

Oracle[®] Receivables

Tax Manual

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Oracle Receivables Tax Manual, Release 11i

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Preface

Welcome to Release 11*i* of the *Oracle Receivables Tax Manual*.

This manual provides you with all the information you need to manage tax within Oracle Receivables, Oracle Order Management, Oracle Sales, and Oracle Web Customers. It is organized for fast, easy access to detailed information about the following:

- Implementation procedures
- Oracle Receivables forms and windows
- Oracle Receivables functions and features
- Oracle Receivables reports and listings
- Open Interfaces

This preface explains how the Tax Manual is organized and introduces other sources of information that can help you.

Audience for This Manual

This manual assumes you have a working knowledge of the following:

- The principles and customary practices of your business area.
- Oracle Receivables

If you have never used Oracle Receivables, we suggest you attend one or more of the Oracle Receivables training classes available through Oracle University.

- The Oracle Applications graphical user interface.

To learn more about the Oracle Applications graphical user interface, read the *Oracle Applications User Guide*.

See Other Information Sources for more information about Oracle Applications product information.

How To Use This Manual

This manual contains the information you need to understand and use Oracle Receivables.

This preface explains how this manual is organized and introduces other sources of information that can help you. This manual contains the following chapters:

- Chapter 1 provides a brief overview of the three basic types of tax supported by Oracle Receivables.
- Chapter 2 explains how to implement Value Added Tax for your Oracle Application and provides detailed descriptions of each VAT report and listing.
- Chapter 3 explains how to implement US Sales Tax for your Oracle Application and provides detailed descriptions of each Sales Tax report and listing.
- Chapter 4 explains how to implement Canadian Tax for your Oracle Application and provides a detailed information about Canadian tax reporting.
- Chapter 5 describes how you can set up your application to calculate tax on adjustments, discounts, finance charges, and miscellaneous transactions. It also explains how you can implement deferred tax accounting with your application.

- Chapter 6 describes how to set up the various tax features in Oracle Applications, including tax codes, tax accounting, tax exemptions, and Tax Groups.
- Chapter 7 describes the reports you can use to review tax related information.
- Chapter 8 describes the Open Interfaces you can use to import sales tax rates from a sales tax vendor and how to integrate external tax calculation programs with Oracle Applications.
- Chapter 9 describes the Tax Reporting Ledger, an Oracle Applications feature you can use to review all tax information in Oracle Receivables, Oracle Payables, and Oracle General Ledger.
- Chapter 10 contains the Calculating Tax essay, which provides a detailed description of how Oracle Receivables calculates tax.

Document Accessibility

Our goal is to make Oracle products, services, and supporting documentation accessible, with good usability, to the disabled community. To that end, our documentation includes features that make information available to users of assistive technology. This documentation is available in HTML format, and contains markup to facilitate access by the disabled community. Standards will continue to evolve over time, and Oracle is actively engaged with other market-leading technology vendors to address technical obstacles so that our documentation can be accessible to all of our customers. For additional information, visit the Oracle Accessibility Program Web site at <http://www.oracle.com/accessibility/>

Accessibility of Code Examples in Documentation

JAWS, a Windows screen reader, may not always correctly read the code examples in this document. The conventions for writing code require that closing braces should appear on the otherwise empty line; however, JAWS may not always read a line of text that consists solely of a bracket or brace.

Other Information Sources

You can choose from many sources of information, including online documentation, training, and support services, to increase your knowledge and understanding of Oracle Receivables.

If this manual refers you to other Oracle Applications documentation, use only the Release 11*i* versions of those manuals unless we specify otherwise.

Online Documentation

All Oracle Applications documentation is available online (HTML and PDF).

- **PDF Documentation** – See the Online Documentation CD for current PDF documentation for your product with each release. This Documentation CD is also available on Oracle*MetaLink* and is updated frequently.
- **Online Help** – You can refer to Oracle Applications Help for current HTML online help for your product. Oracle provides patchable online help, which you can apply to your system for updated implementation and end user documentation. No system downtime is required to apply online help.
- **Release Content Document** – See the Release Content Document for descriptions of new features available by release. The Release Content Document is available on Oracle*MetaLink*.
- **About Document** – Refer to the About document for information about your release, including feature updates, installation information, and new documentation or documentation patches that you can download. The About document is available on Oracle*MetaLink*.

