

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

**Student Guide**

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# 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.

# **Overview of the Tax Accounting Process**

## **Chapter 23**

# 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
- Tax Accounting for Adjustments, Discounts, and Finance Charges
- 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
- 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 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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# **R11i Using Oracle Applications with Taxware and Vertex**

## **Chapter 24**

# Using Oracle Applications with Taxware and Vertex

Release 11*i*

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### Objectives

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

- **Describe tax partners and how they work with Oracle Applications**
- **Use Oracle Applications with tax partners to process US Sales tax**
- **Describe the audit process and perform reconciliation/period close steps**

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## Agenda

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### Agenda

- **Describe tax partners and how they work with Oracle Applications**
- Use Oracle Applications with tax partners to process US Sales tax
- Describe the audit process and perform reconciliation/period close steps

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### Tax Partners Overview

**A tax partner is a third party product that Oracle Applications integrates with to calculate and report state and local US Sales tax.**

**Oracle integrates with these partner products:**

- **Taxware Sales Use Tax System, Version 3.2 (PLSQL )**
- **Vertex Quantum for US Sales & Use Tax, Version 2.0 ( PLSQL )**

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

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### Tax Partners Overview

**Tax partners integrate with:**

- **Oracle Receivables**
- **Oracle Order Management**
- **Oracle Order Capture**
  - **Oracle iStore**
  - **Oracle Sales**

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### Integrated Oracle Features

- **Adjustments window**
- **Copy Transactions window**
- **Credit Transactions window**
- **Sales Orders window**
- **Transactions window**
- **AutoInvoice**
- **Sales Orders Acknowledgment report**
- **US Sales Tax report**
- **CRM products that call Oracle Order Capture**
  - **iStore orders, Oracle Sales Quotes**

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### Tax Partners Functionality

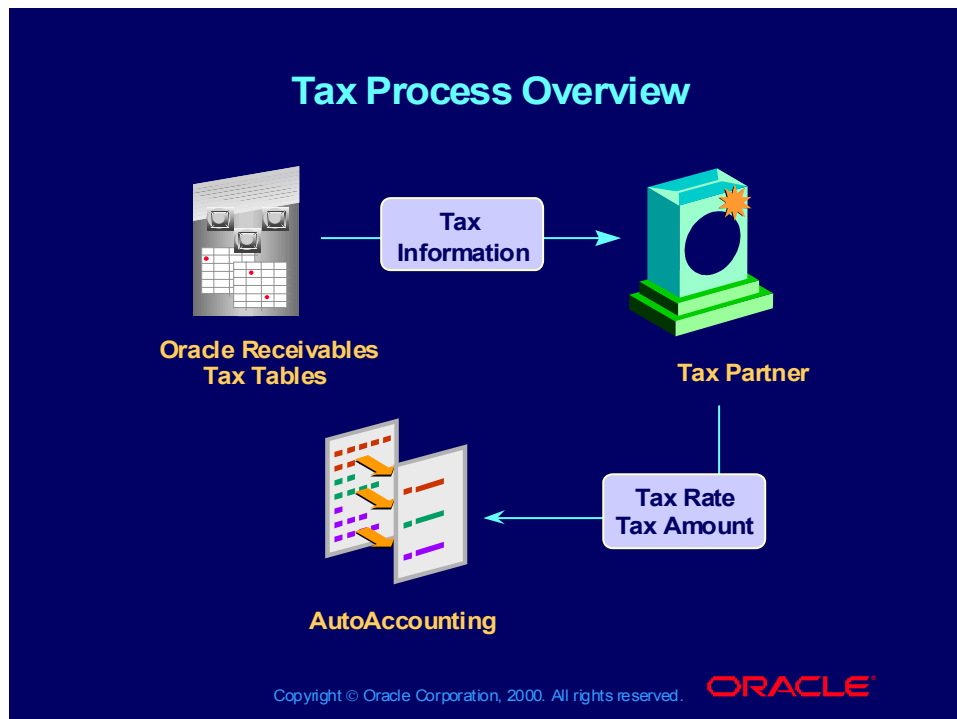
- Determine jurisdiction (if applicable, multiple jurisdictions)
- Apply special rates and rules
  - Maximum tax base amounts
- Process customer, product, and jurisdiction exceptions
- Create reports and support tax return process

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## Tax Process Overview

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### Tax Process Overview

- Tax information stored in Oracle Receivables tax tables passes to the tax partner.
- The tax partner returns tax rate and tax amount for every invoice line.
- AutoAccounting then generates account distribution tax lines based on the tax information that the tax partner returned.

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(Help) Oracle Receivables > Tax > Tax Vendor Extension

## Review Question

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### Review Question

**Only transactions using the tax code for location based tax type are passed to tax partners.**

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

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## Answer to Review Question

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### Answer to Review Question

**Only transactions using the tax code for location based tax type are passed to tax partners.**

1. True
2. False

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## Agenda

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### Agenda

- Describe tax partners and how they work with Oracle Applications
- **Use Oracle Applications with tax partners to process US Sales tax**
- Describe the audit process and perform reconciliation/period close steps

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## Creating Customer Addresses

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### Creating Customer Addresses

- Use the zip code to automatically populate state, county, and city.
- The address is validated against locations imported into Oracle Receivables using:
  - Taxware TMDFL or Vertex SEQMAST file
  - Sales Tax Rate Interface
- Each customer site is associated with a valid jurisdiction code. To override the default based on the address, enter the jurisdiction code in the Geo Override field.

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#### (N) Customers > Standard

For more information, refer to the "Create Customer Addresses" and "Working with Taxware Jurisdiction Codes" sections in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* manual.

For more information, refer to the "Create Customer Addresses" and "Working with Vertex GeoCodes and GeoCoder" sections in the *Integrating Oracle Receivables with Vertex Quantum* manual.

### Demonstration

**This demonstration covers how to create customer addresses.**

**(N) Customers > Standard**

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## Creating Sales Orders

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### Creating Sales Orders

- Ship-to customer determines ship-to address
- Salesperson can be assigned the point of order origin (Taxware) or point of order acceptance (Vertex)
- Warehouse defines ship-from address if order is shipped
- To view tax information, press the Actions button from the Line Items region and select *View Tax Details*
- The tax that tax partners calculate is an estimate

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#### (N) Orders, Returns > Sales Orders

For more information, refer to the "Create a Sales Order" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.

## Running the Sales Order Acknowledgment Report

---

### Running the Sales Order Acknowledgment Report

Use the Sales Order Acknowledgment report to view the sales order on a printed document.

- Tax rate
- Tax amount
- Tax total

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For more information, refer to the "Run the Sales Order Acknowledgment Report" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.

## Importing Sales Orders Using AutoInvoice

---

### Importing Sales Orders Using AutoInvoice

- **AutoInvoice creates validated invoices in Oracle Receivables**
  - Accounting
  - Sales credits
- **Use Transaction Workbench to modify imported invoices**
  - Tax partner accordingly recalculates tax
  - Tax partner reports also updated

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For more information, refer to the "Import Sales Orders Using AutoInvoice" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.

## Creating Manual Invoices

---

### Creating Manual Invoices

Use the Transactions window to create invoices.

The tax amounts are:

- Calculated by the tax partner
- Reconciled to tax partner reports
- Recalculated when invoice lines are modified
- Updated in tax partner reports

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(N) Transactions > Transactions

For more information, refer to the "Creating Manual Invoices" and "Invoice Lines on Manual Invoices" sections in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.

## Crediting Invoices

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### Crediting Invoices

**Use the Credit Transactions window to create credit memos.**

**Credit memo tax amounts reconcile to tax partner reports.**

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#### **(N) Transactions > Credit Transactions**

**For more information, refer to the "Credit the Invoice" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.**



### Demonstration

**This demonstration covers how to:**

- **Create a manual invoice**
- **Credit the invoice**
- **View tax recalculations**

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

**(N) Transactions > Credit Transactions**

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## Adjusting Invoices

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### Adjusting Invoices

- Create adjustments in the Adjustments window
- Adjustment tax amounts reconcile to tax partner reports
  - Posting only approved adjustments of type *Tax to tax partner reports*
  - If the option for posting adjustments to the tax partner is selected in the Receivables Activities window

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**(N) Transactions > Transactions Summary > (B) Adjust**

**For more information, refer to the "Adjust the Invoice" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.**

## Copying (Recurring) Invoices

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### Copying (Recurring) Invoices

**Use the Copy Transactions window to copy or recur invoices.**

**The tax partner calculates tax for all copied invoices.**

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#### **(N) Transactions > Copy Transactions**

**For more information, refer to the "Copy (Recur) an Invoice" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.**

## Applying Exemptions to Invoice Lines

---

### Applying Exemptions to Invoice Lines

- **Determining if an invoice line should be exempt**
  - Taxware Sales Tax Exemption Processing System (STEP)
  - Vertex Tax Decision Maker (TDM)
  - Oracle exemptions
- **Manually exempting an invoice line overrides the STEP or TDM**

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**(N) Transactions > (B) Line Items > (T) Tax Exemption**

**For more information, refer to the "Apply Exemptions to Invoice Lines" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.**

## Running Tax Partner Reports

---

### Running Tax Partner Reports

Use the tax partner reports to view details of transactions, including tax information.

- Taxware Sales and Use Tax Report
- Vertex Sales Tax Register

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For more information, refer to the "Taxware Sales/Use Tax Report (Complete)" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* manual or the "Vendor Tax Reports (Complete)" section in the *Integrating Oracle Receivables with Vertex Quantum* manual.

## Agenda

---

### Agenda

- Describe tax partners and how they work with Oracle Applications
- Use Oracle Applications with tax partners to process US Sales tax
- **Describe the audit process and perform reconciliation/period close steps**

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## Reconciliation/Period Close Steps

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### Reconciliation/Period Close Steps

1. Complete or delete all open transactions in Oracle Receivables.
2. Post all transactions to Oracle General Ledger.
3. Reconcile Receivables tax amounts by state in US Sales Tax Report to General Ledger state tax liability accounts.
4. Reconcile total tax amounts by state to tax partner reports.
  - Tax partner ledgers are posted online as transactions are entered.

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For more information, refer to the "Sales Tax Reporting and Reconciliation Processes" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.

### Audit Process

**Taxable Receivables transaction lines are recorded and updated in tax partner reports as single tax partner report lines.**

**During the audit process, you may need to group a tax partner line with others in the report before reconciliation.**

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**For more information, refer to the "Audit Process" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.**



## Review Question

---

### Review Question

**The audit process allows for a rapid period close because you do not have to run long posting programs before closing the Receivables period.**

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

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## Answer to Review Question

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### Answer to Review Question

**The audit process allows for a rapid period close because you do not have to run long posting programs before closing the Receivables period.**

- 1. True**
2. False

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### Report Terminology

**Tax partner reports use some terms that differ from ones used in Oracle Receivables.**

Value	Oracle Receivables	Taxware / Vertex
Accounting Date	GL Date	Fiscal Date / Transaction Date
Tax Calculation Date	Transaction Date	Invoice Date

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### Summary

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

- **Describe tax partners and how they work with Oracle Applications**
- **Use Oracle Applications with tax partners to process US Sales tax**
- **Describe the audit process and perform reconciliation/period close steps**

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# **R11i Implementing Taxware and Vertex for US Sales Tax**

## **Chapter 25**

# Implementing Taxware and Vertex for US Sales Tax

Release 11*i*

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## Objectives

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### Objectives

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

- **Describe tax partners**
- **Perform prerequisite implementation steps**
- **Integrate tax partners**
- **Perform monthly and support procedures**

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## Agenda

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### Agenda

- **Describing tax partners**
- Performing prerequisite implementation steps
- Integrating tax partners
- Performing monthly and support procedures

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### Tax Partners Overview

**A tax partner is a third party product that Oracle Applications integrates with to calculate and report state and local US Sales tax.**

**Oracle integrates with these partner products:**

- **Taxware Sales Use Tax System, Version 3.2 (PLSQL )**
- **Vertex Quantum for US Sales & Use Tax, Version 2.0 ( PLSQL )**

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

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### Tax Partners Overview

**Tax partners integrate with:**

- **Oracle Receivables**
- **Oracle Order Management**
- **Oracle Order Capture**
  - **Oracle iStore**
  - **Oracle Sales**

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### Tax Partners Functionality

- Determine jurisdiction (if applicable, multiple jurisdictions)
- Apply special rates and rules
  - Maximum tax base amounts
- Process customer, product, and jurisdiction exceptions
- Create reports and support tax return process

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For more information, refer to the "Working with Taxware STEP" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or the "Working with Vertex Tax Decision Maker" section in the *Integrating Oracle Receivables with Vertex Quantum* manual.

### Tax Process Overview

- Tax information stored in Oracle Receivables tax tables passes to the tax partner.
- The tax partner returns tax rate and tax amount for every invoice line.
- AutoAccounting then generates account distribution tax lines based on the tax information that the tax partner returned.

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(Help) Oracle Receivables > Tax > Tax Vendor Extension

## Review Question

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### Review Question

**The tax partner integration affects every feature in Oracle Applications, such as the windows and reports.**

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

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## Answer to Review Question

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### Answer to Review Question

**The tax partner integration affects every feature in Oracle Applications, such as the windows and reports.**

1. True
2. False

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## Agenda

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### Agenda

- Describing tax partners
- **Performing prerequisite implementation steps**
- Integrating tax partners
- Performing monthly and support procedures

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## Prerequisite Steps

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### Prerequisite Steps

1. Test database
2. Obtain Oracle SQL \*Plus access to the APPS schema
3. Obtain permission to relink Oracle Executables
4. Attend tax partner software training
5. Install tax partner software
6. Apply latest Oracle Receivables patchset and latest cumulative tax patch
7. Implement US Sales tax (including uploading Taxware TMDFL or Vertex SEQMAST data files)
8. Validate customer addresses

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### Implementing US Sales Tax

1. Choose a Sales Tax Location Flexfield Structure
2. Set up tax engine controls
3. Define tax lookups
4. Determine states in which you are not required to collect tax
5. Define Sales tax location and rates
6. Assign tax accounts and define AutoAccounting
7. Define tax exemptions
8. Define item tax rate exceptions
9. Define tax profile options

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## Choose a Sales Tax Location Flexfield Structure

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

**(Help) Oracle Receivables > Tax > Implementing US Sales Tax > Setup Steps for US Sales Tax**

## Setting Up Tax Engine Controls

---

### Setting Up Tax Engine Controls

Customer and item exemptions may be stored in Oracle, Taxware Sales Tax Exemption Processing System (STEP), or Vertex Tax Decision Maker (TDM).

- If storing exemptions in Oracle:
  - Select Use Customer Exemptions and Use Item Exemptions options
  - Exempt items are exempt for all jurisdictions
- Do not select the Use Item Tax Rate Exceptions option. Item tax rate exceptions must be stored in Taxware STEP or Vertex TDM.

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**(N) Setup > System > System Options > (T) Tax Defaults and Rates**

**(Help) Oracle Receivables > Tax > Implementing US Sales Tax > Setup Steps for US Sales Tax**

## Defining Tax Lookups

---

### Defining Tax Lookups

- Define lookups for tax exemption reasons.
  - Query *TAX\_REASON* in the Type field
  - Used for exemptions stored in Oracle
  - Oracle passes the first two characters of lookup code to Taxware
  - Oracle passes the first character of lookup code to Vertex
- Do not define lookups for item tax rate exception reasons. Item exceptions must be stored in Taxware STEP or Vertex TDM.

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**(N) Setup > System > QuickCodes > Receivables**

**(Help) Oracle Receivables > Tax > Implementing US Sales Tax > Setup Steps for US Sales Tax**

### Demonstration

**This demonstration covers how to define lookups for tax exemption reasons.**

**(N) Setup > System > QuickCodes > Receivables**

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## Determining States in Which You Are Not Required to Collect Tax

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### **Determining States in Which You Are Not Required to Collect Tax**

1. **Set up Taxware STEP or Vertex TDM based on this determination.**
2. **Also determine local jurisdictions in which you are required to collect tax.**
3. **Review tax partner calculation logic and see if additional setup is required in Taxware STEP or Vertex TDM.**

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**(Help) Oracle Receivables > Tax > Implementing US Sales Tax > Setup Steps for US Sales Tax**

## Defining Sales Tax Locations and Rates

---

### Defining Sales Tax Locations and Rates

1. Use the Sales Tax Rate Interface to upload the Taxware TMDFL or Vertex SEQMAST file into Oracle tables.
  - Address validation
  - Assignment of ship-to jurisdiction codes or GeoCodes
2. Also load to tax partner tables.
  - Tax calculation

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**(Help) Oracle Receivables > Tax > Implementing US Sales Tax > Setup Steps for US Sales Tax**

## Assigning Tax Accounts and Defining AutoAccounting

---

### Assigning Tax Accounts and Defining AutoAccounting

- Setting different sales tax liability accounts lets you reconcile total tax amounts for each state to the Oracle and tax partner reports.
- The entire portion of tax is recorded on the account assigned to the ship-to state for transactions that are subject to origin and destination-based taxes.

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(Help) Oracle Receivables > Tax > Implementing US Sales Tax > Setup Steps for US Sales Tax

For more information, refer to the "Accounting for State and Local Taxes" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.



## Defining Tax Exemptions

---

### Defining Tax Exemptions

- Customer and item exemptions may be stored in Oracle, Taxware STEP, or Vertex TDM.
- If exemptions are stored in Oracle:
  - Exempt items are exempt for all jurisdictions
  - You can use the Optional % Exempt field in the Tax Exemptions window to specify the exemption percentage for state, county, city, and district (Vertex) or secondary jurisdiction (Taxware)

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**(N) Setup > Tax > Exemptions**

**(Help) Oracle Receivables > Tax > Implementing US Sales Tax > Setup Steps for US Sales Tax**

For more information, refer to the "Integration with Oracle Exemption Handling" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.

## Defining Item Tax Rate Exceptions

---

### Defining Item Tax Rate Exceptions

- Item tax rate exceptions are not passed from Oracle to tax partners.
- Item exceptions must be defined in Taxware STEP or Vertex TDM.

