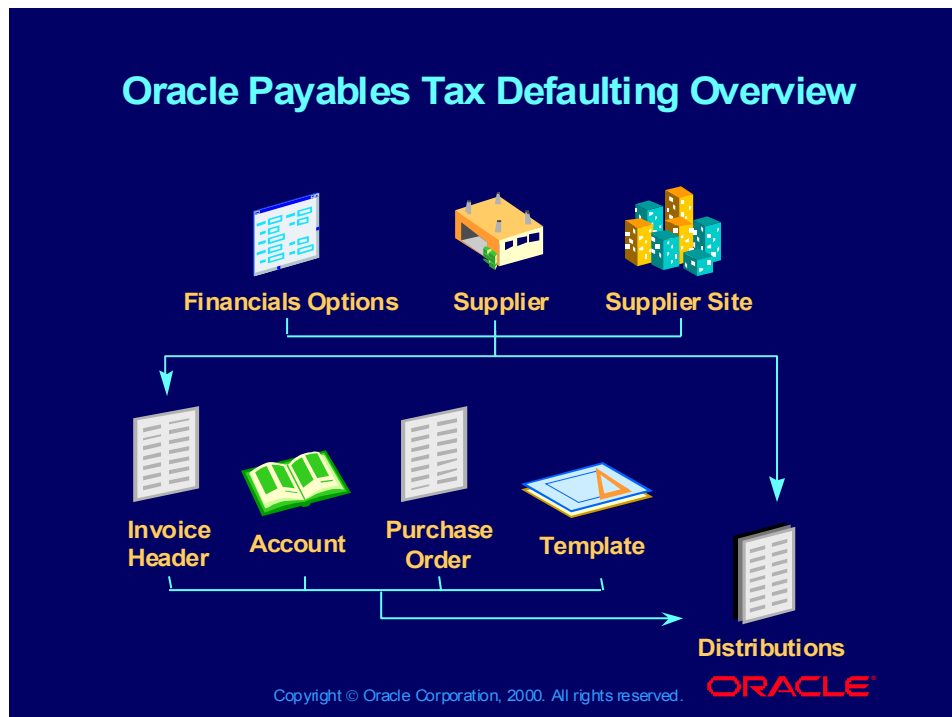
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**(Help) Oracle Payables > Invoices > Taxes on Invoices > Entering Taxes on Invoices**

## Oracle Payables Tax Defaulting Overview

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**(Help) Oracle Payables > Invoices > Taxes on Invoices > Defaulting Tax in Payables**

## Entering Invoices with Tax Groups

---

### Entering Invoices with Tax Groups

- Use tax groups to calculate multiple taxes on single taxable items
- You can assign the same tax group to multiple taxable items on an invoice, but use only one tax group within a single invoice
- You can use tax groups to apply multiple tax recovery rules per taxable invoice item

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**(Help) Oracle Payables > Setup > Tax Groups**

## Manually Entering Tax Distributions in the Invoice Workbench

---

### Manually Entering Tax Distributions in the Invoice Workbench

You can enter tax manually at either the header or the distribution level.

- For header level, accept or change the default tax code on the invoice header and manually enter the tax amount. Oracle Payables creates a single tax distribution.
  - Ensure that the corresponding Item, Freight, or Miscellaneous distributions have the corresponding tax code.
- For distribution level, accept or change the default tax code(s)/tax group on the distribution(s). Manually enter one or more tax distributions with the corresponding tax code(s).

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**(N) Invoices > Entry > Invoices > (B) Distributions**

**(Help) Oracle Payables > Invoices > Taxes on Invoices > Entering Tax Distributions in the Invoice Workbench**

## Automatic Tax Calculation Overview

---

### Automatic Tax Calculation Overview

**Automatic Tax Calculation automatically calculates invoice tax and creates tax distributions.**

**Calculation levels:**

- **Header**
- **Line**
- **Tax Code**

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**(Help) Oracle Payables > Other Topics > Automatic Tax Calculation > Automatic Tax Calculation Overview**

**(Help) Oracle Payables > Invoices > Taxes on Invoices > Automatic Tax Calculation > Using the Automatic Tax Calculation Feature**



## Using Automatic Tax Calculation - Header Level

---

### Using Automatic Tax Calculation - Header Level

1. Enter invoice header information in the Invoices window.
2. Enter *Header* in the Tax Calculation field if the Allow Override check box is checked at the supplier site.
3. Accept or change the tax code default; Oracle Payables calculates the tax amount.
4. Automatically or manually enter distributions; Oracle Payables creates a tax type distribution based on the tax code and amount in the Invoices window.

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**(N) Invoices > Entry > Invoices > (B) Distributions**

**(Help) Oracle Payables > Invoices > Taxes on Invoices > Automatic Tax Calculation > Invoice Header Level Automatic Tax Calculation**

## Using Automatic Tax Calculation - Line and Tax Code Level

---

### Using Automatic Tax Calculation - Line and Tax Code Level

1. Enter invoice header information in the Invoices window.
2. Enter *Line* or *Tax Code* in the Tax Calculation field if the Allow Override check box is checked at the supplier site.
4. Enter non-tax distributions either manually, by matching to a PO, or with a distribution set.
5. Enter, accept, or override the tax code/tax group.
6. Check the Includes Tax check box for each non-tax distribution with inclusive tax.
7. Press the Calculate Tax button to create tax distributions.

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**(N) Invoices > Entry > Invoices > (B) Distributions**

**(Help) Oracle Payables > Invoices > Taxes on Invoices > Automatic Tax Calculation > Line and Tax Code Automatic Tax Calculation**

## Previewing Tax Calculation

---

### Previewing Tax Calculation

Use the Tax Summary window to preview the projected tax calculation for an invoice before you create tax distributions.

You can change the total tax amount and press the OK button to create tax distributions.