Related User Guides

Oracle Receivables shares business and setup information with other Oracle Applications products. Therefore, you may want to refer to other user guides when you set up and use Oracle Receivables.

You can read the guides online by choosing Library from the expandable menu on your HTML help window, by reading from the Oracle Applications Document Library CD included in your media pack, or by using a Web browser with a URL that your system administrator provides.

If you require printed guides, you can purchase them from the Oracle store at <http://oraclestore.oracle.com>.

User Guides Related to All Products

Oracle Applications User Guide

This guide explains how to navigate the system, enter data, and query information, and introduces other basic features of the GUI available with this release of Oracle Receivables (and any other Oracle Applications product).

You can also access this user guide online by choosing “Getting Started and Using Oracle Applications” from the Oracle Applications help system.

User Guides Related to This Product

Oracle Receivables User Guide

This user guide explains how to create and maintain transactions, enter and apply receipts, and enter customer information in Oracle Receivables. It also describes the Oracle Receivables open interfaces, such as AutoLockbox which lets you create and apply receipts and AutoInvoice which you can use to import and validate transactions from other systems.

Integrating Oracle Receivables with Vertex Quantum

This manual explains how to setup and use Vertex Quantum as your tax vendor. When implemented, the Oracle Tax Vendor Extension calls Vertex Quantum to return a tax rate or amount whenever a tax is calculated by the Oracle Receivables Tax Engine. This manual provides setup steps, a tutorial for using Vertex with Receivables, information about day-to-day business processes, and a technical reference section.

Integrating Oracle Receivables with Taxware Sales/Use Tax System

This manual explains how to setup and use Taxware Sales/Use Tax System as your tax vendor. When implemented, the Oracle Tax Vendor Extension calls Taxware to return a tax rate or amount whenever a tax is calculated by the Oracle Receivables Tax Engine. This manual provides setup steps, a tutorial for using Taxware with Receivables,

information about day-to-day business processes, and a technical reference section.

Oracle General Ledger User Guide

Use this manual when you plan and define your chart of accounts, accounting period types and accounting calendar, functional currency, and set of books. It also describes how to define journal entry sources and categories so you can create journal entries for your general ledger. If you use multiple currencies, use this manual when you define additional rate types and enter daily rates.

Oracle Cash Management User Guide

This manual provides information about using Oracle Cash Management to clear your receipts, as well as reconciling bank statements with your outstanding balances, transactions, and receipts.

Oracle Purchasing User Guide

If you install Oracle Purchasing, refer to this user guide to read about entering and managing the purchase orders to which you match invoices.

Oracle Inventory User Guide

This manual explains how to define your items, units of measure classes, units of measure, and unit of measure conversions for use in measuring amounts for your units of production items, as well as other information about setting up and using Oracle Inventory.

Using Oracle HRMS – The Fundamentals

This guide explains how to set up and use enterprise modeling, organization management, and cost analysis. It also includes information about defining payrolls, entering employees and expense reports, and setting up site locations.

Oracle Financials Common Country Features User Guide

This manual describes functionality developed to meet specific legal and business requirements that are common to several countries in a given region. Consult this user guide along with your country-specific user guide and your financial product's manual to effectively use Oracle Financials in your country.

Oracle Financials Country–Specific User Guides

These manuals document functionality developed to meet legal and business requirements in countries that you do business in. Look for a user guide appropriate to your country; for example, see the Oracle Financials for the Czech Republic User Guide for more information about using this software in the Czech Republic.

Oracle Financials RXi Reports Administration Tool User Guide

Use the RXi reports administration tool to design the content and layout of RXi reports. RXi reports let you order, edit, and present report information to better meet your company’s reporting needs.

Oracle Applications Global Accounting Engine User Guide

Use the Global Accounting Engine to replace the transfer to General Ledger and create subledger accounting entries that meet additional statutory standards in some countries. The Accounting Engine provides subledger balances, legal reports, and bi–directional drilldown from General Ledger to the subledger transaction.

Oracle Business Intelligence System Implementation Guide

This guide provides information about implementing Oracle Business Intelligence (BIS) in your environment.

Oracle Workflow Administrator’s Guide

This guide explains how to administer Oracle Workflow. This guide explains how to implement Oracle Workflow for your site, and how to use the Oracle Workflow home page and the Workflow Monitor to administer or view the status of a workflow process. This guide also describes the administrative SQL scripts included with Oracle Workflow.