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**(Help) Oracle Receivables > Tax > Implementing US Sales Tax > Setup Steps for US Sales Tax**

## Defining Tax Profile Options

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### Defining Tax Profile Options

Use the System Profile Values window in the System Administrator responsibility to:

- **Set Tax: Calculate Tax on Credit Memos** profile option to **YES** to post credit memos to a tax partner
- **Set Tax: Allow Override of Customer Exemptions** profile option
  - **Yes** or **No** if storing exemptions in Oracle
  - **No** if using only tax partner exemptions

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**(N) Profile > System**

**(Help) Oracle Receivables > Tax > Implementing US Sales Tax > Setup Steps for US Sales Tax**

## Validating Customer Addresses

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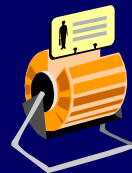
### Validating Customer Addresses

#### New Implementations of Oracle Applications



**Load customer addresses  
after completing previous  
steps**

#### Existing Implementations of Oracle Applications



**Clean up addresses if invalid  
ones exist**

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## Agenda

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### Agenda

- Describing tax partners
- Performing prerequisite implementation steps
- **Integrating tax partners**
- Performing monthly and support procedures

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### Integration Steps

1. Provide grants to the APPS schema
2. Remove C tax vendor (optional)
3. Re-create synonyms
4. Set profile options
5. Set up lookup code  
ARTAXVDR: Location Qualifier
6. Set up tax exemption  
reason lookup codes
7. Set up vendor-specific  
tax codes (optional)
8. Set up system options
9. Create index on Vertex  
audit table (Vertex only)
10. Verify tax vendor  
implementation
11. Set up jurisdiction  
codes (optional)
12. Set up optional fields  
(optional)

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## Providing Grants to the APPS Schema

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### Providing Grants to the APPS Schema

Give grants to the APPS schema so that the tax partner packages can be executed.

- Enter at SQL prompt
- Connect as <Taxware schema>/<Taxware Password> or <Vertex schema>/<Vertex Password>

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For more information, refer to the "Step 1 - Provide Grants to the APPS Schema" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.

## Removing C Tax Vendor (Optional)

---

### Removing C Tax Vendor (Optional)

Removing the C tax vendor extension from all Oracle executables is only required if you are upgrading from the DMS integration (Release 10.4.2 to Release 10.7).

1. Remove vendor-specific object files from the \$FND\_TOP/usrxit/devenv files VNDARSL and VNDARPL.
2. Relink aiap, AutoInvoice, recurring invoices, OE Transaction Manager, and the report executables.

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For more information, refer to the "Step 2 - Remove the C Tax Vendor (optional)" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.



## Re-creating Synonyms

---

### Re-creating Synonyms

Re-create certain synonyms to point to correct vendor packages.

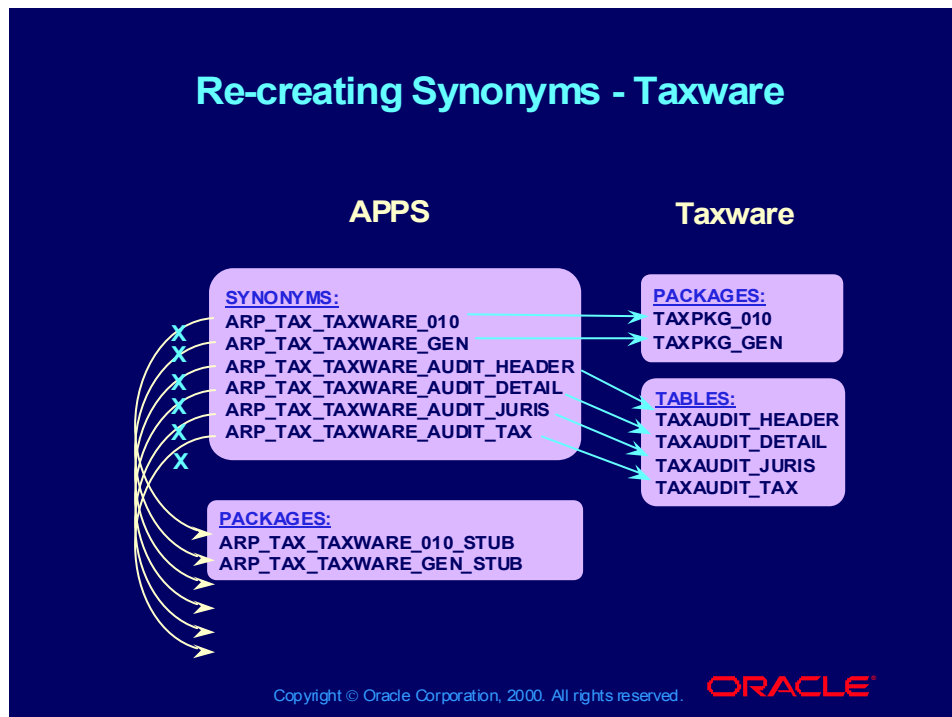
- Enter at SQL prompt
- Re-create Synonyms to point to a tax partner

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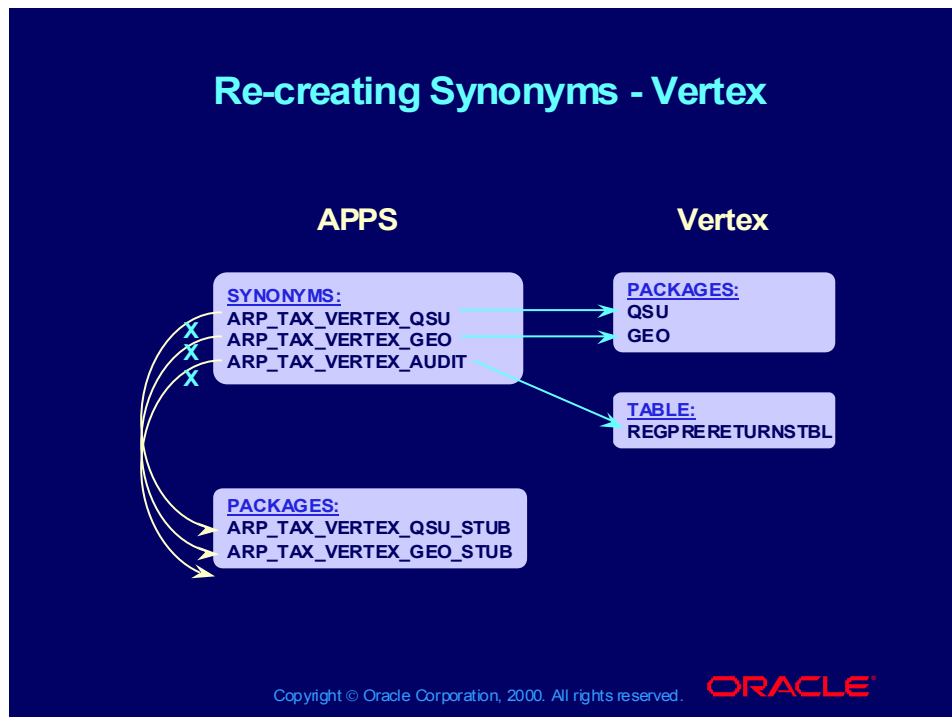
For more information, refer to the "Step 3 - Re-create Synonyms" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.

## Re-creating Synonyms - Taxware



For more information, refer to the "Step 3 - Re-create Synonyms" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* manual.

## Re-creating Synonyms - Vertex



For more information, refer to the "Step 3 - Re-create Synonyms" section in the *Integrating Oracle Receivables with Vertex Quantum* manual.

### Setting Profile Options

**Set the profile options used with tax partners:**

- Tax: Use Tax Vendor
- Tax: Use PL/SQL Vendor
- Tax: Calculate Tax on Credit Memos
- Tax Taxware: Use Nexpro
- Tax Taxware: Tax Selection Parameter
- Tax Taxware: Tax Type
- Tax Taxware: Service Indicator
- Tax Vertex: Use Secondary Taxes
- Tax Vertex: Case Sensitive

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**For more information, refer to the "Step 4 - Set Up Profile Options" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.**

## Setting Up Lookup Code ARTAXVDR: Location Qualifier

---

### Setting Up Lookup Code ARTAXVDR: Location Qualifier

Use the Oracle Receivables Lookups window to set up the ARTAXVDR: Location Qualifier lookup code.

- Enter **ARTAXVDR\_LOC\_QUALIFIER** in the Type field
- Required selection:
  - Enable ALL
  - Disable STATE, COUNTY, CITY

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(N) Setup > System > QuickCodes > Receivables

For more information, refer to the "Step 5 - Set Up Lookup Code ARTAXVDR: Location Qualifier" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.

## Demonstration

---

### Demonstration

**This demonstration covers how to set up lookup code  
ARTAXVDR: Location Qualifier.**

**(N) Setup > System > QuickCodes > Receivables**

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## Setting Up Tax Exemption Reason Lookup Codes

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### Setting Up Tax Exemption Reason Lookup Codes

**This step is the same as the defining tax exemptions step for implementing US Sales tax.**

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**(N) Setup > System > QuickCodes > Receivables**

**For more information, refer to the "Step 6 - Set Up Lookup Code Tax Exemption Reason" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.**

## Setting Up Vendor-Specific Tax Codes (Optional)

---

### Setting Up Vendor-Specific Tax Codes (Optional)

**This step is only needed:**

- For customers upgrading from character mode
- If lookup code ARTAXVDR: Location Qualifier is set to STATE, COUNTY, CITY

**Use the Tax Codes and Rates window to create State, County, and City tax codes with Sales tax type.**

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

**For more information, refer to the "Step 7 - Set Up Vendor-Specific Tax Codes" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.**



## Setting Up System Options

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### Setting Up System Options

In the System Options window, enter *Taxware* or *Vertex* in the Tax Vendor Views field.

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

**For more information, refer to the "Step 8 - Set Up System Options" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.**

## Creating Index on Vertex Audit Table (Vertex Only)

---

### Creating Index on Vertex Audit Table (Vertex Only)

- Create an index for the column TRANSUSERAREA in the Vertex table REGPRERETURNSTBL so that Oracle can identify invalid invoices to delete from the AutoInvoice interface tables.
- SQL> Create Index <Any Index Name> on Regprereturnstbl (Transuserarea);

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For more information, refer to the "Step 9 - Create Index on Vertex Audit Table" section in the *Integrating Oracle Receivables with Vertex Quantum* manual.

## Verifying Tax Vendor Implementation

---

### Verifying Tax Vendor Implementation

- |  |   |
|--|---|
| 1. Create customer addresses   | 6. Create adjustments                             |
| 2. Create sales orders and run the Sales Order Acknowledgment Report           | 7. Copy (recur) invoices                          |
| 3. Import using AutoInvoice  | 8. Create invoices in the Transactions Workbench  |
| 4. Maintain (update/delete) imported invoices using the Transactions Workbench | 9. Create exempt orders                           |
| 5. Create credits memos  | 10. Create orders with part exceptions            |
|  | 11. Create credit memos on exempt/excepted orders |
|  | 12. TEST, TEST, TEST                              |

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For more information, refer to the "Step 9 - Verify Tax Vendor Implementation" and "Tutorial" sections in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* manual.

For more information, refer to the "Step 10 - Verify Tax Vendor Implementation" and "Tutorial" sections in the *Integrating Oracle Receivables with Vertex Quantum* manual.

## Setting Up Jurisdiction Codes (Optional)

---

### Setting Up Jurisdiction Codes (Optional)

Use fields in Oracle Receivables windows to:

- Extend the basic functionality of the integration
- Support tax calculations using ship-from and ship-to addresses, point of order acceptance, and point of order origin with jurisdiction codes and GeoCodes.

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For more information, refer to the "Step 10 - Set Up Jurisdiction Codes (optional)" and "Working with Taxware Jurisdiction Codes" sections in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* manual.

For more information, refer to the "Step 11 - Set Up Jurisdiction Codes (optional)" and "Working with Vertex GeoCodes and GeoCoder" sections in the *Integrating Oracle Receivables with Vertex Quantum* manual.

## Setting Up Jurisdiction Codes (Optional)

---

### Setting Up Jurisdiction Codes (Optional)

Window	Field	Jurisdiction Code / GeoCode
Location Address	Sales Tax Override	Warehouse
Salesforce	Geo Override	Salesperson
Customer Address	Geo Override	Customer Address
System Options	Sales Tax Geo Override	Organization

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For more information, refer to the "Step 10 - Set Up Jurisdiction Codes (optional)" and "Working with Taxware Jurisdiction Codes" sections in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* manual.

For more information, refer to the "Step 11 - Set Up Jurisdiction Codes (optional)" and "Working with Vertex GeoCodes and GeoCoder" sections in the *Integrating Oracle Receivables with Vertex Quantum* manual.

## Setting Up Optional Fields (Optional)

---

### Setting Up Optional Fields (Optional)

- Implement descriptive flexfields and use fields in Oracle Receivables windows to extend the basic functionality of the integration.
- Create flexfields and fields in:
  - Receivables Activities window
  - Transaction Types window

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For more information, refer to the "Storing Tax Information in Oracle Receivables" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.

## Setting Up Optional Fields (Optional)

---

### Setting Up Optional Fields (Optional)

Window	Field
Tax Exemptions	Optional Exempt %
Receivables Activities	Post Adjustments to Audit File
Transaction Types	Job Number (Taxware only)

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For more information, refer to the "Storing Tax Information in Oracle Receivables" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.

### Review Question

**Which integration step does not correspond in any way to a basic step for implementing US Sales tax?**

- 1. Re-create synonyms**
- 2. Set profile options**
- 3. Set up lookup code tax exemption reason**

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### Answer to Review Question

**Which integration step does not correspond in any way to a basic step for implementing US Sales tax?**

- 1. Re-create synonyms**
2. Set profile options
3. Set up lookup code tax exemption reason

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## Setting Up Taxware STEP

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### Setting Up Taxware STEP

The Taxware Sales Tax Exemption Processing (STEP) controls taxability of transactions based on item, bill-to customer, or ship-to jurisdiction.

STEP Field	Oracle Value
Company	01
Division Code	01
Customer	Bill-to customer number of invoice/order
Address	Ship-to address (state, county, city)
Product Code	Segment 1 of Item Flexfield
Product Category	(Not used)

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For more information, refer to the "Working with Taxware STEP" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* manual.

## Setting Up Vertex TDM

---

### Setting Up Vertex TDM

The Vertex Tax Decision maker (TDM) controls taxability of transactions based on item, bill-to customer, or ship-to jurisdiction.

TDM Field	Oracle Value
Company Code	01
Division Code	01
Customer Code	Bill-to customer number of invoice/order
Customer Class	(not used)
Address	GeoCode associated with ship-to address
Product Code	Segment 1 of Item Key Flexfield

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For more information, refer to the "Working with Vertex Tax Decision Maker" section in the *Integrating Oracle Receivables with Vertex Quantum* manual.

### Customizations

- **Reapply any modifications to standard tax view functions when you apply a patch.**
- **Make sure that numeric values are returned when required.**

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## Agenda

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### Agenda

- Describing tax partners
- Performing prerequisite implementation steps
- Integrating tax partners
- **Performing monthly and support procedures**

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## Monthly Procedures - Database Storage Requirements

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### Monthly Procedures - Database Storage Requirements

Size the AR\_LOCATION\_VALUES and AR\_LOCATION\_RATES tables to allow full upload of the Taxware TMDFL or Vertex SEQMAST data file (~75MB plus 100MB to initialize Taxware or Vertex tables).

- Taxware schema: 1500 bytes per transaction line, 3000 bytes per change
- Vertex: 800 bytes per transaction line, 1600 bytes per change

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For more information, refer to the "Database Storage Requirements" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or *Integrating Oracle Receivables with Vertex Quantum* manual.

### Monthly Procedures - Address Validation Data

- **Address Validation**
  - Use the Sales Tax Rate Interface to upload the Taxware TMDFL or Vertex SEQMAST file into Oracle tables
  - Also load to tax partner tables
- Load to Oracle is a two-step process
  - SQL\*Loader
  - Sales Tax Rate Interface Program

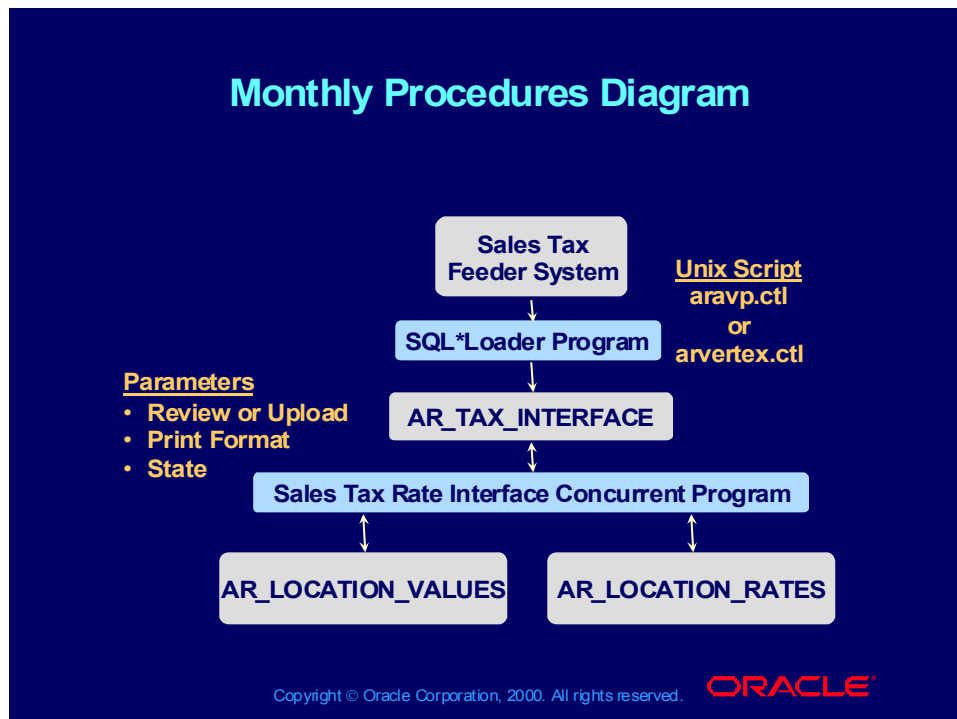
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For more information, refer to the "Address Validation Data - Taxware TMDFL Data File" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* manual or the "Address Validation Data - Vertex SEQMAST File" section in the *Integrating Oracle Receivables with Vertex Quantum* manual.

## Monthly Procedures Diagram

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For more information, refer to the "Monthly Procedures" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or the *Integrating Oracle Receivables with Vertex Quantum* manual.



### Support Procedures

- If using AutoInvoice or Copy Transaction programs, enter 3 in the Message Level field of the System Options window.
- Set profile options:
  - Tax: Debug File Directory
  - Tax: Debug Flag

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For more information, refer to the "Support Procedures" section in the *Integrating Oracle Receivables with Taxware Sales/Use Tax System* or the *Integrating Oracle Receivables with Vertex Quantum* manual.