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**(N) Invoices > Entry > Invoices > (B) Distributions > (M) Tools > View and Update Tax Summary**

**(Help) Oracle Payables > Invoices > Taxes on Invoices > Tax Summary**

### Demonstration

**This demonstration covers how to:**

- **Create tax distributions by entering an invoice using Automatic Tax Calculation**
- **Enter an invoice using a tax group with multiple recovery rates**
- **Preview projected tax calculation**

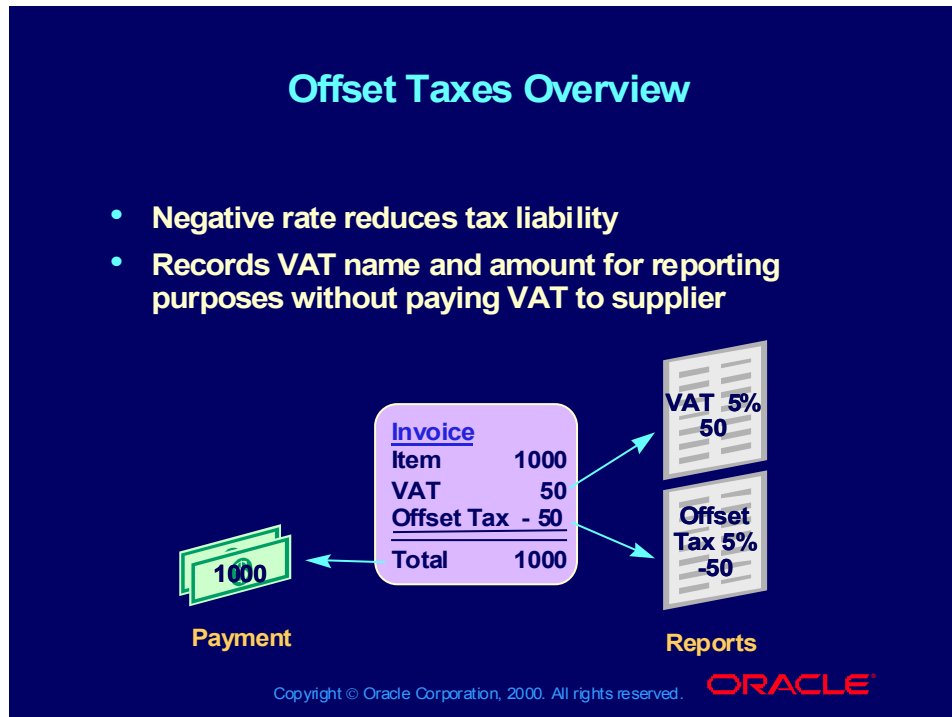
**(N) Invoices > Entry > (B) Distributions > (M) Tools >  
View and Update Tax Summary**

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## Offset Taxes Overview

---



(Help) Oracle Payables > Invoices > Taxes on Invoices > Offset Taxes > EU VAT Taxes

## Manually Entering Offset Taxes

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### Manually Entering Offset Taxes

1. Enter invoice header information in the Invoices window. Make sure that Tax Calculation is set to *None* at the invoice level.
2. Enter a tax code for each taxable distribution.
3. Enter a positive tax distribution with a VAT code.
4. Enter a negative tax distribution with an Offset tax code.

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**(N) Invoices > Entry > Invoices > (B) Distributions**

**(Help) Oracle Payables > Invoices > Taxes on Invoices > Offset Taxes > EU VAT Taxes**

## Automatically Entering Offset Taxes

---

### Automatically Entering Offset Taxes

1. Enter the invoice header information in the Invoices window. Make sure that Tax Calculation is at Line or Tax Code level.
2. Enter non-tax distributions either manually, by matching to a purchase order, or with a distribution set.
3. Enter a tax code for each taxable distribution.
4. Press the Calculate Tax button to create both the positive and negative (offsetting) tax distributions.

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**(N) Invoices > Entry > Invoices > (B) Distributions**

**(Help) Oracle Payables > Invoices > Taxes on Invoices > Offset Taxes > EU VAT Taxes**

## Recording Taxes on Expense Reports

---

### Recording Taxes on Expense Reports

- Tax code/tax group for expense reports default from Payables Options hierarchy
- Automatic Tax Calculation can process lines with inclusive tax for expense items at the Line or Tax Code level in the Expense Reports window
  - Check the Includes Tax check box to create item and tax invoice distributions
- Use the Merchant Information and Receipt Information regions to enter information for reclaiming tax paid on expense reports

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**(N) Invoices > Entry > Expense Reports > (T) Accounting > (T) Merchant Information**

**(Help) Oracle Payables > Invoices > Taxes on Invoices > Entering Taxes on Expense Reports**



## Review Question

---

### Review Question

**For expense reports, Automatic Tax Calculation can process tax for:**

- 1. Inclusive and exclusive tax at the Header level**
- 2. Exclusive tax at the Line or Tax Code level**
- 3. Inclusive tax at the Line or Tax Code level**
- 4. Inclusive and exclusive tax at the Line or Tax Code level**
- 5. Inclusive tax at all levels**

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### Answer to Review Question

**For expense reports, Automatic Tax Calculation can process tax for:**

1. Inclusive and exclusive tax at the Header level
2. Exclusive tax at the Line or Tax Code level
- 3. Inclusive tax at the Line or Tax Code level**
4. Inclusive and exclusive tax at the Line or Tax Code level
5. Inclusive tax at all levels

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## Agenda

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### Agenda

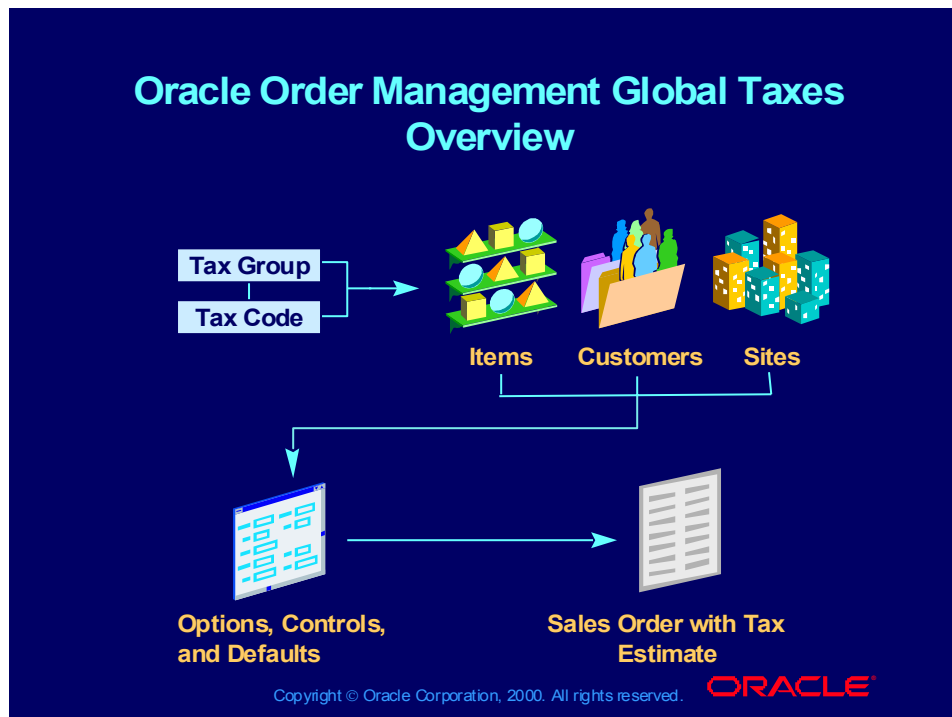
- Describing global taxes
- Processing global taxes in Oracle Purchasing
- Processing global taxes in Oracle Payables
- **Processing global taxes in Oracle Order Management**
- Processing global taxes in Oracle Receivables