Oracle Workflow Developer’s Guide

This guide explains how to define new workflow business processes as well as customize existing Oracle Applications–embedded workflow processes. You also use this guide to complete the setup steps necessary for any Oracle Applications product that includes workflow–enabled processes.

Oracle Workflow User's Guide

This guide explains how to use Oracle Workflow and the Oracle Workflow home page, including how a user can view and act on a workflow notification, and how to use the Workflow Monitor to administer or view the status of a workflow process.

Oracle Workflow API Reference

This guide explains how to understand and use Oracle Workflow APIs. This guide contains a detailed description of all the APIs in Oracle Workflow.

Installation and System Administration Guides

Oracle Applications Concepts

This guide provides an introduction to the concepts, features, technology stack, architecture, and terminology for Oracle Applications Release 11*i*. It provides a useful first book to read before an installation of Oracle Applications. This guide also introduces the concepts behind, and major issues, for Applications-wide features such as Business Intelligence (BIS), languages and character sets, and self-service applications.

Installing Oracle Applications

This guide provides instructions for managing the installation of Oracle Applications products. In Release 11*i*, much of the installation process is handled using Rapid Install, which minimizes the time it takes to install Oracle Applications and the Oracle technology stack by automating many of the required steps. This guide contains instructions for using Rapid Install and lists the tasks you need to perform to finish your installation. You should use this guide in conjunction with individual product user guides and implementation guides.

Oracle Financials Country-Specific Installation Supplement

Use this manual to learn about general country information, such as responsibilities and report security groups, as well as any post-install steps required by some countries or the Global Accounting Engine.

Upgrading Oracle Applications

Refer to this guide if you are upgrading your Oracle Applications Release 10.7 or Release 11.0 products to Release 11*i*. This guide describes the upgrade process in general and lists database upgrade and product-specific upgrade tasks. You must be at either Release 10.7 (NCA, SmartClient, or character mode) or Release 11.0 to upgrade to Release 11*i*. You cannot upgrade to Release 11*i* directly from releases prior to 10.7.

Maintaining Oracle Applications

Use this guide to help you run the various AD utilities, such as AutoUpgrade for 11*i*, AutoPatch, AD Administration, AD Controller, Relink, and others. It contains how-to steps, screenshots, and other information that you need to run the AD utilities.

Oracle Applications System Administrator's Guide

This guide provides planning and reference information for the Oracle Applications System Administrator. It contains information on how to define security, customize menus and online help, and manage processing.

Oracle Alert User Guide

Use this guide to define periodic and event alerts that monitor the status of your Oracle Applications data.

Oracle Applications Developer's Guide

This guide contains the coding standards followed by the Oracle Applications development staff. It describes the Oracle Application Object Library components needed to implement the Oracle Applications user interface described in the *Oracle Applications User Interface Standards*. It also provides information to help you build your custom Oracle Developer forms so that they integrate with Oracle Applications.

Oracle Applications User Interface Standards

This guide contains the user interface (UI) standards followed by the Oracle Applications development staff. It describes the UI for the Oracle Applications products and how to apply this UI to the design of an application built by using Oracle Forms.

Other Implementation Documentation

Oracle Applications Product Update Notes

Use this guide as a reference if you are responsible for upgrading an installation of Oracle Applications. It provides a history of the changes to individual Oracle Applications products between Release 11.0 and Release 11*i*. It includes new features and enhancements and changes made to database objects, profile options, and seed data for this interval.

Multiple Reporting Currencies in Oracle Applications

If you use the Multiple Reporting Currencies feature to report and maintain accounting records in more than one currency, refer to this manual before implementing Oracle Receivables. The manual details additional steps and setup considerations for implementing Oracle Receivables with this feature.

Multiple Organizations in Oracle Applications

If you use the Oracle Applications Multiple Organization Support feature to use multiple sets of books for one Oracle Receivables installation, use this guide to learn how to set up and use Oracle Receivables with this feature.

Oracle Applications Flexfields Guide

This guide provides flexfields planning, setup, and reference information for the Oracle Receivables implementation team as well as for users responsible for the ongoing maintenance of Oracle Applications product data. This guide also provides information on creating custom reports on flexfields data.