### Requesting Support

- **Contact Oracle if you have questions concerning the integration of the tax partner.**
- **Contact the tax partner if you have questions concerning the partner product.**
- **Use log files that document tax calculation steps for support request if you have specific questions or questions concerning how tax amounts are calculated.**

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## Summary

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### Summary

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

- **Describe tax partners**
- **Perform prerequisite implementation steps**
- **Integrate tax partners**
- **Perform monthly and support procedures**

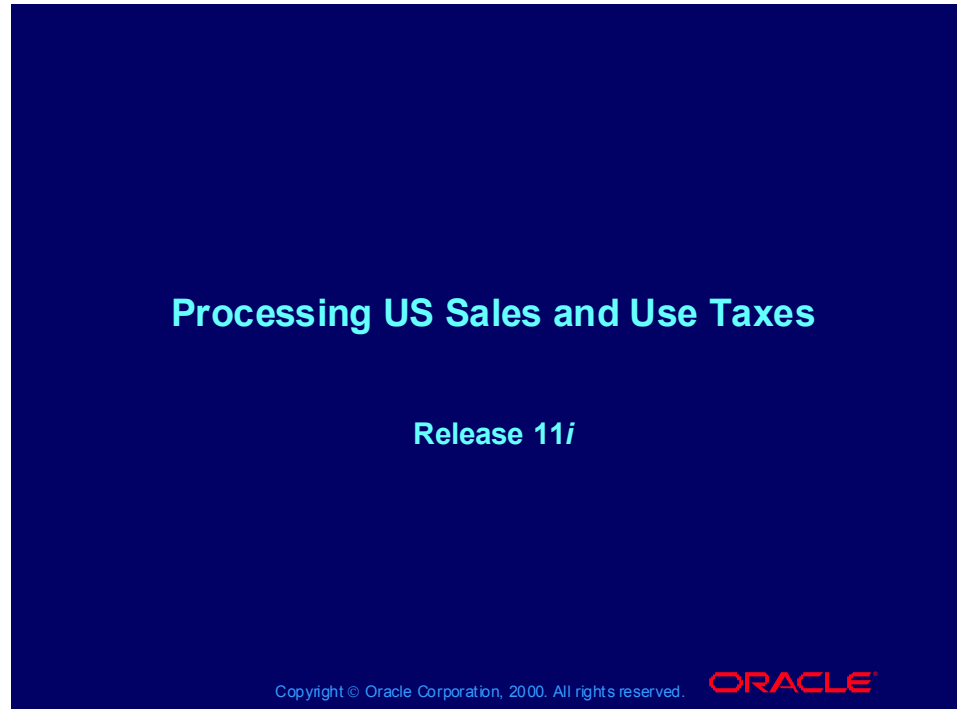
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# **R11i Processing U.S. Sales and Use Taxes**

## **Chapter 26**



## Objectives

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### Objectives

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

- **Describe how Oracle's e-Business Suite handles the processing of US Sales and Use taxes**
- **Demonstrate how to process US Sales tax in Oracle Receivables, Oracle Order Management, and other products**
- **Demonstrate how to process US Sales and Use taxes in Oracle Payables and Oracle Purchasing**

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## Agenda

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### Agenda

- **Using Oracle's e-Business Suite to process US Sales and Use taxes**
- **Overview of US Sales and Use taxes**
- **Processing US Sales tax in Oracle Receivables, Oracle Order Management, and other products**
- **Processing US Sales and Use taxes in Oracle Payables and Oracle Purchasing**

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## Agenda

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### Agenda

- **Using Oracle's e-Business Suite to process US Sales and Use taxes**
- Overview of US Sales and Use taxes
- Processing US Sales tax in Oracle Receivables, Oracle Order Management, and other products
- Processing US Sales and Use taxes in Oracle Payables and Oracle Purchasing

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## Oracle e-Business Suite Applications that Process US Sales and Use Taxes

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### Oracle e-Business Suite Applications that Process US Sales and Use Taxes

Application	Sales Tax	Use Tax
Receivables	X	N/A
Order Management	X	N/A
Payables	X	X
Purchasing	X	X

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### Partner Solutions

- Oracle Receivables (and all other Order to Cash products that use the Oracle Receivables tax setup) provides US Sales tax partner solutions with Vertex Quantum™ and the Taxware Sales/Use Tax System™.
- These partner solutions calculate and report complex taxes, while Oracle's e-Business suite creates and stores all other tax data.

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## Agenda

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### Agenda

- Using Oracle's e-Business Suite to process US Sales and Use taxes
- **Overview of US Sales and Use taxes**
- Processing US Sales tax in Oracle Receivables, Oracle Order Management, and other products
- Processing US Sales and Use taxes in Oracle Payables and Oracle Purchasing

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### Overview of US Sales Tax

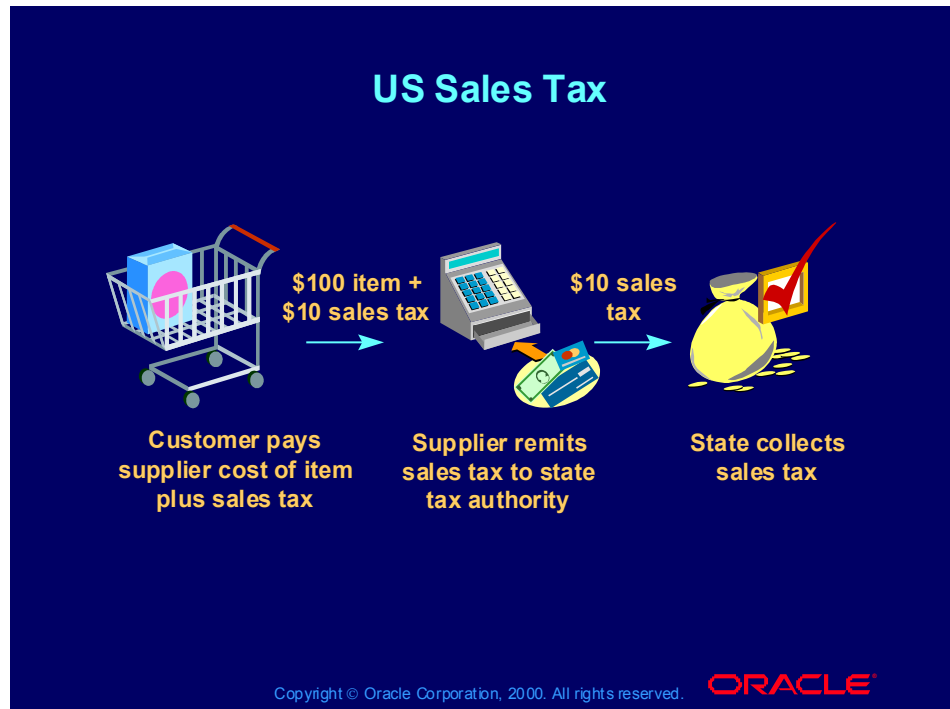
- **US Sales tax is:**
  - Tax on the retail sale, transfer, lease, rental, or exchange of tangible personal property (TPP)
  - Typically charged to the customer
  - Collected from the customer and remitted to the state by the supplier
- The tax base encompasses various services in many states.

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## US Sales Tax

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### Overview of US Use Tax

**US Use tax is:**

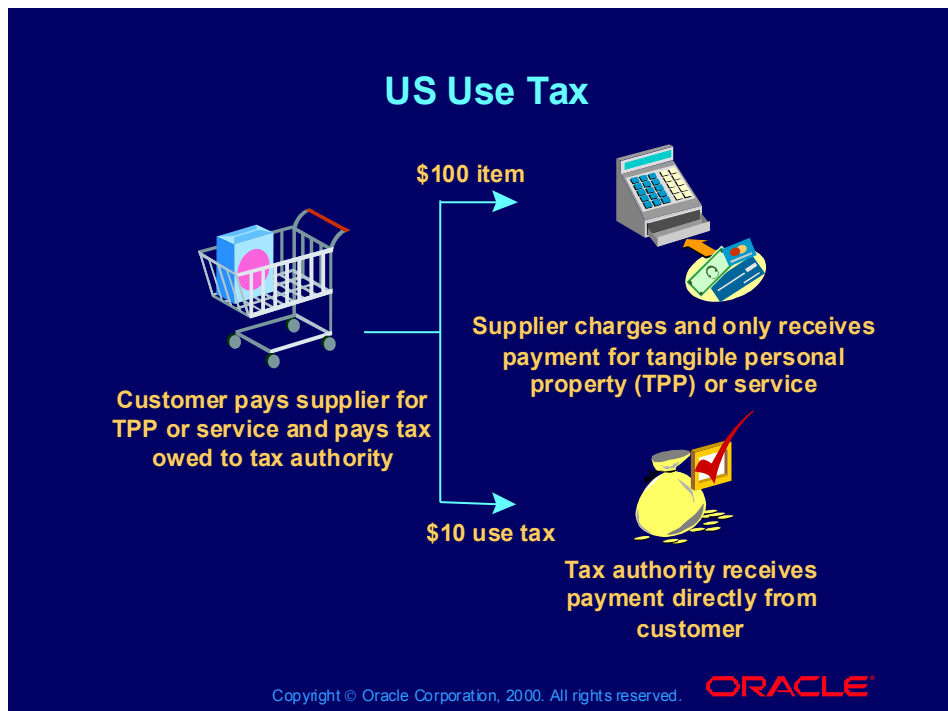
- Tax on the storage, use, or consumption of a taxable item (TPP or service) to which sales tax does not apply or was applied at a lower rate.
- Enacted primarily for states to tax interstate sales when sales tax does not apply.
- Typically self-accrued by the customer/purchaser.

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## US Use Tax

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### Application of Sales and Use Taxes

**State and Local laws, rules, and regulations affect:**

- The application of sales and use taxes
- The availability and types of exemptions
- Filing requirements and types of exemptions
- Whether you should report sales and use taxes on an accrual or cash basis
- Acceptable accounting methods

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**(Help) Oracle Financial Applications > Oracle Receivables Tax**

## Agenda

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### Agenda

- Using Oracle's e-Business Suite to process US Sales and Use Taxes
- Overview of US Sales and Use Taxes
- **Processing US Sales tax in Oracle Receivables, Oracle Order Management, and other products**
- Processing US Sales and Use taxes in Oracle Payables and Oracle Purchasing

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## Oracle Receivables Tax Overview

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### Oracle Receivables Tax Overview

Based on customer's ship-to address:

<b>Structure</b>	State.County.City + Zip Code			
	↓	↓	↓	↓
<b>Locations</b>	IL.Cook.Chicago + 60601			
	↓	↓	↓	
<b>Tax Rates</b>	3%	2%	1.5%	= 6.5%

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(Help) Oracle Financial Applications > Oracle Receivables > Tax >  
Calculating Tax > Calculating Tax

### Calculating US Sales Tax in Oracle Receivables

- Oracle Receivables calculates sales tax on invoices, debit memos, credit memos, and adjustments
- Sales tax is not calculated on guarantees, deposits, or cash receipts
- To calculate sales tax on freight, you must set up the freight inventory item

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## Processing US Sales Tax in Oracle Receivables

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### Processing US Sales Tax in Oracle Receivables

You can enter and review sales tax information for your transaction lines in the Tax window.

**Prerequisite:**

- Implement US Sales tax

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

### **Processing US Sales Tax in Oracle Receivables**

- 1. Enter a transaction from the Transaction window.**
  - a. Enter header information (e.g., customer)**
  - b. Enter line items**
  - c. Enter exemption information, if applicable**
- 2. Review Tax details**
  - a. Select a line to view**
  - b. Choose the Tax button**
  - c. Select View Tax for All Lines to view tax details for all lines**

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## Querying and Changing Transactions in Oracle Receivables

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### Querying and Changing Transactions in Oracle Receivables

1. **Query or change a current transaction from the Transaction or Transaction Summary window.**
2. **Change an automatically generated Tax code, (depending on your profile options).**
3. **Oracle Receivables displays the new tax rate and amount.**
4. **If you use AutoAccounting, rerun Review Accounting to update your tax account for this invoice line.**

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## Adjusting Sales Tax when Copying Invoices

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### Adjusting Sales Tax when Copying Invoices

- Use the Copy Transactions window to automatically duplicate the basic information that appears on recurring invoices
- The tax invoice will calculate tax for the transaction date of the new invoice

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**(Help) Oracle Financial Applications > Oracle Receivables > Tax > Transactions > Copying Invoices**



### Demonstration

This demonstration shows you how to:

- Enter and review sales tax information for an invoice in Oracle Receivables

**(N) Transaction—>Transactions—>Tax (B) Tax**

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## Entering and Changing Sales Tax Credit Memo Information in Oracle Receivables

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### Entering and Changing Sales Tax Credit Memo Information in Oracle Receivables

**You can enter and change tax information for your credit memos in the Tax window.**

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## Entering Sales Tax Credit Memo Information in Oracle Receivables

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### Entering Sales Tax Credit Memo Information in Oracle Receivables

1. Enter a credit memo from the Credit Transactions or Transaction Summary window OR select Credit Lines and enter individual credit lines.
2. Enter an amount or tax percentage to credit in the Credit Transactions form.
3. Query is used to review a transaction and changes can only be made if the period has not closed.

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### Demonstration

This demonstration shows you how to:

- Enter or query tax information on credit memos lines in Oracle Receivables

(N) Transactions—>Credit Transactions

(N) Transactions—>Transactions Summary—>Query Transaction—>Credit

(N) Transactions—>Query Transaction—>Tools  
—>Credit

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## Tax Exemptions in Oracle Receivables

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### Tax Exemptions in Oracle Receivables

When you define your tax exemptions, you have the option of creating exemptions for:

- Customers
  - Tax authority location
  - Specific customer sites
  - No specific location
- Items
- Ranges of items

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**(Help) Oracle Financial Applications > Oracle Receivables > Tax > Setting Up > Tax Exemptions**

## Tax Exceptions in Oracle Receivables

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### Tax Exceptions in Oracle Receivables

When you define your tax exceptions, you have the option of creating exceptions for:

- Items
- Ranges of items

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**(Help) Oracle Financial Applications > Oracle Receivables > Tax > Setting Up > Tax Rate Exceptions**

### Printing Tax Information

- When you submit your invoices and debit memos through the Print Invoices window, Oracle Receivables prints tax information on your forms
- You can specify the tax printing option for each site or customer. Alternatively, Oracle Receivables will use the tax printing option you chose in the System Options window

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**(Help) Oracle Financial Applications > Oracle Receivables > Reports  
> Invoice Print Reports**

## US Sales Tax Adjustments in Oracle Receivables

---

### US Sales Tax Adjustments in Oracle Receivables

You can apply manual adjustments to your invoice and the tax amounts will reconcile to your tax reports.

1. Query your transaction, select tools, and then select either **Adjust** or **Transaction Summary**.
2. Enter a Tax Adjustment in the Adjustment window.
3. Approved adjustments of type 'Tax' will be applied and appear on tax reports.

(N) Transactions—>Transactions Summary—>Query Transaction—>Adjust

(N) Transactions—>Query Transaction—>Tools—>Adjust

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(Help) Oracle Financial Applications > Oracle Receivables > Transactions > Maintaining Transactions Field Reference > Adjustments



## Reconciling Sales Tax Returns to the General Ledger

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### Reconciling Sales Tax Returns to the General Ledger

You should run the following reports during each accounting period to verify that your Sales Tax Returns for each state balance to the sales tax liability accounts in your general ledger:

- US Sales Tax Report
- General Ledger Account Analysis Report
- Sales Journal by General Ledger Account
- Adjustments Register

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**(Help) Oracle Financial Applications > Oracle Receivables > Tax > Implementing US Sales Tax > US Sales Tax Reconciliation**

## US Sales Tax Report

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### US Sales Tax Report

The US Sales Tax report enables you to identify and review your sales tax liability to the various tax authorities around the United States.

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(Help) Oracle Financial Applications > Oracle Receivables > Reports  
> Tax Reports

## General Ledger Account Analysis Report

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### General Ledger Account Analysis Report

You can use the General Ledger Account Analysis report, along with the US Sales Tax report, to reconcile tax amounts and identify any tax transactions not posted to the appropriate sales tax liability account.

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(Help) Oracle Financial Applications > Oracle Receivables > Reports  
> Tax Reports

## Sales Journal by General Ledger Account Report

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### **Sales Journal by General Ledger Account Report**

**The Sales Journal by General Ledger Account report  
verifies that only authorized sales tax activity has  
been posted to valid sales tax liability accounts.**

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**(Help) Oracle Financial Applications > Oracle Receivables > Reports  
> Tax Reports**

## Adjustments Register

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### Adjustments Register

**Oracle Receivables allows you to increase or decrease the amount due of your invoice or debit memo.**

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**(Help) Oracle Financial Applications > Oracle Receivables > Reports  
> Tax Reports**

## Review Questions

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### Review Questions

In this practice, you will mark these statements true or false to test your knowledge of processing sales tax in Oracle Receivables.

1. \_\_\_\_\_ US Sales tax in Oracle Receivables is based on the customer's billing address.
2. \_\_\_\_\_ You can create exemptions for customers, items, and a range of items.
3. \_\_\_\_\_ Sales tax is calculated on deposits.
4. \_\_\_\_\_ You can use the US Sales Tax report and General Ledger Account Analysis report to identify any tax transactions not posted to the appropriate sales tax liability account.

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### Solutions to Review Questions

In this practice, you will mark these statements true or false to test your knowledge of processing sales tax in Oracle Receivables.

1. **False** US Sales tax in Oracle Receivables is based on the customer's billing address.
2. **True** You can create exemptions for customers, items, and a range of items.
3. **False** Sales tax is calculated on deposits.
4. **True** You can use the US Sales Tax report and General Ledger Account Analysis report to identify any tax transactions not posted to the appropriate sales tax liability account.

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## Processing Sales Tax in Oracle Order Management

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### Processing Sales Tax in Oracle Order Management

Order Management allows you to quote an estimated sales tax for orders at the time of order entry. Actual tax is calculated in Oracle Receivables during invoicing and may differ from the estimated amount if dates/rates change. As with Oracle Receivables, sales tax is based on different components of the customer's shipping address.