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## Oracle Order Management Global Taxes Overview

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(Help) Oracle Order Management > Setting Up > Taxation

## Entering and Viewing Tax Information for Sales Orders

---

### Entering and Viewing Tax Information for Sales Orders

1. Enter sales order header information in the Sales Orders window.
2. Enter sales order line items information.
3. Accept tax code/tax group default or enter a tax code/tax group in the Tax Code field of the Main region.
4. View tax information in the Tax Details window and the total tax estimate for the order in the Sales Orders header region.

The tax amounts calculated by the tax codes are estimates only; the actual tax in Oracle Receivables customer invoices may differ.

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**(N) Orders, Returns > Sales Orders > (T) Line Items > (B) Actions > View Tax Details**

**(Help) Oracle Order Management > Orders > Sales Orders > Defining Sales Order Main and Other Header Information**

**(Help) Oracle Order Management > Orders > Sales Orders > Defining Sales Order Line Items Main Information**

### Demonstration

**This demonstration covers how to:**

- **Enter a sales order with tax information**
- **View tax estimates and details**

**(N) Orders, Returns > Sales Orders > (T) Line Items >  
(B) Actions > View Tax Details**

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## Agenda

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### Agenda

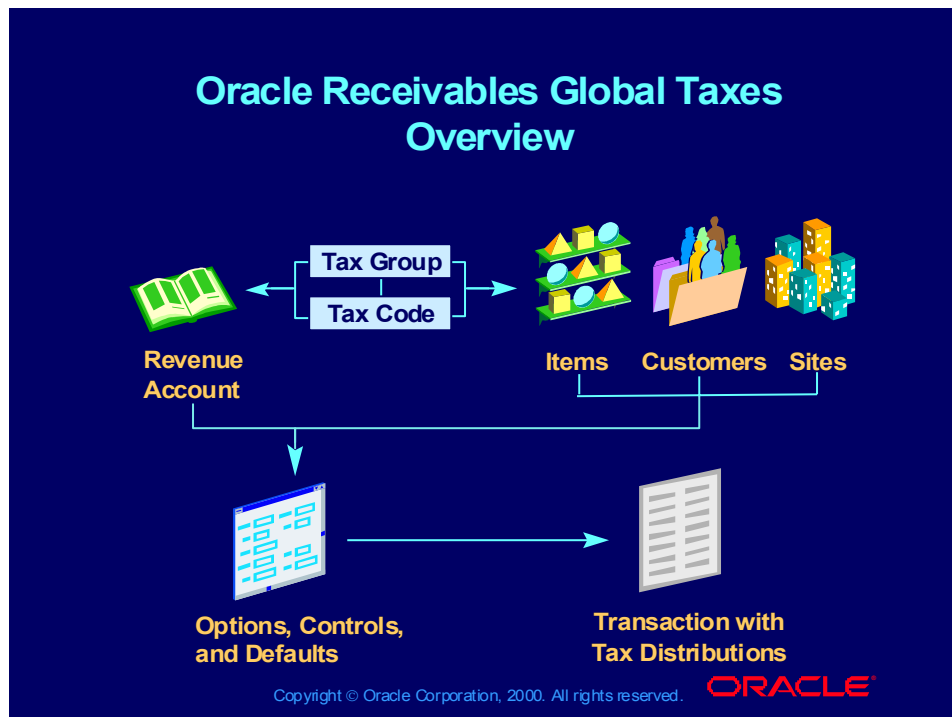
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- Processing global taxes in Oracle Purchasing
- Processing global taxes in Oracle Payables
- Processing global taxes in Oracle Order Management
- **Processing global taxes in Oracle Receivables**

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## Oracle Receivables Global Taxes Overview

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(Help) Oracle Receivables > Tax > Calculating Tax



## Entering and Viewing Tax Information for Transactions

---

### Entering and Viewing Tax Information for Transactions

To enter and view tax information for transactions:

1. Enter basic invoice information in the Transactions window.
2. Accept or change the tax code/tax group default for the transaction or for line items in the Tax window; Oracle Receivables calculates the tax rate and amount.
  - Use a deferred tax code for deferred tax
3. If you enter an ad hoc tax code, you can enter or change the tax rate.
4. View the tax distribution lines in the Accounting window.

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**(N) Transactions > Transactions > (B) Tax > (B) Distributions**

**(N) Transactions > Transactions > (B) Line Items > (B) Tax > (B) Distributions**

**(Help) Oracle Receivables > Transactions > Entering Transactions**

**(Help) Oracle Receivables > Transactions > Entering Tax Information**

**(Help) Oracle Receivables > Transactions > Reviewing Accounting Information**

**(Help) Oracle Receivables > Tax > Tax Accounting > Deferred Tax Accounting**

## Calculating Multiple and Compound Taxes

---

**Calculating Multiple and Compound Taxes**

Use appropriate tax groups to enter transactions with multiple or compound taxes.

In compound tax groups, the precedence numbers control the compounding process.

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**(Help) Oracle Receivables > Tax > Setting Up > Tax Groups**

**(Help) Oracle Receivables > Tax > Calculating Tax > Compounding Tax Codes in a Tax Group**

## Example of Multiple Tax Lines

---

### Example of Multiple Tax Lines

Invoice Line = 100

Tax Line Number	Precedence Number	Tax Code	Tax Rate	Tax Amount
1	1	GST	7%	7.00
2	1	PST	10%	10.00
			Total:	17.00

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## Example of Compound Tax Lines

---

### Example of Compound Tax Lines

Line Amount = 100

Tax Line Number	Precedence Number	Tax Code	Tax Rate	Tax Amount
1	1	GST	7%	7.00
2	2	PST	10%	10.70
			Total:	17.70

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### Demonstration

**This demonstration covers how to:**

- Enter a transaction using a tax group for compounding tax
- View tax distribution lines

**(N) Transactions > Transactions > (B) Line Items > (B) Tax > (B) Distributions**

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## Entering and Updating Tax in Credit Memos

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**Entering and Updating Tax in Credit Memos**

1. Query or enter a credit memo in the Credit Transactions window.
2. Enter tax information:
  - Credit Transactions window, Transaction Amounts region - Amount or percentage of tax to credit (restrictions exist if tax rounding is at header level)
  - Credit Lines window - A quantity for each line
3. Accept or adjust the calculated tax amount for the credit memo tax lines in the Tax window.