Oracle eTechnical Reference Manuals

Each eTechnical Reference Manual (eTRM) contains database diagrams and a detailed description of database tables, forms, reports, and programs for a specific Oracle Applications product. This information helps you convert data from your existing applications, integrate Oracle Applications data with non-Oracle applications, and write custom reports for Oracle Applications products. Oracle eTRM is available on Oracle*MetaLink*.

Training and Support

Training

Oracle offers a complete set of training courses to help you and your staff master Oracle Receivables and reach full productivity quickly. These courses are organized into functional learning paths, so you take only those courses appropriate to your job or area of responsibility.

You have a choice of educational environments. You can attend courses offered by Oracle University at any of our many Education Centers, you can arrange for our trainers to teach at your facility, or you can use Oracle Learning Network (OLN), Oracle University's online education utility. In addition, Oracle training professionals can tailor standard courses or develop custom courses to meet your needs. For example, you may want to use your organization structure, terminology, and data as examples in a customized training session delivered at your own facility.

Support

From on-site support to central support, our team of experienced professionals provides the help and information you need to keep Oracle Receivables working for you. This team includes your Technical Representative, Account Manager, and Oracle's large staff of consultants and support specialists with expertise in your business area, managing an Oracle server, and your hardware and software environment.

Do Not Use Database Tools to Modify Oracle Applications Data

*Oracle STRONGLY RECOMMENDS that you never use SQL*Plus, Oracle Data Browser, database triggers, or any other tool to modify Oracle Applications data unless otherwise instructed.*

Oracle provides powerful tools you can use to create, store, change, retrieve, and maintain information in an Oracle database. But if you use Oracle tools such as SQL*Plus to modify Oracle Applications data, you risk destroying the integrity of your data and you lose the ability to audit changes to your data.

Because Oracle Applications tables are interrelated, any change you make using an Oracle Applications form can update many tables at once. But when you modify Oracle Applications data using anything other than Oracle Applications forms, you might change a row in one table without making corresponding changes in related tables. If your tables get out of synchronization with each other, you risk retrieving erroneous information and unpredictable results throughout Oracle Applications.

When you use Oracle Applications forms to modify your data, Oracle Applications automatically checks that your changes are valid. Oracle Applications also keeps track of who changes information. But if you enter information into database tables using database tools, you may store invalid information. You also lose the ability to track who has changed your information because SQL*Plus and other database tools do not keep a record of changes.

About Oracle

Oracle develops and markets an integrated line of software products for database management, applications development, decision support, and office automation, as well as Oracle Applications, an integrated suite of more than 160 software modules for financial management, supply chain management, manufacturing, project systems, human resources and customer relationship management.

Oracle products are available for mainframes, minicomputers, personal computers, network computers and personal digital assistants, allowing organizations to integrate different computers, different operating systems, different networks, and even different database management systems, into a single, unified computing and information resource.

Oracle is the world's leading supplier of software for information management, and the world's second largest software company. Oracle offers its database, tools, and application products, along with related consulting, education, and support services, in over 145 countries around the world.

Your Feedback

Thank you for using Oracle Receivables and this manual.

Oracle values your comments and feedback. At the end of this manual is a Reader's Comment Form you can use to explain what you like or dislike about Oracle Receivables or this manual. Mail your comments to the following address or call us directly at (650) 506-7000.

Oracle Applications Documentation Manager
Oracle Corporation
500 Oracle Parkway
Redwood Shores, CA 94065
U.S.A.

Or send electronic mail to **appsdoc_us@oracle.com**.

Overview of Tax

This manual explains how to set up, report, and account for different types of tax systems within Oracle Receivables. It includes implementation procedures for Value Added Tax (VAT), US Sales Tax, and Canadian Tax, as well as a comprehensive set of standard and country-specific reports that let you complete your standard tax returns.

In addition, this manual describes the open interfaces that let you integrate your own tax calculation programs with Receivables, as well as load location values and sales tax rates from an external source into Receivables.

Overview of Tax

You can set up Receivables to use one of three basic types of tax: Value Added Tax (VAT), US Sales Tax, or Canadian Sales Tax.

VAT

Value Added Tax (VAT) is imposed on the supply of goods and services paid for by the consumer, but collected at each stage of the production and distribution chain. The VAT charged on a customer invoice is called Output Tax. Any VAT paid on a vendor invoice is called Input Tax. The amount due each period can be described as follows:

$$\text{Amount Due} = \text{Output Tax} - \text{Input Tax}$$

Receivables provides a comprehensive solution for VAT reporting using standard and country-specific reports.