**Prerequisites:**

- Implement US Sales tax

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**(Help) Oracle Manufacturing Applications > Oracle Order Management > Setting Up > Taxation**



## Processing Sales Tax in Oracle Order Management

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### Processing Sales Tax in Oracle Order Management

**Sales tax is automatically calculated when you enter and update sales orders using the Sales Orders window:**

- **Entering the ship-to information determines the sales tax calculation**
- **Entering tax exemption information has the same functionality as described previously for Oracle Receivables.**

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### Demonstration

This demonstration shows you how to:

- Enter and review sales tax information for a sales order in Order Management

(N) Orders, Returns—>Sales Orders

(N) Orders, Returns—>Order Organizer—>  
[Find Orders]—>Order Information Tab

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## Review Question

---

### Review Question

In Order Management, sales tax is based on different components of the \_\_\_\_\_.

1. Customer's sales order slip
2. Customer's billing address
3. Customer's zip code
4. Customer's shipping address
5. Customer's place of residence

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### Solution to Review Question

In Order Management, sales tax is based on different components of the \_\_\_\_\_.

1. Customer's sales order slip
2. Customer's billing address
3. Customer's zip code
- 4. Customer's shipping address**
5. Customer's place of residence

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## Agenda

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### Agenda

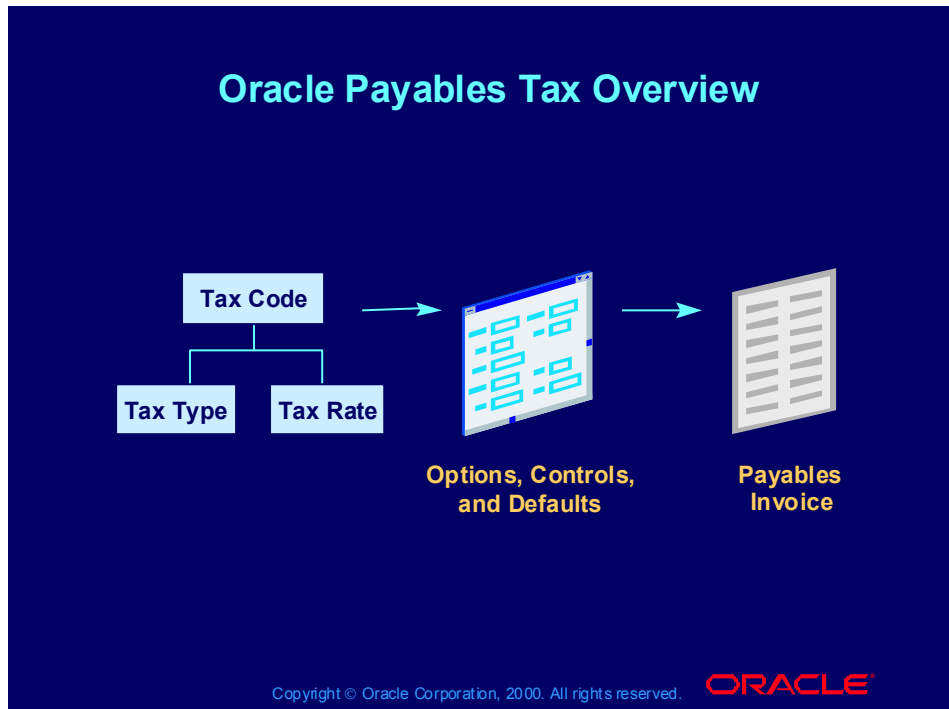
- Using Oracle's e-Business Suite to process US Sales and Use tax
- Overview of US Sales and Use tax
- Processing US Sales tax in Oracle Receivables, Oracle Order Management, and other products
- **Processing US Sales and Use taxes in Oracle Payables and Oracle Purchasing**

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## Oracle Payables Tax Overview

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**(Help) Oracle Financial Applications > Oracle Payables > Invoices > Taxes on Invoices > Payables and Financials Options**

## Processing Taxes in Oracle Payables

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### Processing Taxes in Oracle Payables

- You can record taxes by manually entering tax distributions, or by having Payables automatically create tax distributions based on a tax code you enter
- You can set up your Payables system to default tax codes based on your business needs

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

## Setting Up US Sales Tax in Oracle Payables

### Setting Up US Sales Tax in Oracle Payables

You can use this method to set up Sales tax:

Sales Tax Code 8.5%  
100% Nonrecoverable

<u>Invoice</u>	
Item	\$1000
Sales Tax	\$85
<hr/>	
Total	\$1085

\$1085  
Tax  
Reporting  
Ledger

\$1085  
Asset / Expense  
Account

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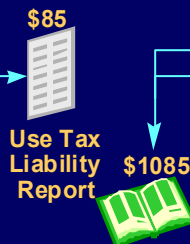
## Setting Up US Use Tax in Oracle Payables

### Setting Up US Use Tax in Oracle Payables

You can choose one of these methods to set up Use tax:

1. Use Tax Code 8.5%  
100% Nonrecoverable

Invoice	
Item	\$1000
Use Tax	\$85
<hr/>	
Total	\$1000



Asset / Expense  
Account

2. Sales Tax Code 8.5%  
100% Nonrecoverable  
Offset Tax Code - 8.5%  
100% Recoverable

Invoice	
Item	\$1000
Sales Tax	\$85
Offset Tax	-\$85
<hr/>	
Total	\$1000



Tax Reporting  
Ledger

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## Prerequisites for Processing Taxes in Oracle Payables

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### Prerequisites for Processing Taxes in Oracle Payables

**US Sales and Use taxes are assigned to the invoice distributions that are taxable. Payables records the tax you owe the state or tax authority based on the Sales or Use tax codes' tax rate and account.**

**Prerequisites:**

- **Implement US Sales and Use taxes**

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## Entering Sales or Use Taxes in the Invoice Workbench

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### Entering Sales or Use Taxes in the Invoice Workbench

1. Enter all basic invoice information from the Invoices window.
2. Enter a Sales or Use type tax code (or US Sales tax with an Offset tax code), or accept the tax code default, if applicable.
3. Navigate to the Distributions window. For each item you enter with an Item, Freight, or Miscellaneous type, accept or change the default tax code.
4. Do not create a tax distribution for a use tax.

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**(Help) Oracle Financial Applications > Oracle Payables > Invoices > Entering Invoices in the Invoice Workbench > Entering Basic Invoices in the Invoice Workbench**

**(Help) Oracle Financial Applications > Oracle Payables > Invoices > Entering Invoices in the Invoice Workbench > Entering Invoice Distributions in the Invoice Workbench**

## Entering Sales or Use Taxes in the Invoice Workbench

---

### Entering Sales or Use Taxes in the Invoice Workbench

5. For tax-exempt distributions, enter an exempt zero-percent Sales tax code or clear the Use Tax Code field.
6. After Approval, you can view the completed tax allocations in the Allocations window.
7. Run the Tax Audit Trail report, Tax Reporting Ledger, or the Use Tax Liability report to review your work.

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**(Help) Oracle Financial Applications > Oracle Payables > Reports and Programs > Invoice Tax Reports > Invoice Tax Reports**

**(Help) Oracle Financial Applications > Oracle Payables > Reports and Programs > Invoice Tax Reports > Use Tax Liability Report**

### Demonstration

**This demonstration shows you how to:**

- **Enter sales taxes in the Invoice Workbench and review tax details**
- **Enter use taxes in the Invoice Workbench**
  - **Using use tax codes**
  - **Using offset tax codes**
- **Review tax details**

**(N) Invoices—>Invoices**

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### Entering Taxes in the Invoice Gateway

**To enter sales or use taxes from the Invoice Gateway:**

- 1. Enter the invoice record.**
- 2. For each Item, Freight, or Miscellaneous line that includes a sales or use tax, enter the appropriate tax type in the Tax Code field. Do not enable the Includes Tax check box.**
- 3. Complete invoice entry and import the invoice record.**
- 4. Run the Tax Reporting Ledger, Tax Audit Trail report or the Use Tax Liability report to review your work.**

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### Invoice Tax Restrictions

- If the **Require Tax Entry at Header Option** is enabled, you cannot enter use tax codes for some invoices, either manually or through a supplier site default.
- You should not enable this option if you want to use the **Allocate** window to prorate tax. If you enter a default tax and amount and then prorate, you may overstate your taxes.

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### Demonstration

This demonstration shows you how to:

- Enter and review sales tax through the Invoice Gateway

(N) Invoices—>Invoice Gateway

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## Review Questions

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### Review Questions

In this practice, you will mark these statements true or false to test your knowledge of processing sales and use taxes in Oracle Payables.

1. \_\_\_\_\_ You can calculate tax for distributions when the distribution amount includes tax.
2. \_\_\_\_\_ You need to set up distributions for a use Tax.
3. \_\_\_\_\_ You should view your completed tax allocations in the Allocations window, prior to Approval.
4. \_\_\_\_\_ You can enter sales tax through the Invoice Gateway.

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### Solutions to Review Questions

In this practice, you will mark these statements true or false to test your knowledge of processing sales and use taxes in Oracle Payables.

1. True You can calculate tax for distributions when the distribution amount includes tax.
2. False You need to set up distributions for a use Tax.
3. False You should view your completed tax allocations in the Allocations window, prior to Approval.
4. True You can enter sales tax through the Invoice Gateway.

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### Processing US Sales and Use Tax in Oracle Purchasing

**Oracle Purchasing allows you to enter tax information on your Purchasing documents using the Tax Code and Recovery Rate fields.**

**Each tax code has an associated tax rate in Payables that determines the tax amount for an item. You also associate a recovery rate with each tax code.**

**Prerequisites:**

- **Implement US Sales and Use taxes**

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## Entering Sales or Use Taxes in Purchase Order Shipments

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### Entering Sales or Use Taxes in Purchase Order Shipments

1. Enter all basic purchase order information from the Shipments window.
2. Use the default Tax Code for taxable items or select another.
3. You can view tax information by:
  - a. Choosing Tax Code Summary from the Tool menu to see the total recoverable tax for each tax code in your document.
  - b. Choosing Tax Details from the Tools menu to see recoverable and nonrecoverable tax details for each line, shipment, and distribution.

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### Demonstration

This demonstration shows you how to:

- Enter and review US Sales and Use taxes for a purchase order

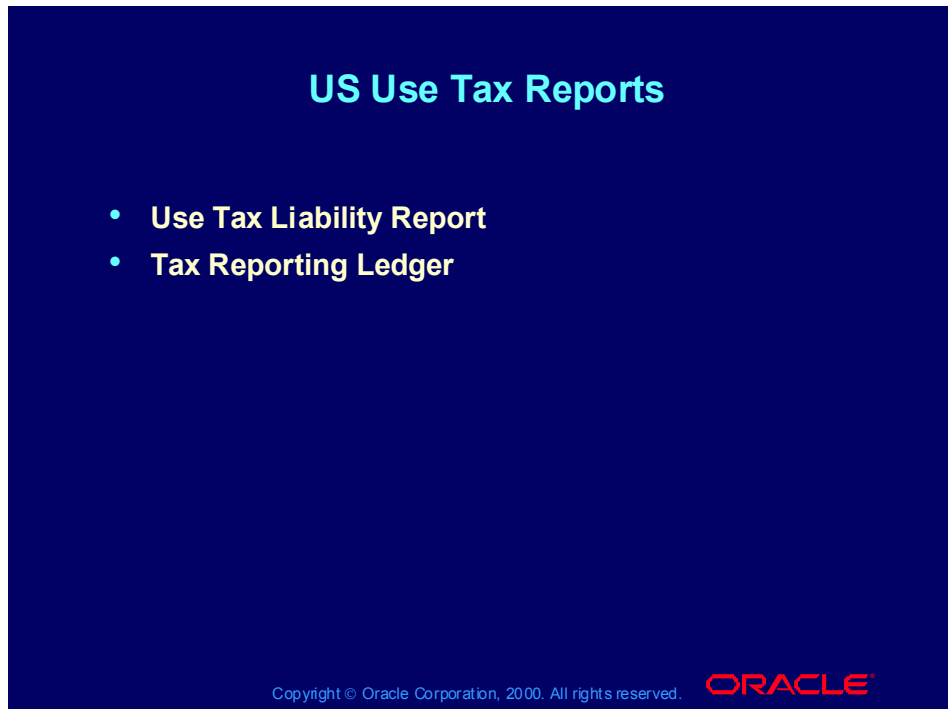
**(N) Purchase Orders—>Distributions**

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## US Use Tax Reports

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**(Help) Oracle Financial Applications > Oracle Payables > Reports and Programs > Invoice Tax Reports > Use Tax Liability Report**

## Review Question

---

### Review Question

In Oracle Purchasing, each tax code has an associated rate in Payables that determines the \_\_\_\_\_ for an item.

1. Recovery rate
2. Tax amount
3. Total amount
3. PO number
4. Tax details

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### Solution to Review Question

In Oracle Purchasing, each tax code has an associated rate in Payables that determines the \_\_\_\_\_ for an item.

1. Recovery rate
2. **Tax amount**
3. Total amount
3. PO number
4. Tax details

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### Summary

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

- **Explain how Oracle's e-Business Suite handles the processing of US Sales and Use taxes**
- **Process US Sales tax in Oracle Receivables, Oracle Order Management, and other products**
- **Process US Sales and Use taxes in Oracle Payables and Oracle Purchasing**

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# **R11i Implementing US Sales and Use Taxes**

## **Chapter 27**

# Implementing US Sales and Use Taxes

Release 11*i*

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### Objectives

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

- **Describe US Sales and Use taxes**
- **Set up Oracle Receivables and Oracle Order Management for US Sales tax**
- **Set up Oracle Payables and Oracle Purchasing for US Sales and Use taxes**

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## Agenda

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### Agenda

- **Describing US Sales and Use taxes**
- Setting up Oracle Receivables and Oracle Order Management for US Sales tax
- Setting up Oracle Payables and Oracle Purchasing for US Sales and Use taxes

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### US Sales Tax Overview

- **US Sales tax is:**
  - Tax on the retail sale, transfer, lease, rental, or exchange of tangible personal property (TPP)
  - Typically charged to the customer
  - Collected from the customer and remitted to the state by the supplier
- Tax base encompasses various services in many states

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### US Use Tax Overview

**US Use tax is:**

- Tax on the storage, use, or consumption of a taxable item (TPP or service) that sales tax does not apply or was applied at a lower rate to
- Enacted primarily for states to tax interstate sales when sales tax does not apply
- Typically self-accrued by the customer/purchaser

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## Agenda

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### Agenda

- Describing US Sales and Use taxes
- **Setting up Oracle Receivables and Oracle Order Management for US Sales tax**
- Setting up Oracle Payables and Oracle Purchasing for US Sales and Use taxes

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## Oracle Receivables Tax Overview

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### Oracle Receivables Tax Overview

Based on customer's ship-to address:

<b>Structure</b>	State.County.City + Zip Code			
	↓	↓	↓	
<b>Locations</b>	IL.Cook.Chicago + 60601			
	↓	↓	↓	
<b>Tax Rates</b>	3%	2%	1.5%	= 6.5%

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## Setting Up Tax in the System Options Window

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### Setting Up Tax in the System Options Window

1. Define Sales Tax as tax method.
2. Select a Sales Tax Location Flexfield Structure to determine tax rates and to validate your customer addresses. The recommended structure for US Sales tax is State.County.City.
3. Define tax preferences.
4. Set up tax engine controls.
5. Save system options.

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**(N) Setup > System > System Options**

**(Help) Oracle Receivables > Tax > Implementing US Sales Tax > Setup Steps for US Sales Tax**

## Demonstration

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### Demonstration

**This demonstration covers how to:**

- **Define Sales Tax as the Tax Method**
- **Select State.County.City as the Location Flexfield Structure**
- **Define tax preferences and set up tax engine controls**

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

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**ORACLE**

**(Help) Oracle Receivables > Tax > Implementing US Sales Tax > Setup Steps for US Sales Tax**

## Defining Location Tax Code

---

### Defining Location Tax Code

**The location tax code:**

- Identifies the calculated tax amount on every invoice
- Should have an appropriate name, such as *Sales Tax*
- Can be used to create sales tax exemptions and exceptions
- Is defined in the Tax Codes and Rates window

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

**(Help) Oracle Receivables > Tax > Implementing US Sales Tax > Setup Steps for US Sales Tax**

## Defining Tax Lookups

---

### Defining Tax Lookups

Use the Oracle Receivables Lookups window to define lookups for exemption and exception reasons.

These lookups are used by the Reason field in the:

- Tax Exemptions window
- Item Tax Rate Exceptions window

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**(N) Setup > System > QuickCodes > Receivables**

**(Help) Oracle Receivables > Tax > Implementing US Sales Tax > Setup Steps for US Sales Tax**

## Defining Sales Tax Locations and Rates

---

### Defining Sales Tax Locations and Rates

Determine the states that you must collect tax in and states that you are not required to collect tax in.