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**(N) Transactions > Credit Transactions > (B) Credit Lines > (B) Tax  
(Help) Oracle Receivables > Transactions > Credit Memos > Reviewing Tax Information**

### Tax in Other Receivables Documents

- The Receivables Activity that you enter determines the tax accounting for:
  - Finance charges
  - Adjustments
  - Discounts
  - Miscellaneous cash transactions
- The tax code/tax group defaults from the Receivables Activity and can only be overridden for miscellaneous cash transactions

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(Help) Oracle Receivables > Setting Up > Receivables Activities

(Help) Oracle Receivables > Tax > Tax Accounting > Tax Accounting for Adjustments and Finance Charges

(Help) Oracle Receivables > Tax > Tax Accounting > Tax Accounting for Discounts

(Help) Oracle Receivables > Tax > Tax Accounting > Tax Accounting for Miscellaneous Transactions

## Entering Tax Information for Miscellaneous Transactions

---

### Entering Tax Information for Miscellaneous Transactions

1. Enter transaction information in the Receipts window with *Misc* receipt type.
2. Enter a Receivables Activity in the Activity field with Miscellaneous Cash type. The Receivables Activity determines the default tax code/tax group and tax rate for the transaction.
3. Accept or change the tax code/tax group in the Tax Code field.
4. View tax amounts and distributions in the Distributions window.
5. View tax accounting information in the View Receipt Accounting window.

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**(N) Receipts > Receipts > (T) Misc Transaction > (B) Distributions**

**(N) Receipts > Receipts > (M) Tools > View Accounting**

**(Help) Oracle Receivables > Receipts > Entering Miscellaneous Transactions**



## Review Question

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### Review Question

**The Receivables Activity determines the tax accounting for all activity types.**

- 1. True**
- 2. False**

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## Answer to Review Question

---

### Answer to Review Question

**The Receivables Activity determines the tax accounting for all activity types.**

1. True
2. False

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### Summary

**In this module, you should have learned how to:**

- **Describe global taxes**
- **Process global taxes in Oracle Purchasing**
- **Process global taxes in Oracle Payables**
- **Process global taxes in Oracle Order Management**
- **Process global taxes in Oracle Receivables**

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# **R11i Reporting Global Taxes**

## **Chapter 23**

# Reporting Global Taxes

Release 11*i*

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### Objectives

**After this module, you should be able to:**

- **Describe global taxes and the way Oracle Applications support them**
- **Describe and submit reports for global taxes**
- **Use the Tax Reporting Ledger**

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## Agenda

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### Agenda

- **Describing global taxes and the way Oracle Applications support them**
- Describing and submitting reports for global taxes
- Using the Tax Reporting Ledger

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### Global Taxes Overview

**Tax regimes around the world differ in their requirements. For example:**

- **Value Added Tax (VAT)** - Imposed on the value added to goods or services at each stage of their supply
- **Goods and Services Tax (GST)** - Sales tax levied on many consumer products and professional services