For a step by step description of how to implement Value Added Tax, see: *Implementing Value Added Tax*: page 2 – 2.

Sales Tax

Sales tax in Receivables is based on the destination of the supply of goods or services. The calculation of sales rates is automatic, and is based on the state, county, city, and zip code of your customer's address and the tax rates assigned to each of these components. You can override any tax rate through customer and product exemptions and you can compile periodic sales tax returns using the US Sales Tax Report.

You can import address validation and sales tax rates from your tax vendor and use the Tax Vendor Extension to integrate external tax calculation programs with Receivables and Oracle Order Entry. See: *Importing Data From Your Feeder System*: page 8 – 7 and *Implementing the Tax Vendor Extension*: page 8 – 30.

For a step by step description of how to implement sales tax and the setup windows specific to a sales tax system, see: *Implementing US Sales Tax*: page 3 – 2.

Canadian Sales Tax

Canadian sales taxes exist at both the federal and the provincial level. Sales tax at the federal level, which is referred to as Goods and Services Tax (GST), is standard across Canada. Some goods and services are exempt from GST.

Provincial Sales Tax (PST) is levied by each Canadian province except Alberta and the Territories. Each province has its own legislation which determines the PST rate and decides which goods and services are exempt from PST. The appropriate Provincial Sales Tax is based upon the destination of the goods or services, not their origin.

For a step by step description of how to implement Canadian Tax, see: Implementing Canadian Sales Tax: page 4 – 2.

See Also

Setting Up Tax: An Overview: page 10 – 10

Calculating Tax: page 10 – 2

Invoice Tax Payables Options (*Oracle Payables User Guide*)

Defining Purchasing Options (*Oracle Purchasing User Guide*)

Setting Up a Multi–Organization Enterprise (*Multiple Organizations in Oracle Applications Manual*)

CHAPTER

2

Implementing Value Added Tax

This chapter provides a step by step description of how to implement Value Added Tax for your Oracle Application as well as detailed descriptions of VAT reports and listings.

Implementing Value Added Tax

VAT is imposed on the value added to goods or services at each stage of their supply. The VAT charged on a customer invoice is referred to as Output Tax. Any VAT paid on a vendor invoice is referred to as Input Tax. The amount due each period can be described as follows:

$$\text{Amount Due} = \text{Output Tax} - \text{Input Tax}$$

Not all businesses are required to collect and remit Value Added Tax. To determine your legal obligations in the collection and reporting of Value Added Tax, seek the advice of a qualified tax professional.



Attention: If you use the Oracle Applications Multiple Organization Support feature, you need to perform this implementation for each of your operating units. For more information, refer to the *Multiple Organizations in Oracle Applications* manual.

Major Features of VAT

Receivables lets you control and automatically record VAT charges on your receivable invoices. Using Receivables you can:

- Control VAT using both the inventory item and destination country (item method).
- Optionally control VAT from your Revenue Account (account method).
- Automatically calculate VAT for domestic, import, and intra-EU taxed transactions.
- Automatically calculate and account for multiple VAT regimes, levying additional taxes such as Surcharges, Excise, and Sales Equalization taxes as required.
- Compile your periodic VAT returns using a comprehensive set of standard and country-specific VAT reports.
- Easily integrate your implementation of VAT with Oracle Order Management, Oracle Sales, and your legacy systems.
- Round VAT amounts at the Transaction Header or Line Level.
- Round VAT Amounts Up, Down, or Nearest, to a different precision and minimum accountable unit.
- Calculate inclusive or exclusive VAT Amounts.
- Print transactions inclusive or exclusive of VAT.

- Import transactions using AutoInvoice with inclusive or exclusive taxes.
- Allow VAT to be controlled in Receivables or your feeder system.
- Control changes in rate for any given tax code over time.
- Exempt customers and sites from VAT.
- Ensure that your VAT returns are complete.
- Manually defer Output Tax liability on unpaid invoices using the Tax Reconciliation Report.

Definitions

Acquisition Tax: VAT on the acquisition of goods from a VAT Registered supplier in another EU member state will be zero-rated. The receiver must account for VAT as both Input and Output amounts at the VAT rate applicable for the same goods in the country that they are received, giving a net VAT liability of zero. Oracle Implements Acquisition tax with Oracle Payables using Offset Taxes.