For locations that you must collect sales tax in, you can define sales tax locations and rates in two ways:

- Manually enter in the Tax Locations and Rates window
- Import using Sales Tax Rate Interface
  - Set to zero all sales tax rates for each state that you are not legally required to collect sales tax in

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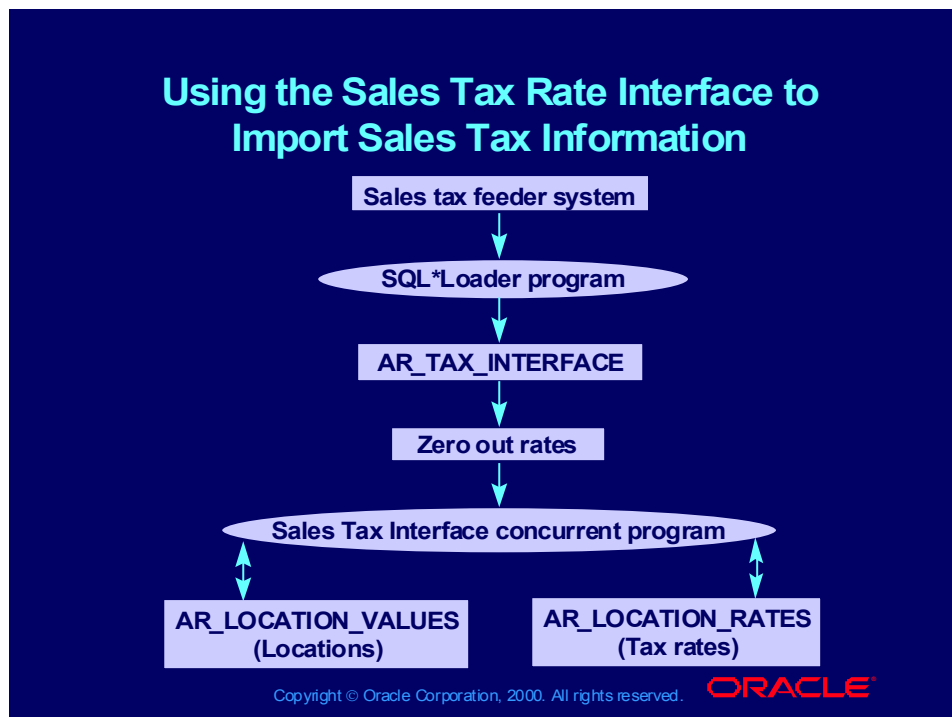
**(N) Setup > Tax > Locations**

**(Help) Oracle Receivables > Tax > Implementing US Sales Tax > Setup Steps for US Sales Tax**

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

## Using the Sales Tax Rate Interface to Import Sales Tax Information

---



(Help) Oracle Receivables > Tax > Sales Tax Rate Interface



### Review Question

**Which step involves an automated process?**

- 1. Defining tax lookups**
- 2. Determining states that you are not required to collect tax in**
- 3. Setting sales tax rates to zero for all states that you are not required to collect tax in**

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### Answer to Review Question

**Which step involves an automated process?**

1. Defining tax lookups
2. Determining states in which you are not required to collect tax
3. **Setting sales tax rates to zero for all states that you are not required to collect tax in**

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## Assigning Tax Accounts and Defining AutoAccounting

---

### Assigning Tax Accounts and Defining AutoAccounting

- **Tax accounts**
  - Define unique General Ledger accounts for the sales tax liability of each state
  - Use the Tax Locations and Rates window to assign a different General Ledger account to the segments of your Location Flexfield Structure that you enabled the Tax Account qualifier for
- **AutoAccounting**
  - Define how you want Oracle Receivables to determine the General Ledger account for sales tax lines

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**(Help) Oracle Receivables > Tax > Implementing US Sales Tax > Setup Steps for US Sales Tax**

## Defining Tax Exemptions and Item Tax Rate Exceptions

---

### Defining Tax Exemptions and Item Tax Rate Exceptions

- Use the **Tax Exemptions** window and the **Sales Tax location tax code** to enter exemptions for items and customers that are exempt from US Sales tax.
- Use the **Item Tax Rate Exceptions** window to assign exception rates to specific states that you ship items to.

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**(N) Setup > Tax > Exemptions**

**(N) Setup > Tax > Exceptions**

**(Help) Oracle Receivables > Tax > Implementing US Sales Tax > Setup Steps for US Sales Tax**

## Enabling Calculation of Sales Tax on Freight

---

### Enabling Calculation of Sales Tax on Freight

- Create freight amounts as regular invoice lines.
- Use an inventory item to define freight services and enable AutoAccounting to distinguish between freight and regular line items.

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**(Help) Oracle Receivables > Tax > Implementing US Sales Tax > Setup Steps for US Sales Tax**

## Defining Tax Profile Options

---

### Defining Tax Profile Options

Use the **System Profile Values** window in the **System Administrator** responsibility to set tax profile options:

- **Tax: Allow Manual Tax Lines**
- **Tax: Allow Ad Hoc Tax Changes**
- **Tax: Allow Override of Customer Exemptions**
- **Tax: Allow Override of Tax Code**
- **Tax: Calculate Tax on Credit Memos**
- **Tax: Invoice Freight as Revenue (if also implementing Oracle Order Management)**

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**(N) Profile > System**

**(Help) Oracle Receivables > Tax > Implementing US Sales Tax > Setup Steps for US Sales Tax**

## Creating International Customers and Sites

---

### Creating International Customers and Sites

1. Define a zero-rate tax code called International.
2. Assign this tax code to every customer or customer site that has an address outside of the US.

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**(Help) Oracle Receivables > Tax > Implementing US Sales Tax > Setup Steps for US Sales Tax**

## Review Question

---

### Review Question

**You can assign the International tax code at the customer level only if every site for that customer is outside of the US.**

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

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## Answer to Review Question

---

### Answer to Review Question

**You can assign the International tax code at the customer level only if every site for that customer is outside of the US.**

- 1. True**
2. False

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## (Optional) Entering Tax Authorities

---

### (Optional) Entering Tax Authorities

**Authorities are:**

- Unique combinations of locations used to expedite the calculation of sales tax
- Automatically created when customer addresses are entered
- Created only for the home country specified in the Country field of the System Options window

If locations already exist, you can manually enter authorities in the Tax Authority window.

Use the Review Sales Tax Rates window to review sales tax rates assigned to each authority.

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**(Help) Oracle Receivables > Tax > Calculating Tax > Calculating Tax**

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

## (Optional) Implementing Tax Partners

---

### (Optional) Implementing Tax Partners

- Integration links to third-party tax calculation programs.
- Oracle Receivables checks for third-party tax calculation programs and data before calculating taxes.
- If a tax calculation program is installed, tax information stored in Oracle Receivables tax tables passes to the tax partner.
- The tax partner returns tax rate and tax amount for every invoice line.
- AutoAccounting then generates account distribution tax lines based on the tax information that the tax partner returned.

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**(Help) Oracle Receivables > Tax > Tax Vendor Extension**

## Oracle Order Management Tax Overview

---

### Oracle Order Management Tax Overview

- **Quotes estimated tax for orders at the time of order entry**
- **US Sales tax calculation based on customer ship-to address**
- **Uses setup in Oracle Receivables**

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**(Help) Oracle Order Management> Setting Up > Taxation**

## Defining Profile Options

---

### Defining Profile Options

Use the **System Profile Values** window in the **System Administrator** responsibility to set tax profile options:

Profile Option	Setting	Reason
Tax: Invoice Freight as Revenue	Yes	Enables freight amounts entered in Oracle Order Management to be passed to Oracle Receivables as taxable line items.
Tax: Inventory Item for Freight	Freight (Inventory Item)	Lets Oracle Order Management identify an inventory item on a transaction line imported into Oracle Receivables via the Receivables Interface program.

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(N) Profile > System

### Other Products

- **Certain CRM products use Oracle Order Capture to call the Tax Engine and interface into Oracle Order Management.**
- **AutoInvoice involves other products, for example, when importing information from Oracle Order Management or Oracle Projects to create invoices.**

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## Review Question

---

### Review Question

**Products such as Oracle Projects and Oracle Order Capture use the tax setup from Oracle \_\_\_\_\_.**

- 1. Payables**
- 2. Order Management**
- 3. General Ledger**
- 4. Receivables**
- 5. None of the above (separate setup steps are needed)**

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### Answer to Review Question

**Products such as Oracle Projects and Oracle Order Capture use the tax setup from Oracle Receivables.**

1. Payables
2. Order Management
3. General Ledger
- 4. Receivables**
5. None of the above; separate setup steps are needed

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## Agenda

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### Agenda

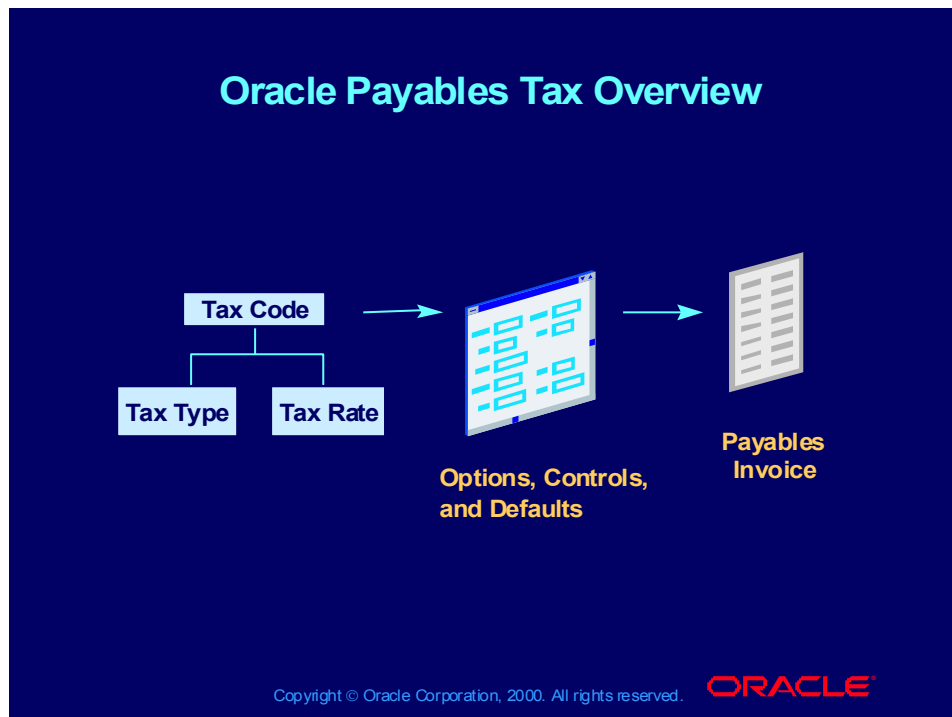
- Describing US Sales and Use taxes
- Setting up Oracle Receivables and Oracle Order Management for US Sales tax
- **Setting up Oracle Payables and Oracle Purchasing for US Sales and Use taxes**

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## Oracle Payables Tax Overview

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### Oracle Payables Tax Overview

- The tax code determines the tax rate, which determines the tax amount for the item.
- If you use Automatic Tax Calculation, Oracle Payables can create tax invoice distributions based on the tax codes that you enter.

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### Tax Recovery

**US Sales and Use taxes are 100% nonrecoverable.**

**Nonrecoverable tax is included in:**

- **Project cost**
- **Asset cost**
- **Cost of goods if using Periodic Costing**

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

## Tax Codes

---

### Tax Codes

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

For each Sales or Use tax code, you can enter:

- Tax type
- Tax rate
- Effective dates
- Recovery rate (0%)

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

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

## Setting Up for Use Tax

### Setting Up for Use Tax

You can set up one of these methods for Use tax:

Use Tax Code 8.5%  
100% Nonrecoverable

<u>Invoice</u>	
Item	\$1000
Use Tax	\$85
Total	\$1000



Use Tax Liability  
Report

Sales Tax Code 8.5%  
100% Nonrecoverable  
Offset Tax Code -8.5%  
100% Recoverable

<u>Invoice</u>	
Item	\$1000
Sales Tax	\$85
Offset Tax	-\$85
Total	\$1000



Asset / Expense  
Account

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## Practice with Solution

---

### Practice with Solution

**Define a Sales tax code with 7.5 % tax rate, effective from January 1 of the current year to December 31 of next year.**

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

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### Practice Solution

1. Navigate to the Tax Codes window.
2. Enter a tax code in the Tax Code field.
3. Select Sales from the list of values in the Tax Type field.
4. Enter 7.5 in the Tax Rate field.
5. Enter 01/01/<current year> in the Effective From field.
6. Enter 12/31/<next year> in the Effective To field.
6. Navigate to the Other region.
7. Enter a tax code description in the Description field.
8. Save your work.

## Tax Financials Options

---

### Tax Financials Options

- **Default tax code**
- **Tax recovery**
  - **Default recovery rate**
  - **Define cash basis encumbrance**
- **Calculation rules**
  - **Define rounding rule**
  - **Define precision**
  - **Define minimum accountable unit**

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

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



### Defaulting Tax

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

- Which sources **Payables** documents use to default tax codes
- 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 Rates**

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

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

## Automatic Tax Calculation Overview

---

### 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**
  - **Define rounding rule**

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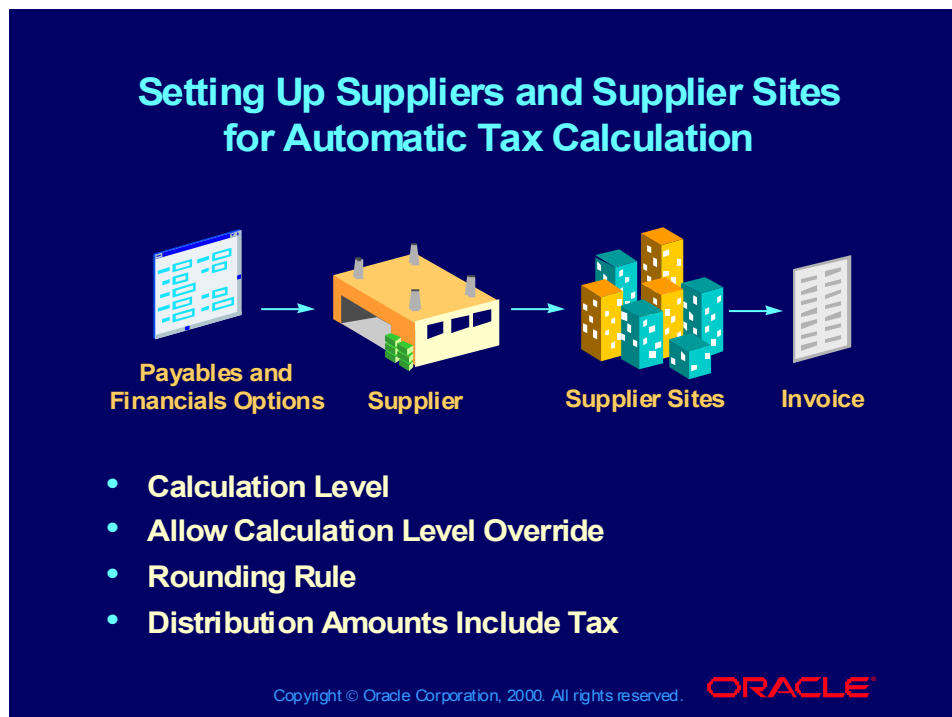
**ORACLE**

**(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

---



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

### Demonstration

**This demonstration covers how to:**

- **Set up options for Automatic Tax Calculation**
- **Set up suppliers and supplier sites for Automatic Tax Calculation**

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

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

**(N) Suppliers > Entry**

**(N) Suppliers > Entry > (B) Sites**

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### Oracle Purchasing Tax Overview

- The tax code with an associated tax rate in Oracle Payables determines the tax amount for the item.
- Tax information defaults into Purchasing documents when a tax code is entered or defaulted.
  - Associate a tax code with each item, supplier, or supplier site.

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### Defaulting Tax

Use the Purchasing Options window to define:

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

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

### Summary

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

- **Describe US Sales and Use taxes**
- **Set up Oracle Payables and Oracle Purchasing for US Sales and Use taxes**
- **Set up Oracle Receivables and Oracle Order Management for US Sales tax**

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# **R11i Implementing Global Taxes (Order to Cash)**

## **Chapter 28**

# Implementing Global Taxes (Order to Cash)

Release 11*i*

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### Objectives

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

- **Describe global taxes and the way Oracle Order Management and Oracle Receivables support them**
- **Implement global taxes in Oracle Order Management and Oracle Receivables**
- **Set up tax accounting**

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## Agenda

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### Agenda

- **Describing global taxes and the way Oracle Order Management and Oracle Receivables support them**
- Implementing global taxes in Oracle Order Management and Oracle Receivables
- Setting up tax accounting

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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