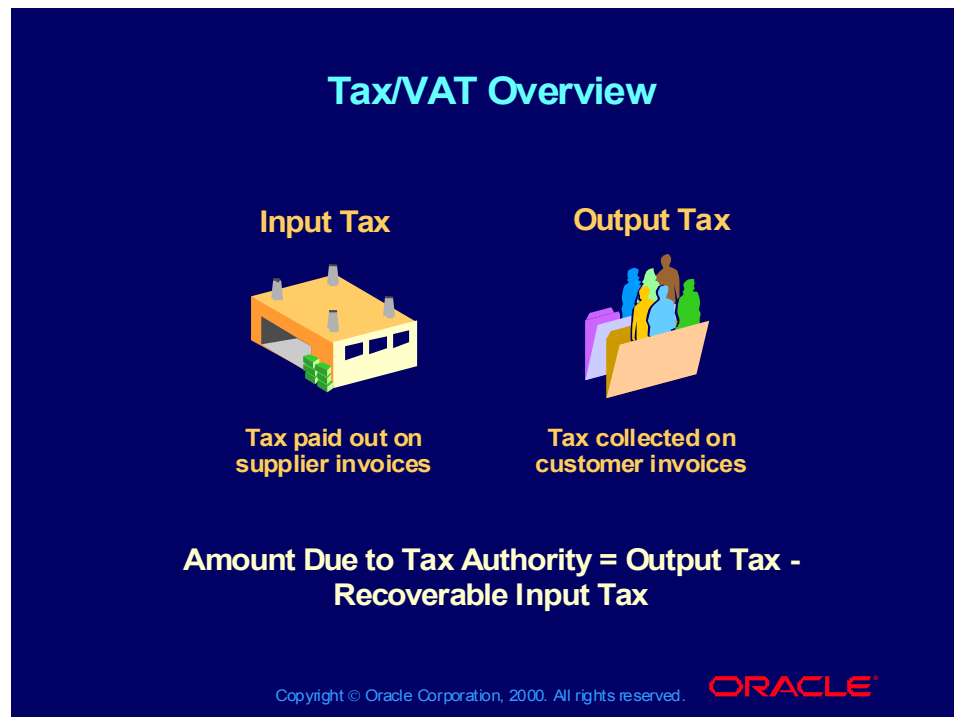


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## Tax/VAT Overview

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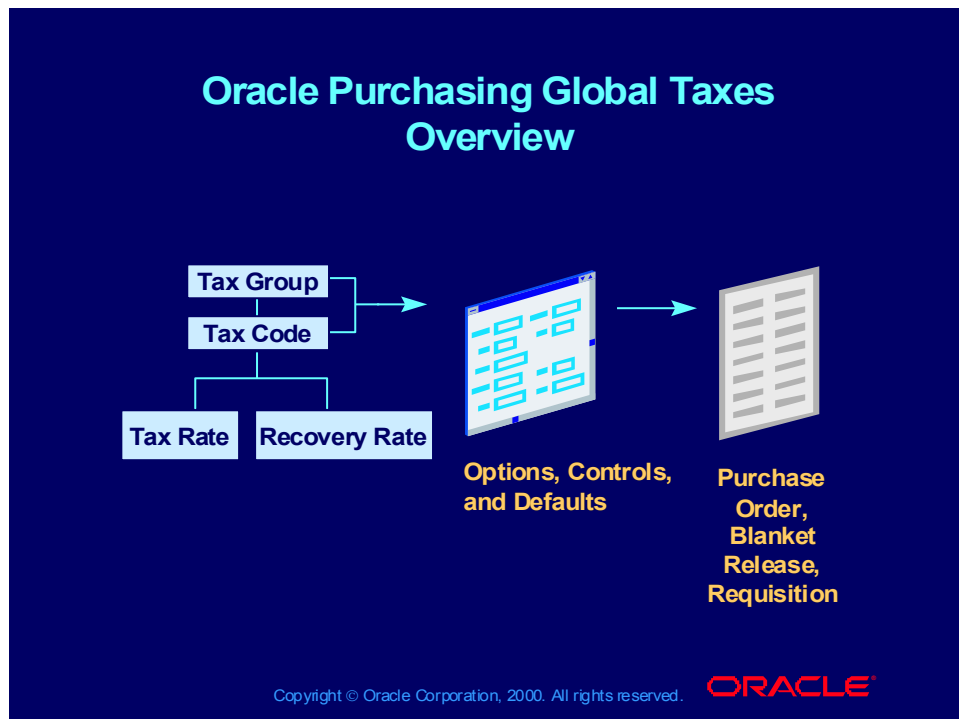


**(Help) Oracle Receivables > Tax > Implementing Value Added Tax**

**(Help) Oracle Payables > Invoices > Taxes on Invoices > Entering Taxes on Invoices**

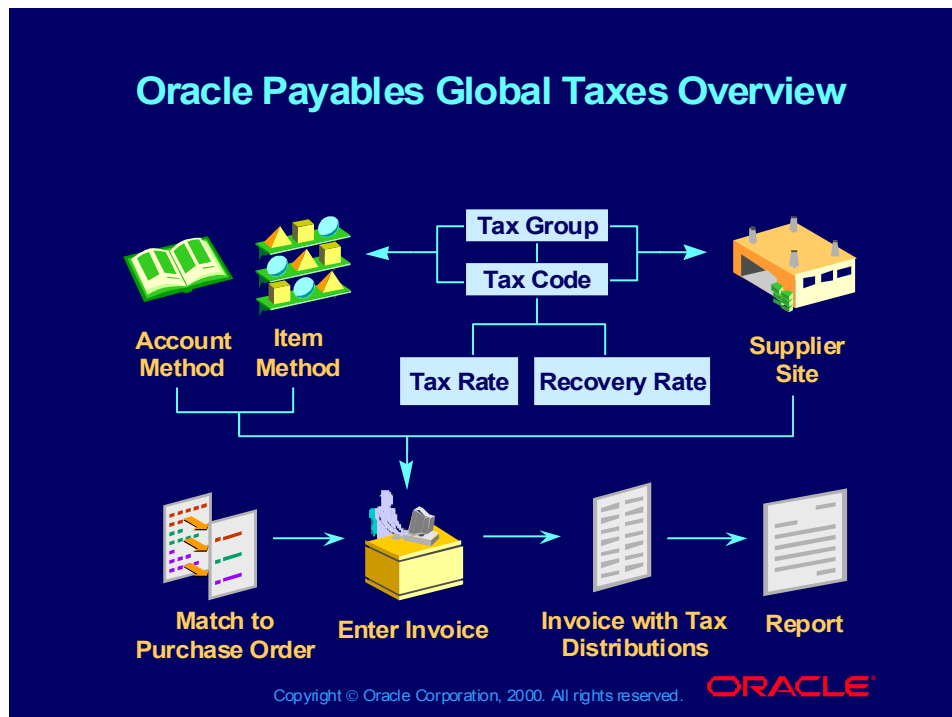
## Oracle Purchasing Global Taxes Overview

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**(Help) Oracle Purchasing > Purchase Orders > Tax Defaults in Purchasing**

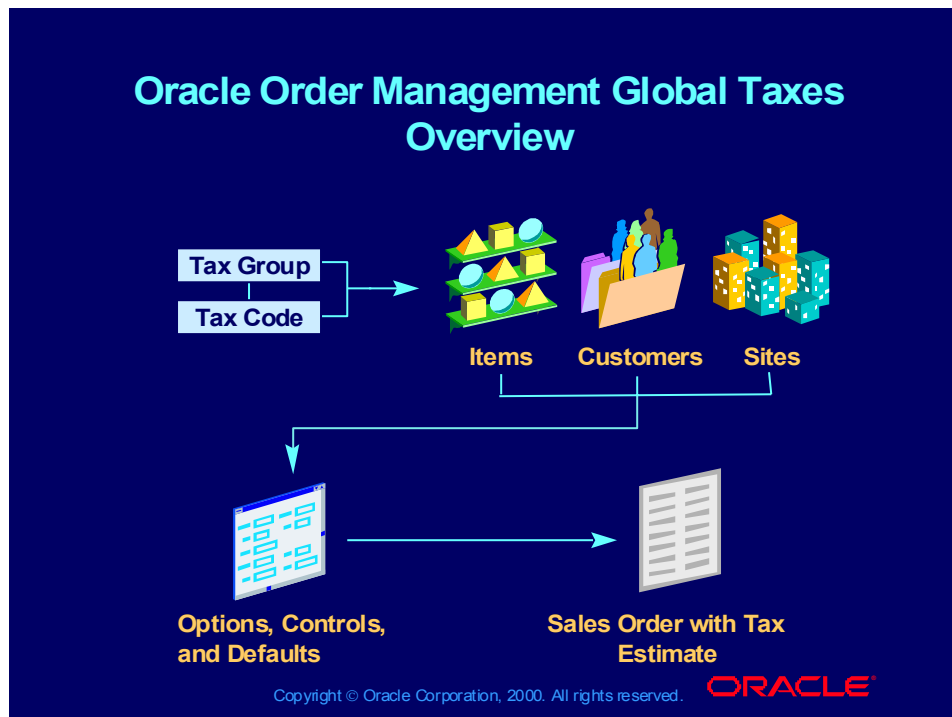
## Oracle Payables Global Taxes Overview



(Help) Oracle Payables > Invoices > Taxes on Invoices > Entering Taxes on Invoices