Deferral: France, Italy and Russia allow the liability on Output VAT to be deferred until payment has been collected on certain transactions. This is referred to as "Cash accounting for VAT" and, if allowed, may be used in an accrual system.

Document Rounding: VAT amounts are typically calculated once per tax code within an invoice. Receivables controls tax codes at the document line, but allows VAT amounts to be rounded at the document header or line.

Domestic Transaction: Transactions between registered traders in the same EU (European Union) country. Domestic transactions have VAT charged on goods and services with different countries applying different VAT rates to specific goods and services.

EU: The European Union is a single European market where customs and tariff barriers between member states have been removed.

Input VAT: The tax charge on the receipt of taxable goods and services (e.g. tax on supplier invoices or expense items). Input VAT should be reported wherever you account for expenditures. Input VAT is usually deductible.

Intra-EU, Taxed Transactions: Transactions between non-registered traders in different EU (European Union) countries. VAT must be charged to customers within the EU if you do not know their VAT

registration number. The destination country and inventory item controls which VAT rate to use.

Intra-EU, Zero-Rated Transactions: Transactions between registered traders in different EU (European Union) countries. An Intra-EU transaction is zero rated if and only if you know the customer's VAT registration number; otherwise, VAT must be charged on the invoice.

Japanese Consumption Tax: The Value Added Tax (VAT) paid on any expense (Input VAT) is usually recoverable against the VAT Charged on revenue (Output VAT). This ensures that VAT is not inflationary within a supply chain.

Natural Account: The segment of your accounting flexfield that you assign the qualifier 'Natural Account'. This segment indicates whether the Accounting Flexfield is an Asset, Liability, Equity, Revenue, or Expense account. In Receivables, the Natural Account typically identifies the Revenue account.

Non-Deductible Input VAT: The VAT amount paid on expense items that may not be reclaimed against Output VAT. Usually, all items purchased for a business are deductible. Certain high value purchases, (for example, luxury cars for an executive's spouse) may be considered non-deductible. For small companies, service or items of value to both the owner and business may be partially non-deductible.

Output VAT: The tax charge on the supply of taxable goods and services (e.g. tax on customer invoices or revenue items). Output VAT should be reported wherever you account for sales.

Recargo de Equivalencia: An additional tax levied in Spain on specific types of businesses. The rate of tax is related to the primary rate of VAT for the item sold.

Tax Engine: A collection of programs, user defined system parameters, and hierarchical flows used by Receivables to calculate tax.

VAT Classification: Each country classifies VAT into a small number of rates. Following are the five basic classes of VAT:

- **Standard:** The majority of transactions are classified at a Standard rate. In Europe, the Standard rate of VAT varies between 12–25%.
- **Reduced:** A lower rate of tax for specific goods or services. For example, within the EU, the reduced rate is applied to consumption of domestic fuel and power.
- **Luxury:** A higher than standard rate of tax, normally applied to a very limited set of goods or services.

- **Zero:** Zero-rated, gross sales are reported separately from exempt rated transactions.
- **Exempt:** Exempt from VAT. Gross sales are reported separately from zero-rated transactions.

VAT Regime: A set of VAT rules and rates applicable to a well defined set or type of transactions. In Europe, the most common VAT regimes are Domestic, Import, and Inter-EC. However, many countries have additional regimes for special geographical regions or types of businesses.

See Also

Country Specific Tax Reporting: page 2 – 28

Setup Checklist for Value Added Tax: page 2 – 6

Invoice Tax Payables Options (*Oracle Payables User Guide*)

Defining Purchasing Options (*Oracle Purchasing User Guide*)

Entering Offset Taxes (*Oracle Payables User Guide*)

Setup Checklist for Value Added Tax

Complete the following steps in the order shown to implement Value Added Tax in Receivables:

- Step 1: Choose Tax Method for VAT Compliance: page 2 – 7
- Step 2: Define Tax Codes and Rates: page 2 – 8
- Step 3: Set Up Account Method VAT (optional): page 2 – 11
- Step 4: Set Up Tax Groups for Distance Sales (optional): page 2 – 12
- Step 5: Set Up Tax Groups for Additional Taxes: page 2 – 14
- Step 6: Set Up Item Method VAT: page 2 – 14
- Step 7: Choose a Sales Tax Location Flexfield Structure: page 2 – 15
- Step 8: Define Tax Preferences: page 2 – 16
- Step 9: Set Up Tax Defaults and Rules: page 2 – 17
- Step 10: Save System Options: page 2 – 19
- Step 11: Define Tax Exemptions: page 2 – 19
- Step 12: Define Transaction Types: page 2 – 20
- Step 13: Define AutoAccounting for Tax: page 2 – 20
- Step 14: Enable Calculation of VAT on Freight: page 2 – 21
- Step 15: Define Tax Profile Options: page 2 – 22
- Step 16: Define VAT Reconciliation Report Set: page 2 – 23