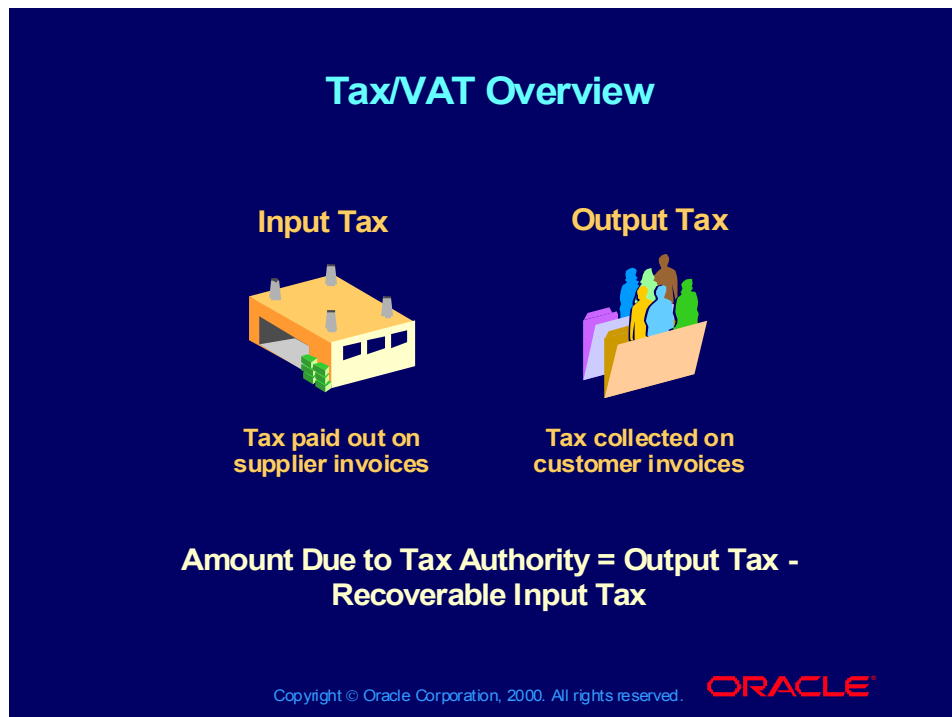


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## Tax/VAT Overview

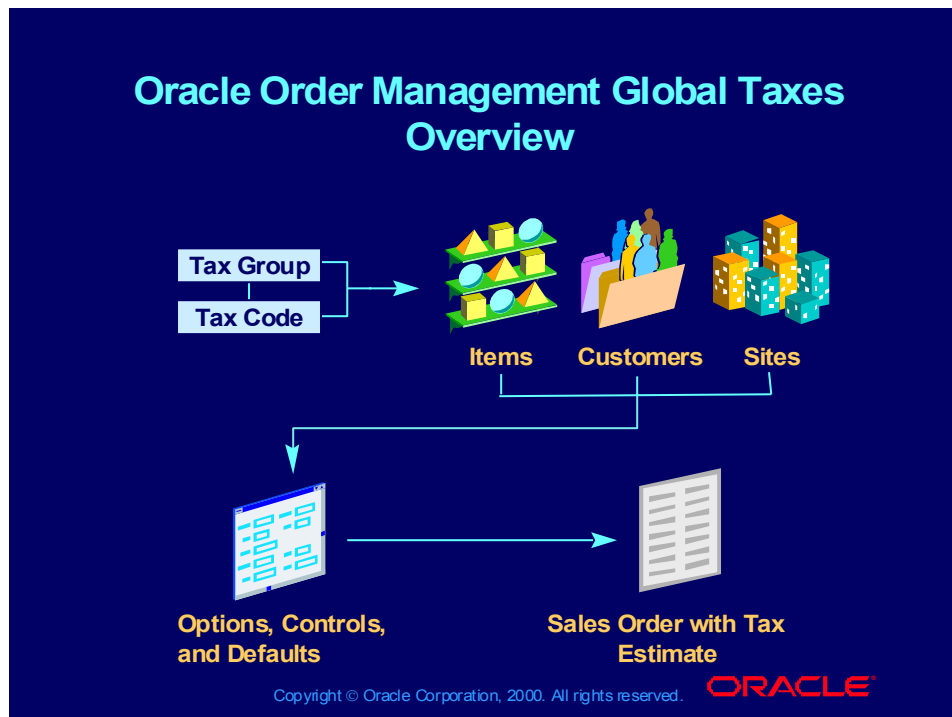
---



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

## Oracle Order Management Global Taxes Overview

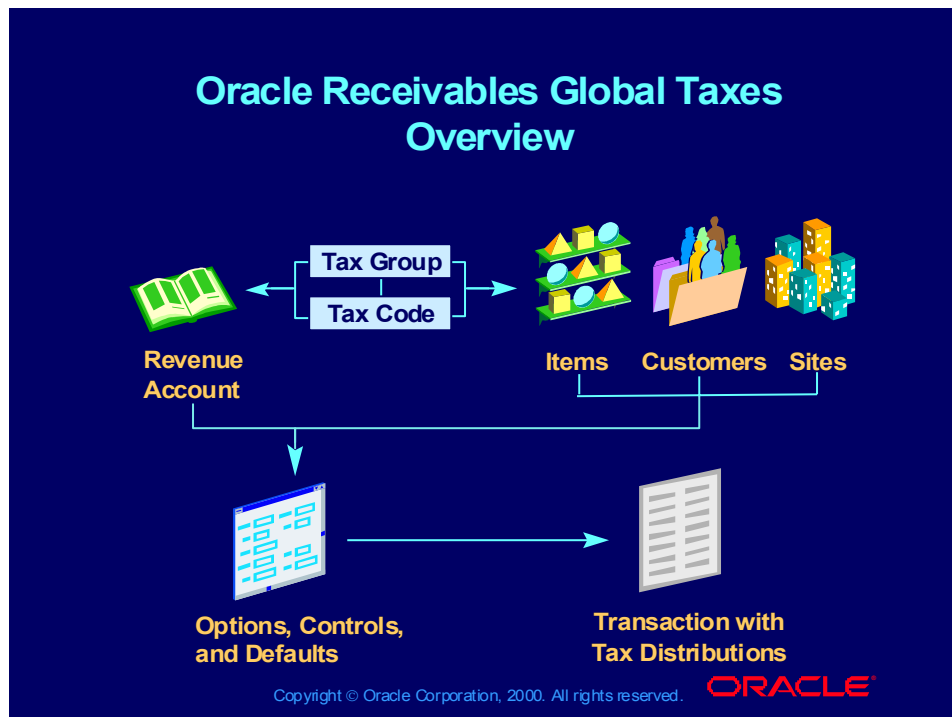
---



(Help) Oracle Order Management > Setting Up > Taxation

## Oracle Receivables Global Taxes Overview

---



(Help) Oracle Receivables > Tax > Calculating Tax



## Review Question

---

### Review Question

**If you use the Oracle Applications Multiple Organization Support feature, you need to implement global taxes for each operating unit.**

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

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## Answer to Review Question

---

### Answer to Review Question

**If you use the Oracle Applications Multiple Organization Support feature, you need to implement global taxes for each operating unit.**

- 1. True**
2. False

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## Agenda

---

### Agenda

- Describing global taxes and the way Oracle Order Management and Oracle Receivables support them
- **Implementing global taxes in Oracle Order Management and Oracle Receivables**
- Setting up tax accounting

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## Setup Steps

---

### Setup Steps

1. Choose a tax method
2. Define tax codes and rates
3. Set up inclusive and exclusive tax (optional)
4. Set up tax groups (optional)
5. Set up Account Method (optional)
6. Set up Item Method
7. Choose a Sales Tax Location Flexfield Structure
8. Define tax preferences, defaults, and rules
9. Define tax exemptions
10. Define transaction types
11. Define AutoAccounting for tax
12. Enable calculation of tax on freight
13. Define tax profile options

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## Choosing Tax Method - Item Method

---

### Choosing Tax Method - Item Method

With the Item Method, the tax code is derived using rules associated with line item and destination (point of supply). The Item Method:

- Derives tax code from combination of inventory item and ship-to country
- Can be used for multiple, conditional, compounded taxes
- Supports integration between Oracle Receivables and:
  - Oracle Order Management
  - Oracle Order Capture
  - Legacy systems

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

## Choosing Tax Method - Account Method

---

### Choosing Tax Method - Account Method

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

With the Account Method:

- One or more revenue accounts are assigned to a tax code
- Tax is recorded on the tax account assigned to the revenue account
- Tax code for invoice distributions can be validated against tax code assigned to revenue account

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

## Defining Tax Codes and Rates

---

### Defining Tax Codes and Rates

Use the **Tax Codes and Rates** window to define the tax codes that you will use to record tax information in **Order Management** and **Receivables** documents.

For each tax code, you can enter:

- Tax type
- Tax rate
- Taxable basis
- Effective dates
- Tax controls
- Tax accounting information

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

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

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

## Setting Up Inclusive and Exclusive Tax (Optional)

---

### Setting Up Inclusive and Exclusive Tax (Optional)

- **Inclusive tax** - Line amount for an item includes the tax for the item
- **Exclusive tax** - Tax not included in the line amount for the item
- **Check Inclusive Tax checkbox** in Tax Codes and Rates window for inclusive tax codes
- **Check Allow Inclusive Override checkbox** if you want to allow changing tax code from inclusive to exclusive (or vice versa) when entering invoices

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**ORACLE**

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

**(Help) Oracle Receivables > Tax > Calculating Tax > Tax Inclusive**

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



## Setting Up Tax Groups (Optional)

---

### Setting Up Tax Groups (Optional)

Use the Tax Groups window to group tax codes into tax groups. Tax groups provide complex rules and defaults for selecting single tax codes in Oracle Order Management and Oracle Receivables.

In particular, tax groups also support:

- Tax on cross-border transactions
- iStore and CRM applications

You can use tax groups to calculate:

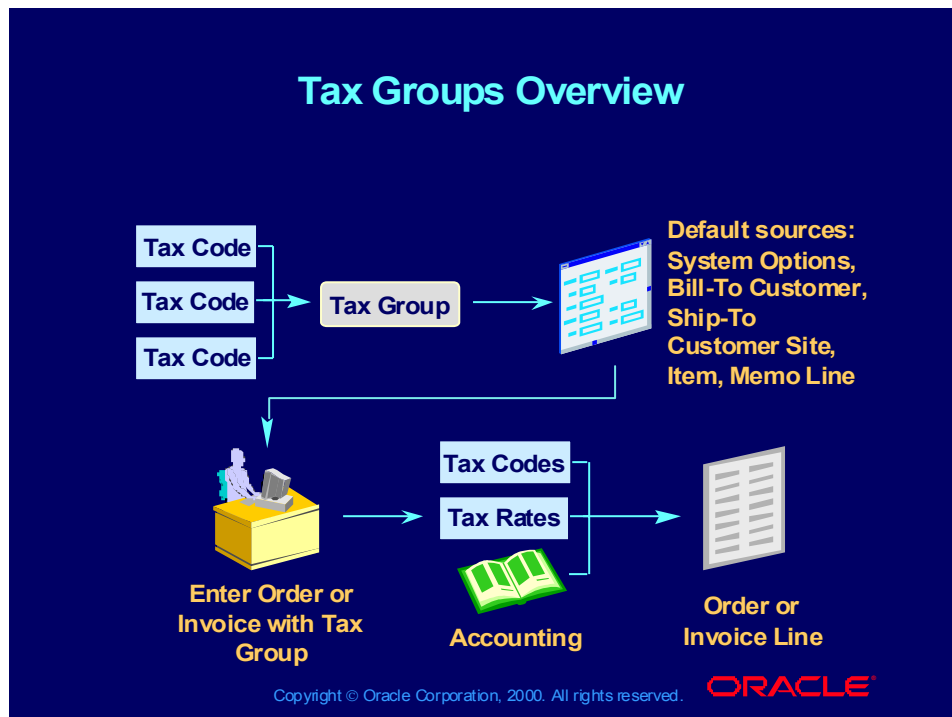
- Multiple taxes
- Compound taxes

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

## Tax Groups Overview



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

### Multiple Taxes

Use tax groups to calculate:

- Multiple taxes for a transaction (line)
- Compound taxes for a transaction
  - Assign a precedence number to each tax code in the Compounding Precedence field
  - The highest precedence number calculates tax on all tax lines with a lower precedence number (except when the taxable basis is prior tax)
  - Tax groups can also contain multiple independent branches of compounded tax

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

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

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

## Compound Tax Example

---

### Compound Tax Example

Line Amount = 100

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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## Review Question

---

### Review Question

**If a tax group contains tax codes with the same precedence number:**

- 1. You get an error message when you try to enter a transaction with the tax group**
- 2. The tax codes with duplicated numbers both calculate tax based on the amount compounded by the tax code with the preceding number**
- 3. Only the first tax code with the duplicated precedence number is used**

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### Answer to Review Question

**If a tax group contains tax codes with the same precedence number:**

1. You get an error message when you try to enter a transaction with the tax group
2. **The tax codes with duplicated numbers both calculate tax based on the amount compounded by the tax code with the preceding number**
3. Only the first tax code with the duplicated precedence number is used

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## Defining Condition Sets

---

### Defining Condition Sets

- Use condition sets to specify one or more conditions for each tax code
- Optionally define actions for each condition set
- Example: If ship-to country is Canada and ship-to province is Ontario, use this tax code

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**(N) Setup > Tax > Groups > (B) Conditions > (T) Lines > (T) Actions**

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

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

## Setting Up Tax Groups for Distance Sales

---

### Setting Up Tax Groups for Distance Sales

- Use tax groups to calculate tax based on inventory item and ship-to country
- Assign tax group to inventory items
- Use condition sets for each tax code in the tax group, such as: If ship-to country is Argentina, use this (Argentina) tax code

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**(N) Setup > Tax > Groups > (B) Conditions > (T) Lines > (T) Actions**  
**(Help) Oracle Receivables > Tax > Implementing Value Added Tax > Setup**  
**Steps for Value Added Tax**



## Defining Group Constraints

---

### Defining Group Constraints

- Use group constraints to ensure that specific conditions are met before using a particular tax group
- Example: If ship-to province is not found, display system error message

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**(N) Setup > Tax > Groups > (B) Group Constraints > (T) Lines > (T) Actions**  
**(Help) Oracle Payables > Setup > Tax Groups**

### Demonstration

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

- With compound tax branches
- With condition sets

**(N) Setup > Tax > Groups > (B) Conditions > (T) Lines  
> (T) Actions**

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## Setting Up Account Method (Optional)

---

### Setting Up Account Method (Optional)

To set up the Account Method:

1. In **General Ledger Tax Options** window, assign a tax code to the natural account segment of your revenue account.
2. Set up validation by deriving tax code from revenue account (Optional).
  - In **System Options** window, check **Enforce Tax from Revenue Account** and **Revenue Accounts** checkboxes and set **Revenue Accounts** tax code defaulting hierarchy to 1.
  - In **Tax Options** window, make sure **Allow Tax Code Override** checkbox is not checked for accounts that you want to validate.

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**ORACLE**

(N) Oracle General Ledger: Setup > Tax > Tax Options > (T) Account Level

(N) Oracle Receivables: Setup > System > System Options > (T) Tax Defaults and Rules

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

(Help) Oracle Receivables > Tax > Calculating Tax > Controlling Tax from your Revenue Account

(Help) Oracle General Ledger > Setting Up General Ledger > Setting Up Automatic Tax Calculation > Setting Up Automatic Tax Calculation

## Setting Up Item Method

---

### Setting Up Item Method

Use the **Tax Code** field in the Invoicing region of the **Master Item** window to assign tax codes or tax groups to inventory items.

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**(N) Setup > Transactions > Items > Define Items > (T) Invoicing**  
**(Help) Oracle Receivables > Tax > Implementing Value Added Tax > Setup**  
**Steps for Value Added Tax**

## Choosing a Sales Tax Location Flexfield Structure

---

### Choosing a Sales Tax Location Flexfield Structure

- Sales Tax Location Flexfield Structure determines tax rates
- Use the Location Flexfield Structure field in the Tax region of the System Options window
- Suggested settings
  - Most countries: No Validation - Country
  - Countries with provincial taxes: Province

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

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

## Defining Tax Preferences, Defaults, and Rules

---

### Defining Tax Preferences, Defaults, and Rules

- Use the Tax region of the System Options window to define tax preferences
- Use the Tax Defaults and Rules region of the System Options window to set up tax defaults and rules
  - Recommended settings for tax code defaults depend on tax control method (Item or Account)
  - Item tax rate exceptions are not used when the Tax Method preference is VAT
- Save system options

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**(N) Setup > System > System Options > (T) Tax > (T) Tax Defaults and Rules**  
**(Help) Oracle Receivables > Tax > Implementing Value Added Tax > Setup Steps for Value Added Tax**

## Review Question

---

### Review Question

If you are using both the Item and Account Method, it is recommended that the \_\_\_\_\_ checkbox is not checked.

1. Compound Taxes
2. Inclusive Tax Used
3. Allow Override
4. Enforce Tax from Revenue Account
5. Use Item Exemptions

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### Answer to Review Question

If you are using both the Item and Account Method, it is recommended that the Enforce Tax from Revenue Account checkbox is not checked.

1. Compound Taxes
2. Inclusive Tax Used
3. Allow Override
- 4. Enforce Tax from Revenue Account**
5. Use Item Exemptions

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## Defining Tax Exemptions

---

### Defining Tax Exemptions

To define tax exemptions:

1. Create exempt tax codes, such as Exempt VAT, for exemptions.
2. For customer exemptions, assign tax code to customers at either the customer or site level.
3. For product exemptions, assign tax code to products in the Master Item window.

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

**(N) Customers > Standard > (T) Classification**

**(N) Customers > Standard > (T) Addresses > (B) Open > (T) Business Purposes > (B) Open**

**(N) Setup > Transactions > Items > Define Items > (T) Invoicing**

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

### Demonstration

**This demonstration covers how to:**

- Define an exempt tax code
- Assign the exempt tax code to a customer site

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

**(N) Customers > Standard > (T) Addresses > (B) Open  
> (T) Business Purposes > (B) Open**

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## Defining Transaction Types

---

### Defining Transaction Types

- Check the **Tax Calculation** checkbox in the **Transaction Types** window for each transaction type to ensure calculation of tax for all invoices
- **Customers and customer sites not subject to tax** should also be assigned an exempt tax code

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**(N) Oracle Receivables: Setup > Transactions > Transaction Types**

**(N) Oracle Order Management: Setup > Transaction Types > Define**

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

## Defining AutoAccounting for Tax

---

### Defining AutoAccounting for Tax

Use the AutoAccounting window to specify how Oracle Receivables determines the General Ledger account for tax.

1. Enter *Tax* in the Type field.
2. Query all the segments of your Tax Account Flexfield.
3. For each segment, assign the value that you want to use to derive the account.

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**(N) Setup > Transactions > AutoAccounting**

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

## Enabling Calculation of Tax on Freight

---

### Enabling Calculation of Tax on Freight

- Create freight amounts as regular invoice lines
- Use an inventory item to define freight services and enable AutoAccounting to distinguish between freight and regular line items

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

## Defining Tax Profile Options

---

### Defining Tax Profile Options

Use the **System Profile Values** window in the **System Administrator** responsibility to set tax profile options:

- **Tax: Allow Manual Tax Lines**
- **Tax: Allow Ad Hoc Tax Changes**
- **Tax: Allow Override of Customer Exemptions**
- **Tax: Allow Override of Tax Code**
- **Tax: Invoice Freight as Revenue (Oracle Order Management only)**
- **Tax: Inventory Item for Freight**

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**(N) Profile > System**

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

## Agenda

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### Agenda

- Describing global taxes and the way Oracle Order Management and Oracle Receivables support them
- Implementing global taxes in Oracle Order Management and Oracle Receivables
- **Setting up tax accounting**

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### Tax Accounting Overview

To set up for tax accounting, define:

- Tax accounting information for tax codes
- Accounting rules for Receivables Activities

You can set up tax accounting for:

- Deferred tax
- Miscellaneous transactions
- Discounts
- Adjustments
- Finance charges

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**ORACLE**

(Help) Oracle Receivables > Tax > Tax Accounting



## Setting Up Tax Accounting for Deferred Tax

---

### Setting Up Tax Accounting for Deferred Tax

Deferred tax is an accounting method that defers the liability of tax to the time that the cash is collected, rather than when the invoice is created.

1. Define deferred tax codes in the Tax Codes and Rates window.
2. Check the Deferred checkbox in the Tax Accounting window.
3. Enter accounts in the Tax Account and Interim Tax Account fields of the Tax Accounting window.

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

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

## Defining Receivables Activities

---

### Defining Receivables Activities

Use the Receivables Activities window to define Receivables Activities.

1. Define the GL account and tax code sources.
2. Check the Recoverable or Non-Recoverable checkbox if the tax code source is *Invoice*.
3. Enter a tax code if the tax code source is *Activity*.

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(N) Setup > Receipts > Receivable Activities

(Help) Oracle Receivables > Setting Up > Receivables Activities

## Setting Up Tax Accounting for Miscellaneous Transactions

---

### Setting Up Tax Accounting for Miscellaneous Transactions

Miscellaneous transactions are receipts and payments that are not related to a specific invoice.

1. Define output and input tax codes in the Tax Codes and Rates window.
2. Define Receivables Activities of type Miscellaneous Cash in the Receivables Activities window.
  - GL Account Source
  - Tax Code Source (Activity only)
  - Asset Tax Code
  - Liability Tax Code

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

**(N) Setup > Receipts > Receivable Activities**

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

## Setting Up Tax Accounting for Discounts

---

### Setting Up Tax Accounting for Discounts

Account for the tax included whenever you apply a receipt that has an earned or unearned discount.