## Oracle Order Management Global Taxes Overview

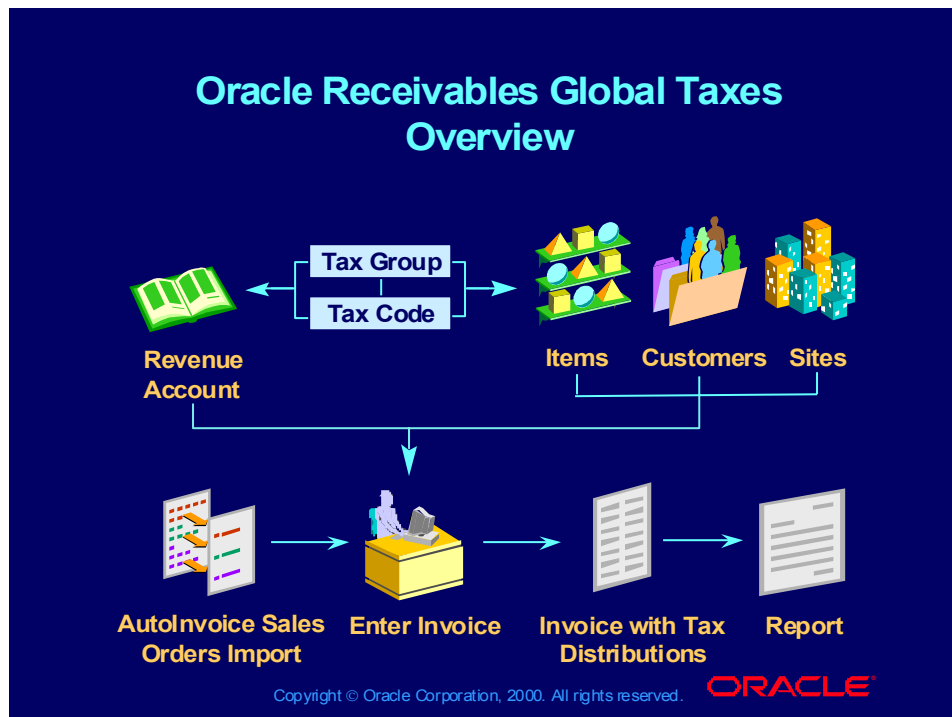
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(Help) Oracle Order Management > Setting Up > Taxation

## Oracle Receivables Global Taxes Overview

---



(Help) Oracle Receivables > Tax > Calculating Tax

## Review Question

---

### Review Question

**You need to report both input and output taxes to your tax authorities.**

- 1. True**
- 2. False**

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## Answer to Review Question

---

### Answer to Review Question

**You need to report both input and output taxes to your tax authorities.**

1. True
2. False

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## Agenda

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### Agenda

- Describing global taxes and the way Oracle Applications support them
- **Describing and submitting reports for global taxes**
- Using the Tax Reporting Ledger

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## Overview of Reports for Global Taxes

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### Overview of Reports for Global Taxes

- Oracle Applications reports for global taxes provide tax information on:
  - Suppliers
  - Customers
  - Invoices
  - Tax codes and tax groups
- Some of these reports contain information that you need to report to your tax authorities or for tax reconciliation

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(Help) Oracle Applications > Running Reports and Programs > Overview of Reports and Programs

## Defining Report Sets

---

### Defining Report Sets

Use the Request Set, Stages, Stage Requests, and Request Parameters windows to define report sets for efficient and consistent reporting. You can control:

- Which reports to include
- Whether a report parameter is displayed
- What the parameter prompt text is
- What the defaults are for all parameters, displayed or not
- Whether the parameter defaults can be changed or not
- What order the reports run in

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**(N) System Administrator: Concurrent > Set > (B) Define Stages > (B) Requests > (P) Parameters**

**(Help) Oracle Receivables > Tax > Implementing Value Added Tax > Setup Steps for Value Added Tax**

**(Help) Oracle Applications > Running Reports and Programs > Submitting a Request Set > Defining Request Sets**

## Submitting Reports and Request Sets

---

### Submitting Reports and Request Sets

Use Standard Request Submission to submit reports and request sets for global taxes.

1. Select the report or request set name.
2. Enter parameter values if necessary.
3. (Optional) Define a submission schedule.
4. Define additional options such as:
  - Default printer
  - Number of copies printed
  - Saving report output

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**(Help) Oracle Applications > Running Reports and Programs > Using Standard Request Submission > Submitting a Request**

### Review Question

**When you define request sets, you cannot specify:**

- 1. Whether a report parameter is displayed or not**
- 2. Whether the parameter defaults can be changed or not**
- 3. The parameter prompt text**
- 4. The order in which the reports are run**
- 5. The items in a parameter's list of values**

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### Answer to Review Question

**When you define request sets, you cannot specify:**

1. Whether a report parameter is displayed or not
2. Whether the parameter defaults can be changed or not
3. The parameter prompt text
4. The order in which the reports are run
5. **The items in a parameter's list of values**

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## Tax Audit Trail Report

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### Tax Audit Trail Report

Use the Tax Audit Trail Report in Oracle Payables to review tax information for the invoices that you select.

The report provides information for each tax code, invoice currency, and functional currency, such as:

- Tax amount
- Invoice amount
- Conversion rate
- Transaction amount

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**(Help) Oracle Payables > Reports and Programs > Invoice Tax Reports > Tax Audit Trail Report**

### Intra-EU VAT Audit Trail Report

Use the Intra-EU VAT Audit Trail Report in Oracle Payables to review invoice and tax information for your intra-EU invoices.

You do not pay VAT for these invoices but must record and report the VAT amounts on the invoices.

The report includes:

- Supplier sites
- Invoice amounts
- VAT amounts
- Offset tax amounts

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**(Help) Oracle Payables > Reports and Programs > Invoice Tax Reports > Intra-EU VAT Audit Trail Report**



## Customers with Invoices at 0 VAT and no VAT Registration Number Report

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### **Customers with Invoices at 0 VAT and no VAT Registration Number Report**

Use the **Customers with Invoices at 0 VAT and no VAT Registration Number Report** in Oracle Receivables to print a list of all customers within the European Community that:

- Have not paid VAT
- Have not provided you a VAT registration number to exempt them from VAT

**Before you complete your VAT reconciliation:**

- You may need to collect VAT on each transaction in this report
- You must manually calculate the impact to your VAT return

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**(Help) Oracle Receivables > Tax > Implementing Value Added Tax >  
Customers with Invoices at 0 VAT and no VAT Registration Number**

## VAT Exception Report

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### VAT Exception Report

**Use the VAT Exception Report in Oracle Receivables to review Receivables transactions with errors such as having item lines with no accompanying tax lines.**

**Correct every transaction on this error report or manually calculate the impact to your tax return before completing your VAT reconciliation.**

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**(Help) Oracle Receivables > Tax > Implementing Value Added Tax > VAT Exception Report**

## Tax Reconciliation Report

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### **Tax Reconciliation Report**

Use the Tax Reconciliation Report in Oracle Receivables to prepare the output tax portion of your periodic tax returns and reconcile that portion to the General Ledger.