See Also

Setup Steps for Value Added Tax: page 2 – 7

Verifying VAT Tax Setup: page 2 – 26

Setup Steps for Value Added Tax

Step 1 **Choose Tax Method for VAT Compliance**

Receivables provides two methods for deriving the appropriate tax code and rate for your transactions.

- Item Method
- Account Method

Before implementing Receivables, you need to decide whether you want to derive a transaction line's tax code and rate from the line's item or the line's natural revenue account.

Controlling Tax from Item & Destination – Item Method

Normally, the tax code (and therefore Tax Regime) for a transaction (line) is derived using rules associated with the line item and destination (Point of Supply). The Item Method defaults tax codes based on a search hierarchy that you define in the System Options window. Typically within the Item Method, the system searches for a tax code at the item, customer site, customer, and system option levels (in that order) and ignores any tax codes associated with the Revenue Account of the line item.

- **Item Method, Distance Selling Rules**

If you have a centralized inventory selling and shipping to multiple countries, you may need to derive the appropriate tax codes and rates by a combination of both the Inventory Item and Ship-To Country. Using the Item Method and defined tax groups, Receivables can automatically select the appropriate tax code and tax rate for your transaction (lines).

- **Item Method, Multiple Additional Taxes**

Using tax groups, Receivables can automatically calculate multiple, conditional taxes such as Surcharges, Excise, and Sales Equalization taxes. You can create as many additional taxes as you need; each tax can be optionally compounded on prior taxes; each tax can be posted to a different accounting flexfield and each tax can have a different sign (Dr or Cr), which lets you create offsetting accounting entries. Additionally, you can combine the 'Tax Sign' with 'Tax Inclusive' to increase or decrease the Revenue Accounting associated with the transaction line amount.

- **Item Method and Feeder Systems**

The Item Method allows a flexible integration with feeder systems (such as Oracle Order Management, Oracle Sales & Marketing, and legacy systems) that create transactions and import them into Receivables using AutoInvoice. Unlike the Account Method, the Item Method does not rely upon a chart of accounts to default and validate the tax code. Therefore, use the Item Method if you require multiple, conditional taxes or if your feeder system controls VAT, but does not provide Receivables with accounting lines during the AutoInvoice process.

Controlling Tax from your Revenue Account – Account Method

In some countries and implementations, your chart of accounts may be constructed around VAT compliance. When using this method, you assign one or more revenue accounts to a tax code. Then, when recording a transaction to one of your revenue accounts, Receivables will record the tax on that transaction to the VAT account assigned to this revenue account.

Receivables lets you optionally set up defaults and rules using the GL Tax Options window in Oracle General Ledger. Using this window, you can assign tax codes to Natural Accounts, which lets the Receivables Transactions Workbench and AutoInvoice program automatically default tax codes when you enter or import transactions. You can also choose to validate the tax code against the Natural Account of the Revenue account when you complete transactions in the Transactions Workbench. See: Set Up Account Method VAT: page 2 – 11.

Note: By validating the tax code for your invoice lines against the tax code assigned to your Revenue account, you can ensure that the VAT amounts in your tax returns reconcile to the tax liability accounts and that the taxable amounts in your tax returns reconcile to the Profit and Loss accounts.



Suggestion: If you enforce validation on tax codes from the natural account, you should not derive tax codes from customers, customer sites, or inventory items.

Step 2 Define Tax Codes and Rates

Use the Tax Codes and Rates window to define your tax codes and rates. See: Tax Codes and Rates: page 6 – 2.

For example, the following company needs to define tax codes and rates for use in the European Union (EU):

Home Country	UK, one VAT Registration Number
Does Business with –	Customers in the UK
Does Business with –	Customers outside the UK but inside the EU – if Tax Registration Number Known if Tax Registration Number Unknown
Does Business with –	Customers outside the EU
Product Line Includes –	Taxable Items Exempt Items
Miscellaneous Cash –	Positive Receipts Negative Receipts

This company might set up its tax codes and rates as described in the following table.