1. Define tax, expense/revenue, and nonrecoverable accounts in the Tax Accounting window.
2. Define accounting rules in the Receivables Activities window to account for earned and unearned discounts.
3. Assign earned and unearned discount Receivables Activities to bank accounts and payment methods.
  - Bank Accounts window
  - Remittance Banks window

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

**(N) Setup > Receipts > Receivable Activities**

**(N) Setup > Receipts > Banks > (B) Bank Accounts > (T) More Receivables Options**

**(N) Setup > Receipts > Receipt Classes > (B) Bank Accounts > (T) GL Discounts**

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

## Setting Up Tax Accounting for Adjustments and Finance Charges

---

### Setting Up Tax Accounting for Adjustments and Finance Charges

Account for expense, revenue, and tax amounts generated whenever you create adjustments or calculate finance charges on outstanding customer balances.

1. Define expense/revenue and nonrecoverable tax accounts in the Tax Accounting window.
2. Define accounting rules in the Receivables Activities window to account for adjustments or finance charges.

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

**(N) Setup > Receipts > Receivable Activities**

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

## Specifying Default Receivables Activity for Finance Charges (Optional)

---

### Specifying Default Receivables Activity for Finance Charges (Optional)

- Define default Receivables Activities for finance charges in:
  - Charges Activity field in Business Purpose window
  - Finance Charge Activity field in System Options window
- Receivables Activity default hierarchy:
  - Customer ship-to site
  - Customer bill-to site
  - System options

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**(N) Customers > Standard > (T) Addresses > (B) Open > (T) Business Purposes > (B) Open > (T) Details**

**(N) Setup > System > System Options > (T) Accounting**

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

### Demonstration

**This demonstration covers how to define a  
Receivables Activity for adjustments.**

**(N) Setup >Receipts > Receivable Activities**

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### Summary

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

- **Describe global taxes and the way Oracle Order Management and Oracle Receivables support them**
- **Implement global taxes in Oracle Order Management and Oracle Receivables**
- **Set up tax accounting**

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# **R11i Processing Global Taxes**

## **Chapter 29**

# 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

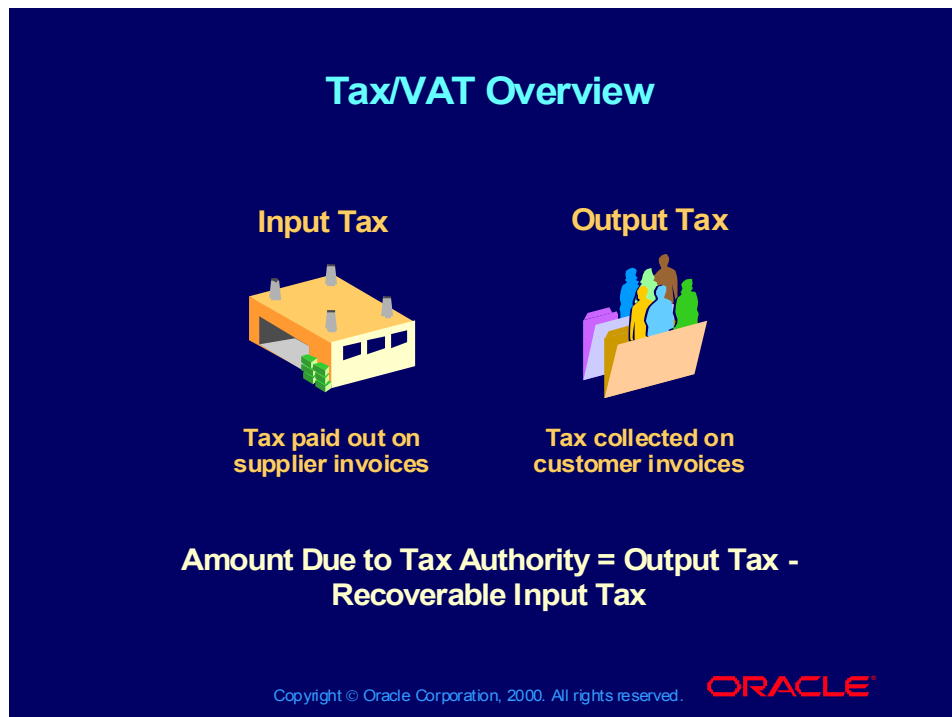


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## Tax/VAT Overview

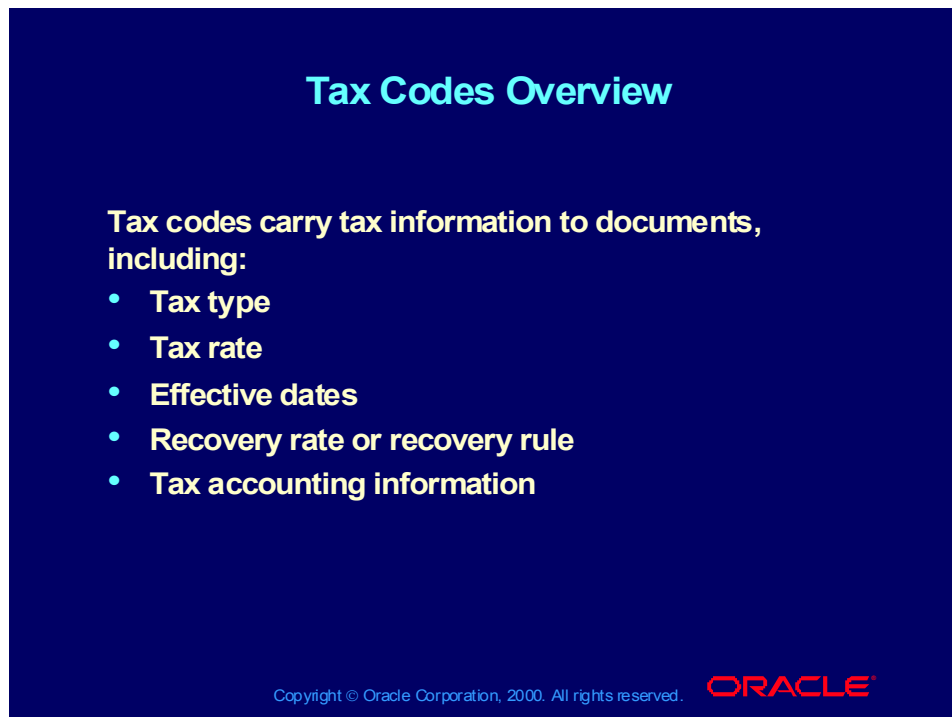
---



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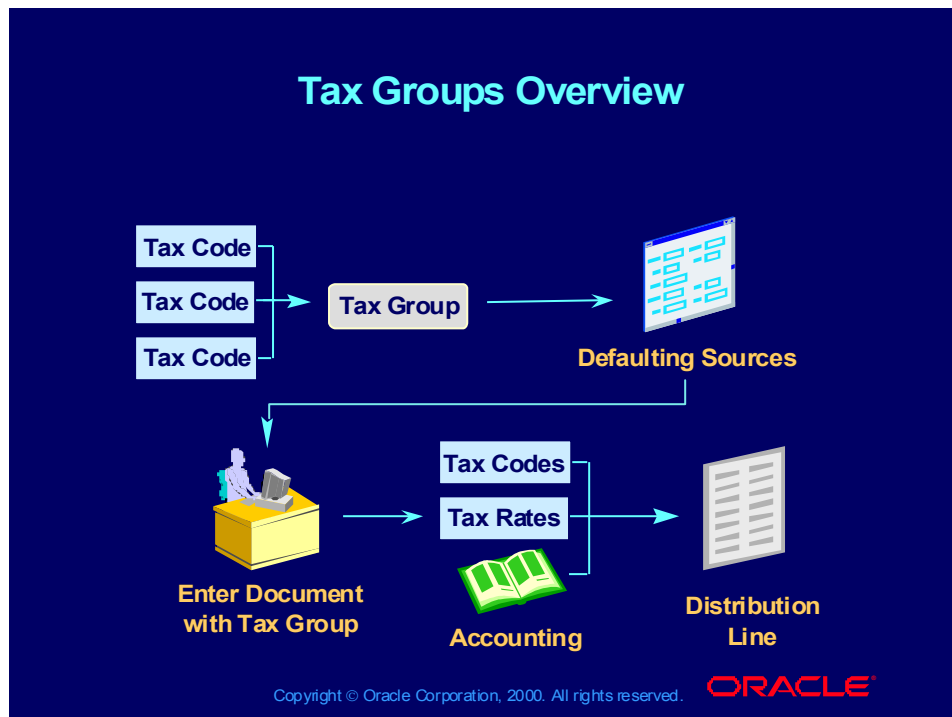
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**(Help) Oracle Payables > Invoices > Taxes on Invoices > Recoverable Tax > Setting Up Payables for Recoverable Tax**



## 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

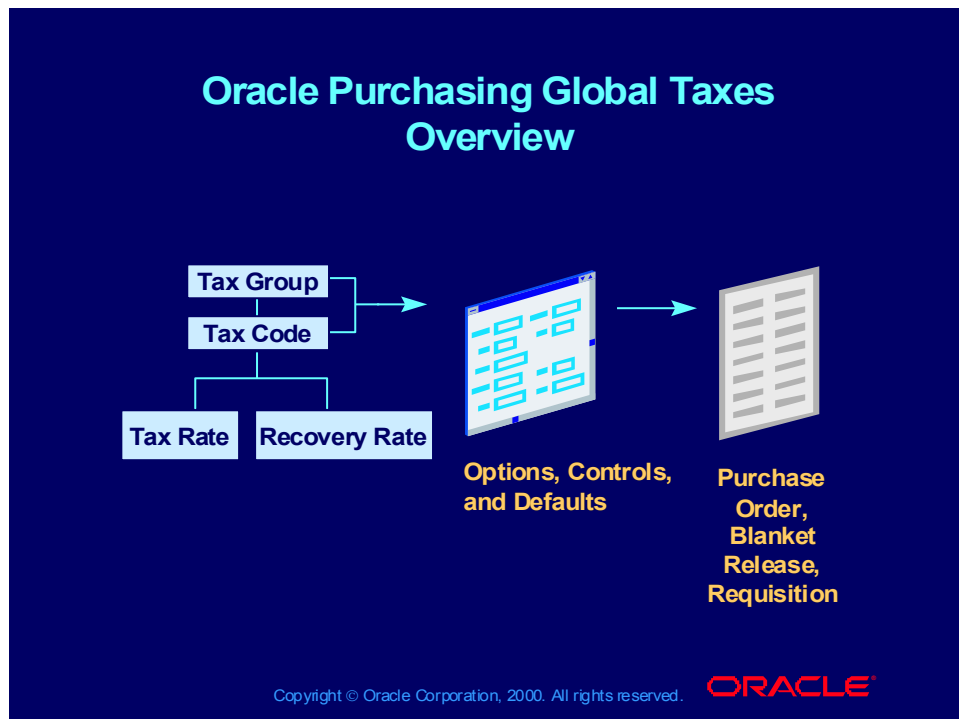
- Describing global taxes
- **Processing global taxes in Oracle Purchasing**
- Processing global taxes in Oracle Payables
- Processing global taxes in Oracle Order Management
- Processing global taxes in Oracle Receivables

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## Oracle Purchasing Global Taxes Overview

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**(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

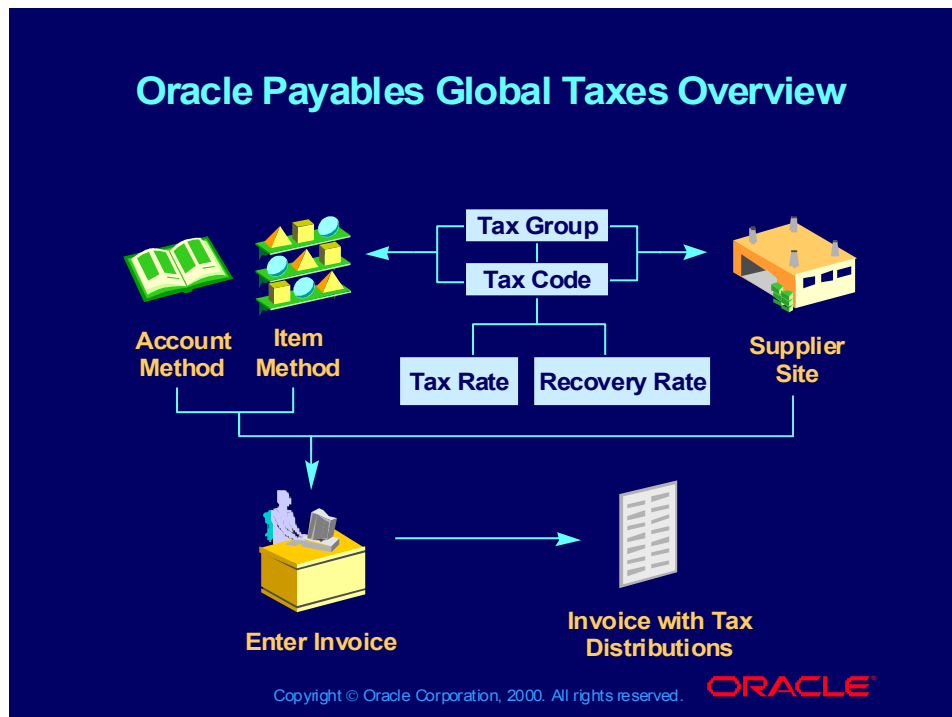
- Describing global taxes
- Processing global taxes in Oracle Purchasing
- **Processing global taxes in Oracle Payables**
- Processing global taxes in Oracle Order Management
- Processing global taxes in Oracle Receivables

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## Oracle Payables Global Taxes Overview

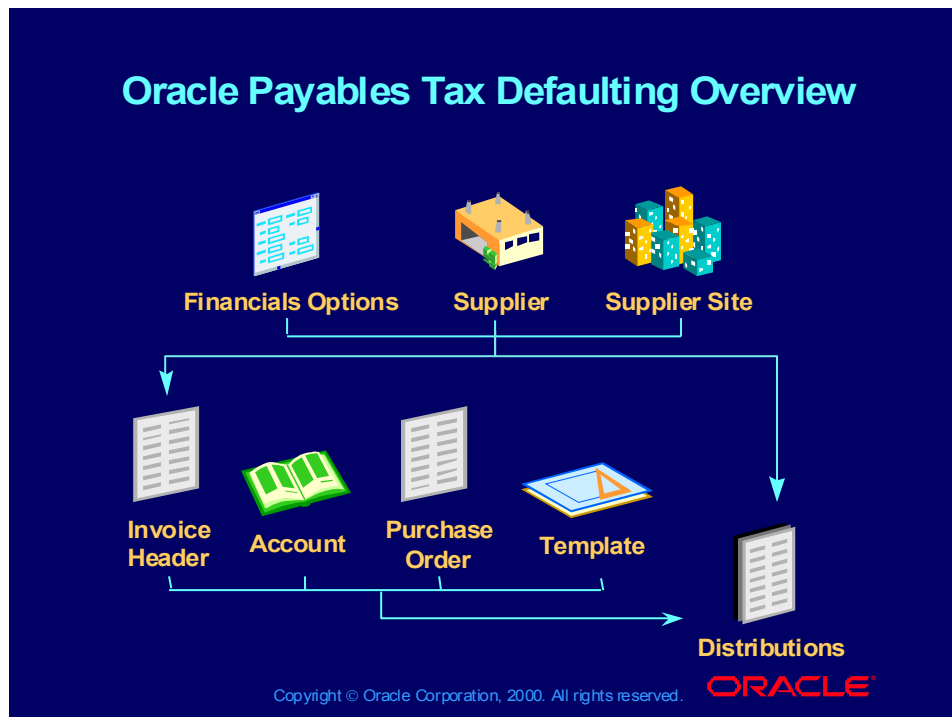
---



**(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**

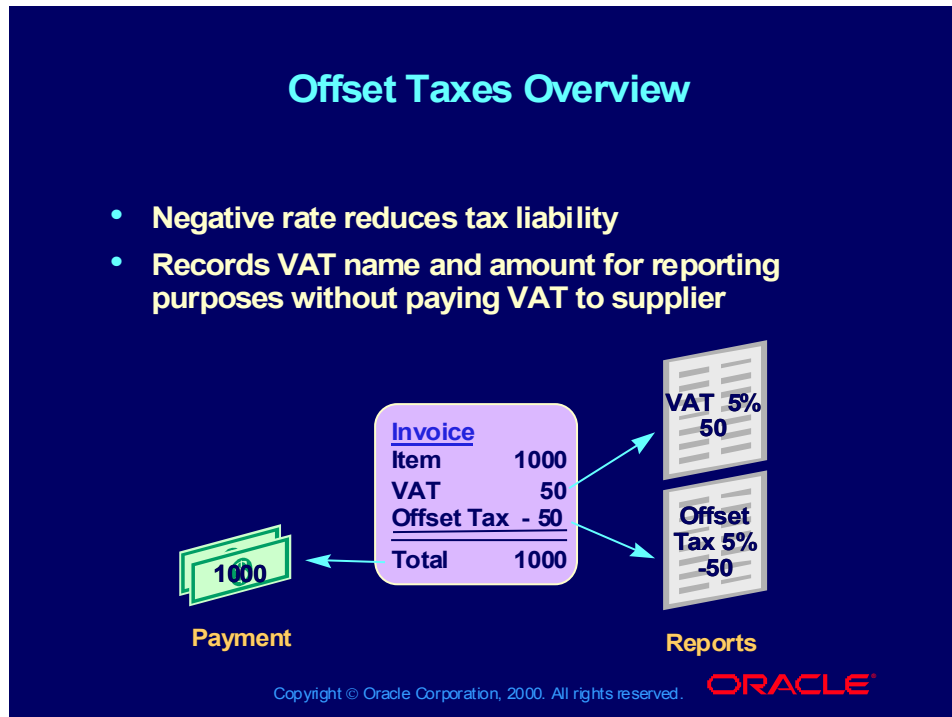
**(N) Invoices > Entry > (B) Distributions > (M) Tools >  
View and Update Tax Summary**