This report includes:

- Taxable and tax amounts
- Posted and unposted taxes
- Total taxes
- General Ledger activities

You can also choose to include adjustments, discounts, miscellaneous cash, and receipts.

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**(Help) Oracle Receivables > Tax > Overview of Receivables Tax Reports > Tax Reconciliation Report**

## Tax Register Report

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### Tax Register Report

Use the Tax Register Report in Oracle Receivables to review your tax liability.

This report:

- Groups total tax amounts by tax type, tax class, and company
- Can include tax accounting information for:
  - Deferred taxes
  - Adjustments
  - Discounts
  - Finance charges
  - Miscellaneous receipts

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(Help) Oracle Receivables > Tax > Overview of Receivables Tax Reports > Tax Register Report

### Practice

In this practice, fill in the corresponding reports.

1. The \_\_\_\_\_ Report prints the tax information that you need to prepare the Output Tax portion of your periodic tax returns.
2. The \_\_\_\_\_ Report provides general tax information for the invoices that you select.
3. The \_\_\_\_\_ Report lists transactions with errors.
4. The \_\_\_\_\_ Report lets you review your tax liability.
5. The \_\_\_\_\_ Report provides tax information for your intra-EU invoices.

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### Practice Solution

In this practice, fill in the corresponding reports.

1. The Tax Reconciliation Report prints the tax information that you need to prepare the Output Tax portion of your periodic tax returns.
2. The Tax Audit Trail Report provides general tax information for the invoices that you select.
3. The VAT Exception Report lists transactions with errors.
4. The Tax Register Report lets you review your tax liability.
5. The Intra-EU VAT Audit Trail Report provides tax information for your intra-EU invoices.

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### Demonstration

**This demonstration covers how to:**

- **Submit a request set**
- **Submit a report**
- **View report output**

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## Country-Specific Reports


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**Country-Specific Reports**


Oracle Applications provides country-specific reports to meet tax needs of individual countries in:



**The Americas**



**Asia**



**Europe**

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**(Help) Oracle Receivables > Tax > Implementing Value Added Tax > Country Specific VAT Reporting**



## Agenda

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### Agenda

- Describing global taxes and the way Oracle Applications support them
- Describing and submitting reports for global taxes
- **Using the Tax Reporting Ledger**

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## Tax Reporting Ledger Overview

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### Tax Reporting Ledger Overview

**The Tax Reporting Ledger:**

- Provides a single reporting solution for complex global tax requirements
- Lets you summarize tax information from Oracle Payables, Oracle Receivables, and Oracle General Ledger
- Contains the Tax Extract which copies information from each application and stores it in an interface table that can be accessed for reporting

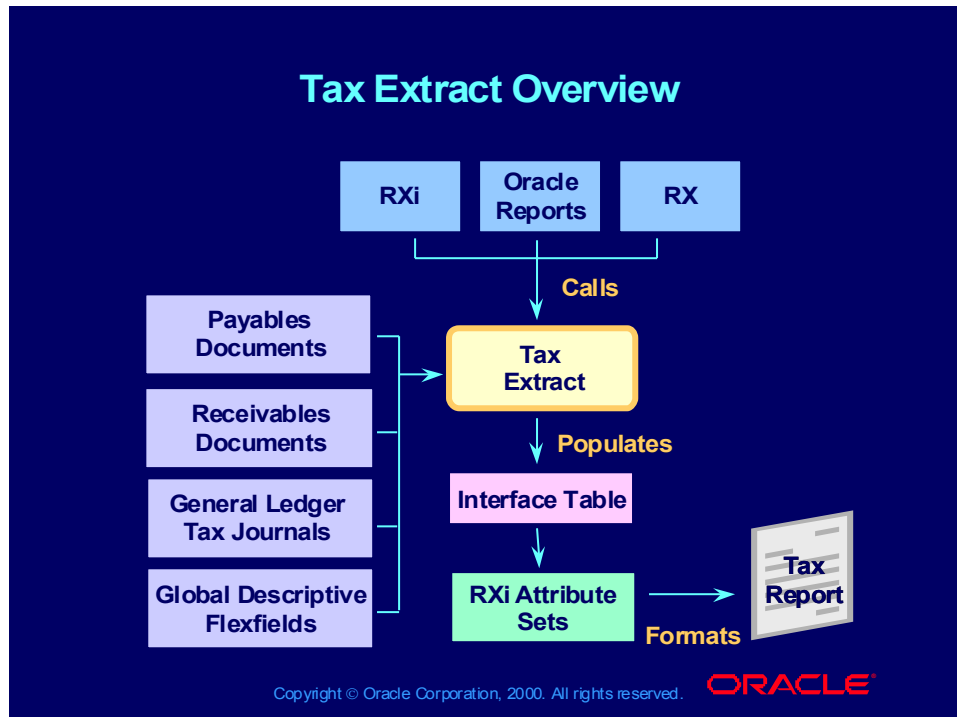
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**(Help) Oracle Receivables > Tax > Tax Reporting Ledger**

## Tax Extract Overview

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(Help) Oracle Receivables > Tax > Tax Reporting Ledger

(Help) RXi Reports Administration Tool > Using Attribute Sets > RXi Reports Administration Tool Overview

## Sources of Data

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Sources of Data		
Payables	Receivables	Other
<ul style="list-style-type: none"><li>• Standard invoices</li><li>• Prepayments</li><li>• Credit and debit memos</li><li>• Expense report invoices</li></ul>	<ul style="list-style-type: none"><li>• Invoices, credit and debit memos</li><li>• Line, tax, and invoice adjustments</li><li>• Payment applications for deferred tax</li><li>• Earned and unearned discounts</li><li>• Finance charges</li><li>• Miscellaneous receipts and payments</li><li>• Bills receivable</li></ul>	<ul style="list-style-type: none"><li>• General Ledger manual journal entries</li><li>• Global descriptive flexfields</li></ul>

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**(Help) Oracle Receivables > Tax > Tax Reporting Ledger**

**(Help) Oracle Receivables > Tax > Tax Reporting Ledger > Global Descriptive Flexfields**

## Reports, Concurrent Programs, and Register Types

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### Reports, Concurrent Programs, and Register Types

The Tax Extract can be called from several sources, including Oracle reports and RX and RXi-enabled concurrent programs:

- Financial Tax Register
- RX-Only: Financial Tax Register
- Publish RX Reports

Register types for the tax register reports are:

- Interim Tax Register
- Tax Register
- Non-Recoverable Tax Register

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(Help) Oracle Receivables > Tax > Tax Reporting Ledger

### Financial Tax Register

Use the Financial Tax Register to view output from the Tax Reporting Ledger. The Financial Tax Register uses the RXi reporting tool to generate tax register reports with the Tax Extract data.

Available attribute sets:

- **DEFAULT (Tax Register) - Reporting on Receivables and General Ledger transactions**
- **ATTRSET2 (Tax Register with Tax Recovery) - Reporting on Payables transactions**
- **User-defined**

Run the Financial Tax Register from Oracle Payables or Receivables using Standard Request Submission.

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**(Help) Oracle Receivables > Tax > Overview of Receivables Tax Reports > Financial Tax Register**

## Multiple Organization Reporting

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### Multiple Organization Reporting

To create reports across multiple organizations, use the Reporting Level and Reporting Context parameters to determine the report content.

Reporting Level	Reporting Context	Report Content
Set of Books	Set of books defaults	All operating units in the set of books
Legal Entity	Select legal entity	All operating units in your legal entity
Operating Unit	Select operating unit	Only the operating unit you selected

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(Help) Oracle Receivables > Tax > Tax Reporting Ledger > Multiple Organization Reporting

(Help) Oracle Receivables > Tax > Overview of Receivables Tax Reports > Financial Tax Register

### Cross-Product Reporting

- To create cross-product reports with information from Oracle Payables, Oracle Receivables, and Oracle General Ledger, enter *ALL* in the Product parameter
- Use the Product parameter along with the Reporting Level and Reporting Context parameters and the MO: Top Reporting Level profile option to control content for reports across operating units and products

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**(Help) Oracle Receivables > Tax > Tax Reporting Ledger > Multiple Organization Reporting**



### Matrix Reporting

- Use Matrix Reporting to show a single line in the Tax Reporting Ledger for two or more tax amounts
  - Supports countries with multiple taxes
  - Groups up to four output taxes on a single line
  - Shows both recoverable and nonrecoverable input tax amounts on the same report line for up to two input taxes
- Use the Matrix Report Flag parameter

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(Help) Oracle Receivables > Tax > Tax Reporting Ledger > Multiple Organization Reporting

(Help) Oracle Receivables > Tax > Overview of Receivables Tax Reports > Financial Tax Register

## Review Question

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### Review Question

It is recommended to use the \_\_\_\_\_ attribute set for the Financial Tax Register to report on transactions from Oracle Payables.

1. DEFAULT
2. ATTRSET1
3. ATTRSET2
4. ATTRBST1
5. ATTRBST2

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### Answer to Review Question

It is recommended to use the ATTRSET2 attribute set for the Financial Tax Register to report on transactions from Oracle Payables.

1. DEFAULT
2. ATTRSET1
3. **ATTRSET2**
4. ATTRBST1
5. ATTRBST2

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### **RX-Only: Financial Tax Register**

- Use the RX-Only: Financial Tax Register to extract data into the AR\_TAX\_EXTRACT\_ITF\_V interface table
- The RX-Only: Financial Tax Register does not generate report output; use Publish RX Reports to print the extracted information
- Run the RX-Only: Financial Tax Register using Standard Request Submission
- Parameters are the same as Financial Tax Register except:
  - With - Debug Flag and SQL Trace Flag
  - Without - Attribute Set and Output Format

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## Publish RX Reports

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### Publish RX Reports

- Use the Publish RX Reports concurrent program to generate a report with the data that the RX-Only: Financial Tax Register extracted
- Run the Publish RX Reports concurrent program using Standard Request Submission
- Parameters
  - Request ID
  - Attribute Set
  - Output Format

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**(Help) RXi Reports Administration Tool > Printing RXi Reports > Using the RXi Reports Concurrent Program**

## Building a Report

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### Building a Report

To build your own report, define an attribute set:

1. Copy the default attribute set for the RX-Only: Financial Tax Register.
2. View and select all columns that you want to include in the attribute set.
3. Move columns from the Available section to the Display section; define ordering and grouping.
4. Edit page setup.
5. Edit default format.
6. Edit column details.

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**(N) Report eXchange Designer: Setup RXi > (B) Copy Attribute Set > (M) Tools > Columns > (T) Page Setup > (T) Default Format > (B) Column Details**

**(N) Oracle Payables/Oracle Receivables: Setup > Tax > Tax Reporting Ledger > (B) Copy Attribute Set > (M) Tools > Columns > (T) Page Setup > (T) Default Format > (B) Column Details**

**(Help) RXi Reports Administration Tool > Using Attribute Sets > Working with Attribute Sets**

## Tax Reporting Ledger Columns

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### Tax Reporting Ledger Columns

- The Tax Reporting Ledger lets you select reporting columns from a single reporting view, AR\_TAX\_EXTRACT\_ITF\_V
- This view unites data from many sources and provides a single, consistent reference to the taxed transactions in your subledgers
- There are more than 600 available columns

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**(Help) Oracle Receivables > Tax > Tax Reporting Ledger > Tax Reporting Ledger Column Descriptions**

## Available Column Groups

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### Available Column Groups

- Extract
- Reporting Entity
- Reporting Context
- Legal Entity
- Transaction Header Level
- Billing
- Shipping
- Banking
- Receivables Transactions
- Taxable Amounts
- Taxable Line fields
- Tax Amounts
- Tax Line fields, including Tax Code and Tax Rate
- Total Amounts
- Payables Tax Line
- Receivables Tax Line
- Transaction Line User Descriptive Flexfield
- Accounting
- Miscellaneous

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**(Help) Oracle Receivables > Tax > Tax Reporting Ledger > Tax Reporting Ledger Column Descriptions**



### Demonstration

This demonstration covers how to:

- Define an attribute set
- Run a Tax Reporting Ledger report

(N) Report eXchange Designer: Setup RXi > (B) Copy Attribute Set > (M) Tools > Columns > (T) Page Setup > (T) Default Format > (B) Column Details

(N) Oracle Payables/Oracle Receivables: Setup > Tax > Tax Reporting Ledger > (B) Copy Attribute Set > (M) Tools > Columns > (T) Page Setup > (T) Default Format > (B) Column Details

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### Summary

**In this module, you should have learned how to:**

- **Describe global taxes and the way Oracle Applications support them**
- **Describe and submit reports for global taxes**
- **Use the Tax Reporting Ledger**

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