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## Offset Taxes Overview

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

## Manually Entering Offset Taxes

---

### 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

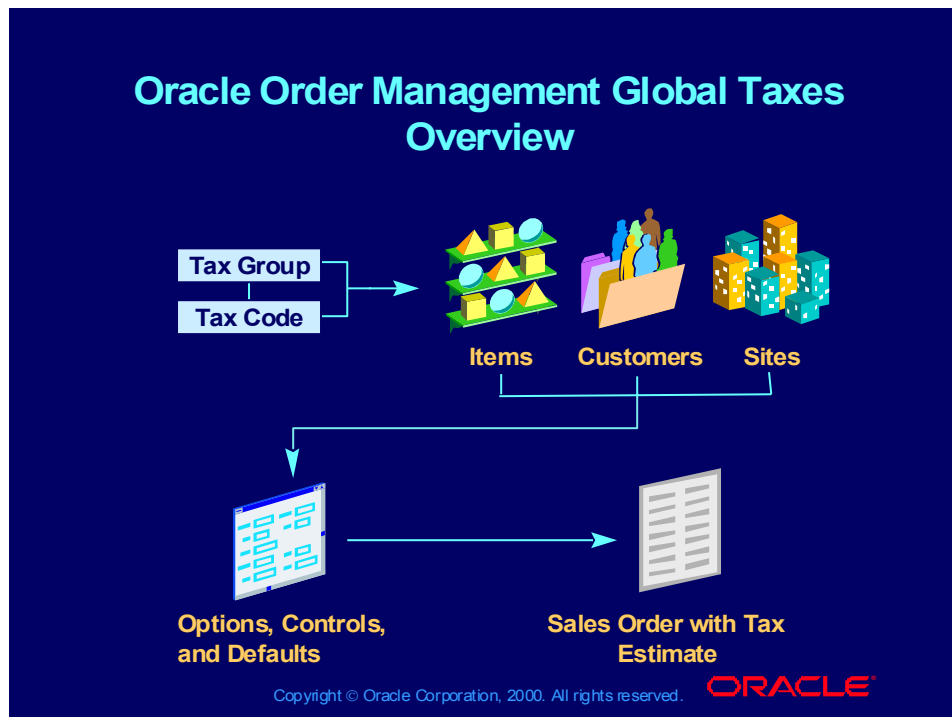
- Describing global taxes
- Processing global taxes in Oracle Purchasing
- Processing global taxes in Oracle Payables
- **Processing global taxes in Oracle Order Management**
- Processing global taxes in Oracle Receivables

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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

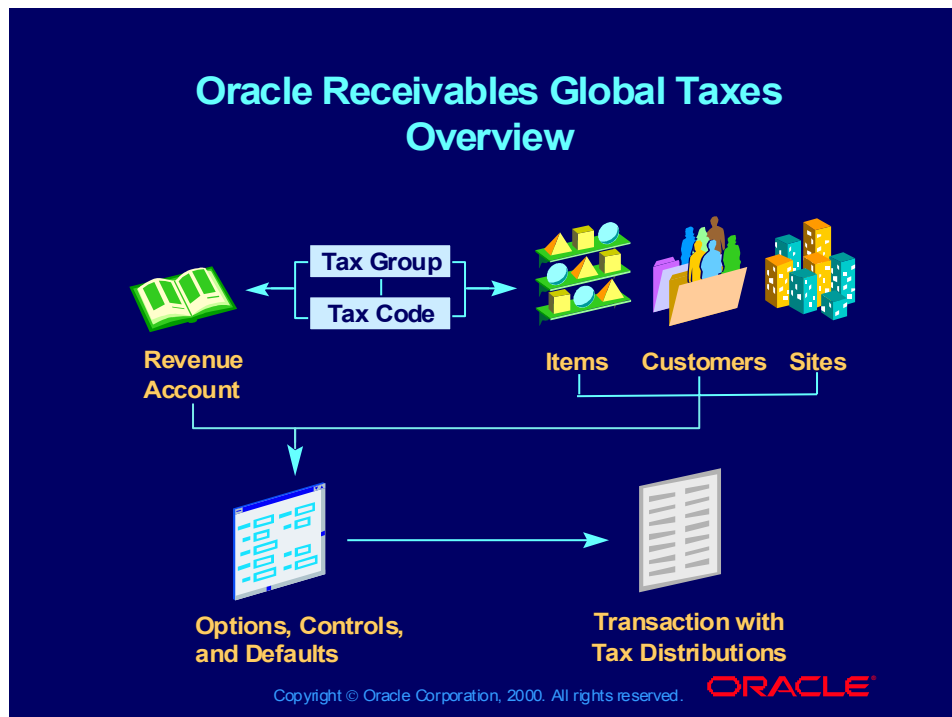
- Describing global taxes
- Processing global taxes in Oracle Purchasing
- Processing global taxes in Oracle Payables
- Processing global taxes in Oracle Order Management
- **Processing global taxes in Oracle Receivables**

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## Oracle 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

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### 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

---

### 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

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### 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 30**

# 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

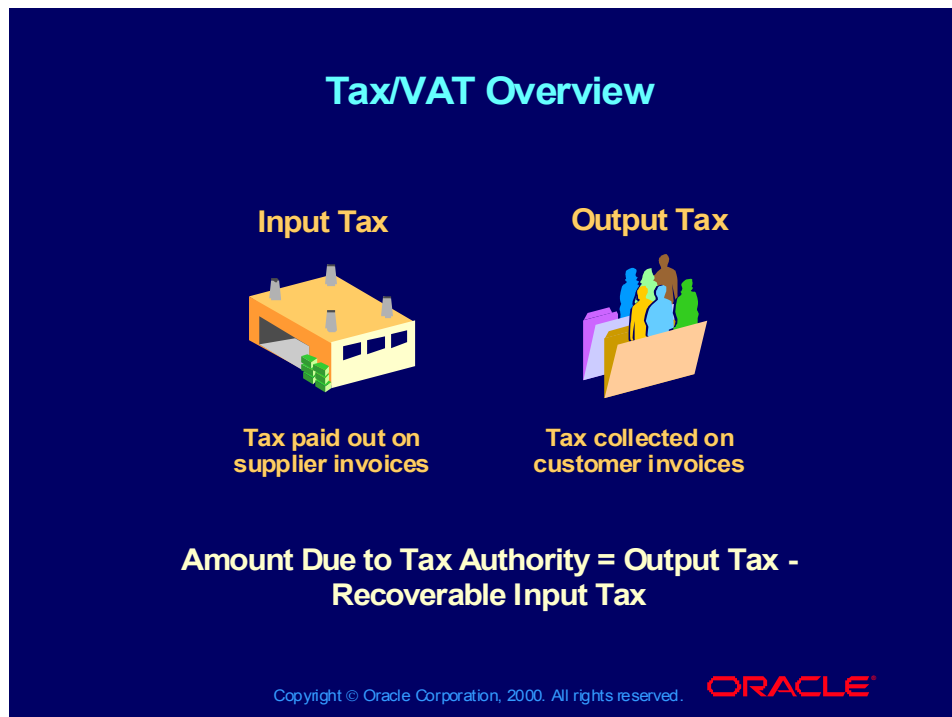


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## Tax/VAT Overview

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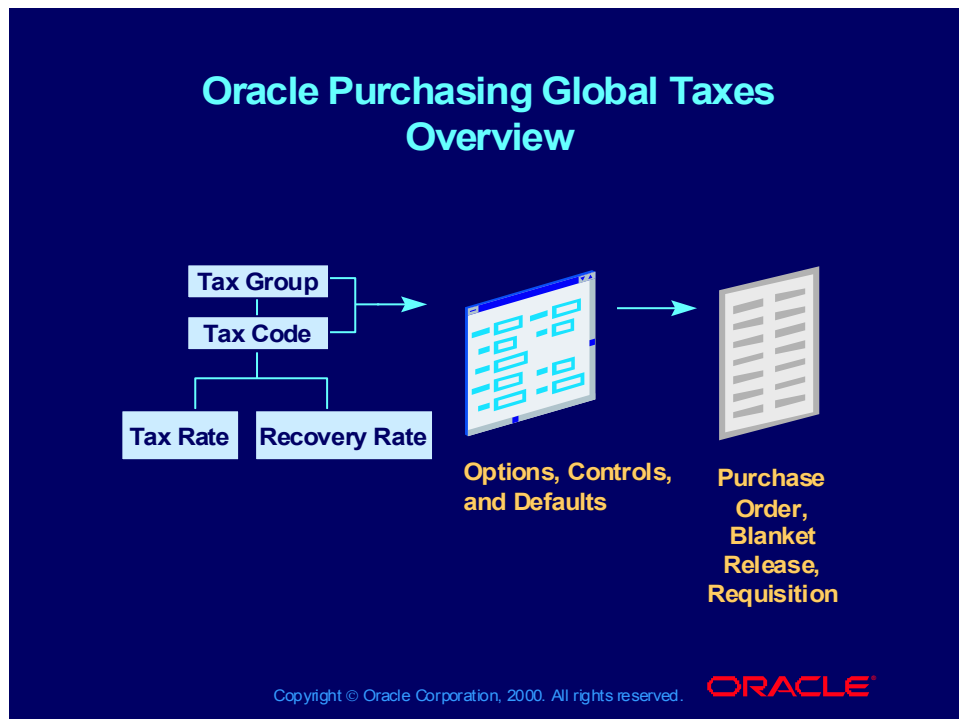


**(Help) Oracle Receivables > Tax > Implementing Value Added Tax**



## Oracle Purchasing Global Taxes Overview

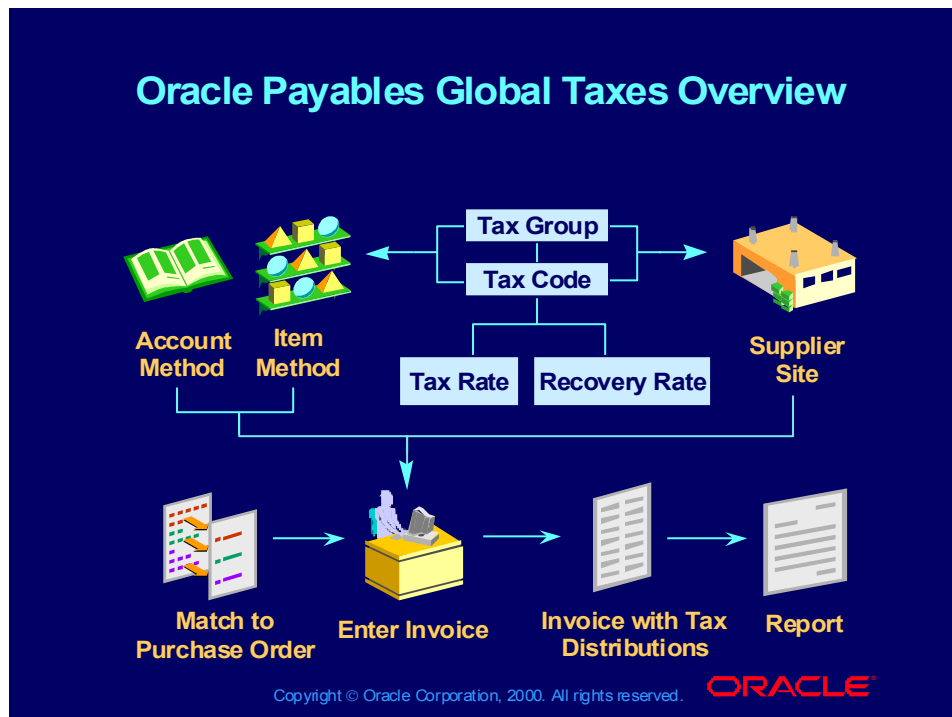
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**(Help) Oracle Purchasing > Purchase Orders > Tax Defaults in Purchasing**

## Oracle Payables Global Taxes Overview

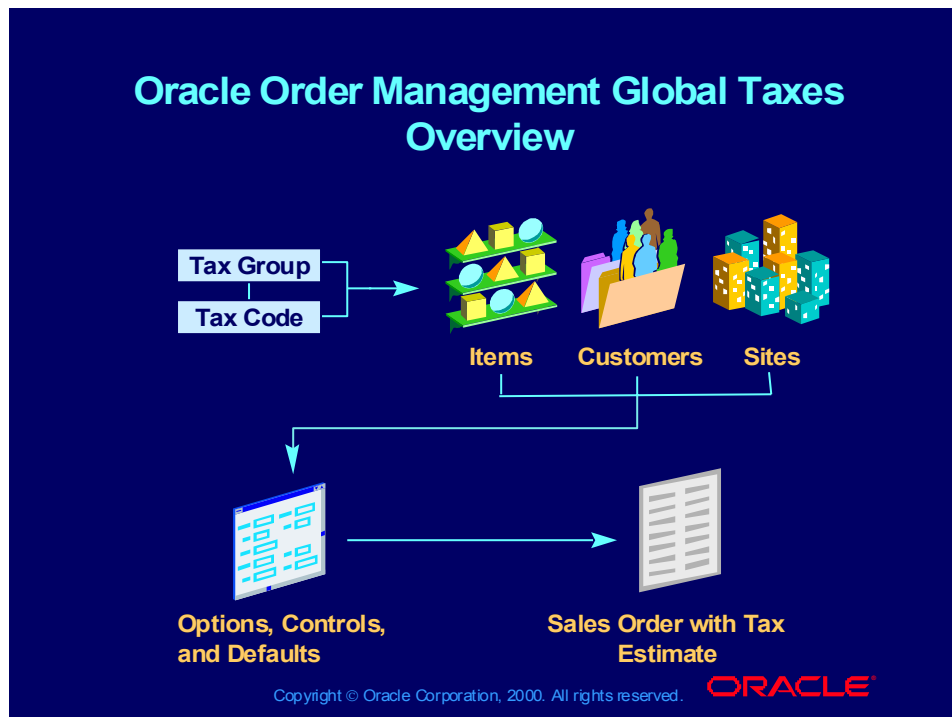
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(Help) Oracle Payables > Invoices > Taxes on Invoices > Entering Taxes on Invoices

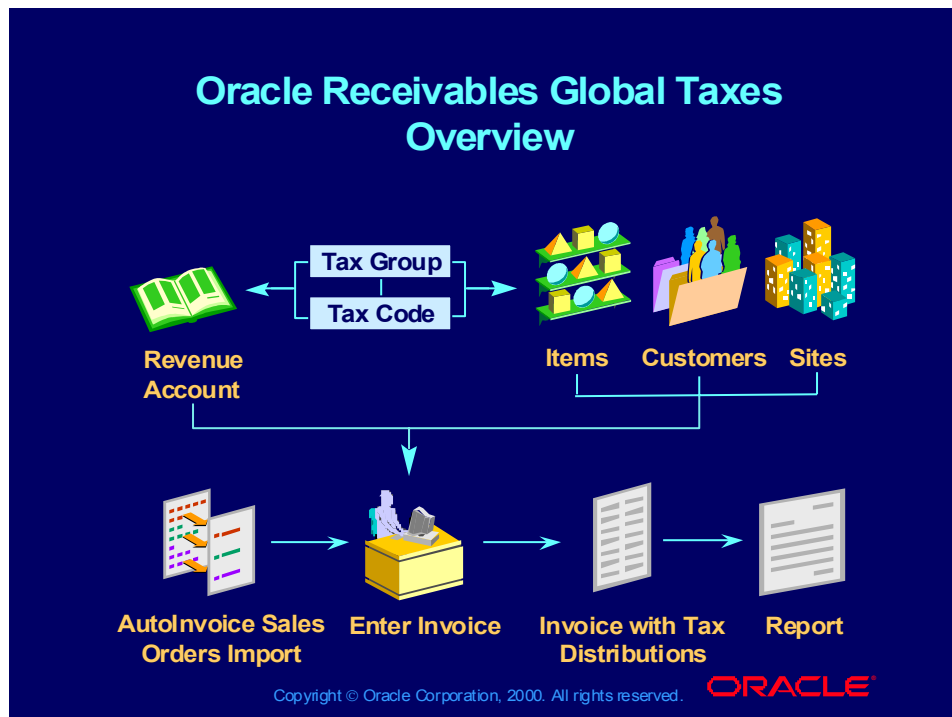
## Oracle Order Management Global Taxes Overview

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(Help) Oracle Order Management > Setting Up > Taxation

## Oracle Receivables Global Taxes Overview



(Help) Oracle Receivables > Tax > Calculating Tax

## Review Question

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### 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

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### 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

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### 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

---

### **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

---

### **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

---

### 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

---

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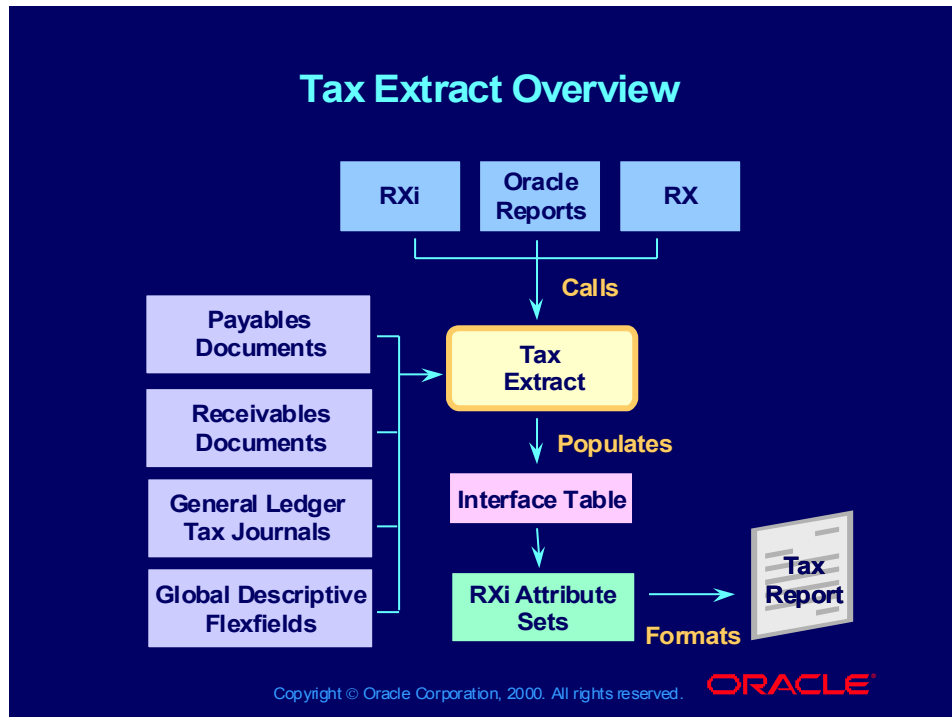
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**(Help) Oracle Receivables > Tax > Tax Reporting Ledger**



## 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

---

### 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

---

### 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

---

### 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

---

### 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

- 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

---

### 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

---

### 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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