Customer Home Country	Tax Codes	Tax Rates
United Kingdom	UKSTD	Standard UK Rate
United Kingdom	UKZERO	0%
United Kingdom	UKRED	Reduced Standard Rate
EU Transactions	IntraEU–Zero	0%
EU Transactions	IntraEU–Taxed	(see Step 4)
Export Transactions	Export	0%
United Kingdom	Positive Cash	Miscellaneous Cash Receipts
United Kingdom	Negative Cash	Miscellaneous Cash Payments



Suggestion: You can use the Tax Reconciliation Report to assist with preparing your VAT return. To simplify your VAT return process, you should assign a different tax liability account to each tax code, enabling the Tax Reconciliation Report to distinctly display the tax and taxable amounts for each tax code.

These tax codes and rates would then be assigned (using the Customers window) to each of the four classes of customer, or customer sites, as described in the following table:

Customer Class	Tax Code
Intra-EU, Zero Rated	IntraEU-Zero
Intra-EU, Taxed	IntraEU-Taxed
External	Export
Domestic	null

Receivables searches for tax codes according to the tax hierarchy that you define in the System Options window, stopping when one is found. Using the approach outlined above, you will be able to automatically tax your transactions correctly when you create:

- Domestic invoices for different inventory items, with each item having its own tax rate assigned to it.
- Export invoices for customers both inside and outside the EU.
- Invoice for customers in the EU with tax registration numbers.

Note: If you assign a tax code with a rate of zero to an invoice, or if the invoice is exempt, it will still have tax lines and account distributions posted to the General Ledger for the zero tax amount.

To apply time limits to tax code rates, simply add an end date to the existing tax code, then redefine the code using the same tax code name. This lets you keep an audit of changes to rates, while ensuring that the correct rate will always be used on a transaction.

Note: If a customer's Tax Registration Number is not known, or if you are required to collect VAT in multiple countries, perform step 4, Set Up Tax Groups for Distance Selling Rules: page 2 – 12. This will let Receivables automatically apply different VAT rates on domestic and Intra-EU taxed transactions.

You should also assign a tax code to your miscellaneous cash receipts within the Transactions window. You should use a different tax code for negative cash receipts and positive cash receipts, though they may have the same rate. The Tax Reconciliation Report will use the general ledger account assigned to the tax code for each receipt for reporting VAT on miscellaneous transactions. See: Entering Miscellaneous

Transactions in the *Oracle Receivables User Guide*. The following table describes how miscellaneous cash receipts map to tax codes.

Miscellaneous Cash Receipt	Transaction Example	Tax Code
Positive receipt	Investment dividend	Positive Cash
Negative receipt	Bank service charge	Negative Cash

Additionally, Oracle Cash Management lets you assign a default tax code for positive miscellaneous cash receipts and a tax code for negative miscellaneous cash receipts. AutoReconciliation assigns the appropriate tax code when creating miscellaneous cash receipts. Cash Management also defaults the appropriate tax code when you manually create miscellaneous cash receipts during manual reconciliation. For more information, please refer to the *Oracle Cash Management User Guide*.

Step 3 **Set Up Account Method VAT (optional)**

If you are using the Item Method for VAT compliance, you can skip this step.

Navigate to the General Ledger Tax Options window and assign a tax code to the natural account segment of your Revenue account. For each natural account, decide if the system should allow an override of tax codes posted to this account. The Receivables Transactions Workbench will validate tax codes against revenue accounts if the Revenue account has Allow Override set to No and the system option Enforce Tax from Revenue Account is set to Yes. If you set up Receivables to enforce tax from your Revenue account, the Transaction Workbench will not let you complete an invoice if any of its lines have a tax code that is different from the tax code assigned to the Natural account. AutoInvoice will also reject transactions that fail this validation.

To set up your system to enforce that a tax code is derived from your Revenue account, perform the following:

- Navigate to the System Options window and set 'Enforce Tax from Revenue Account' to Yes.
- Navigate to the Tax Options window and set 'Allow Tax Code Override' option to No for each account that you want to validate. Receivables will only enforce validation for accounts that have this option set to No.



Attention: If you update your Revenue account or any of its attributes such that the tax code for an invoice line is no longer the same as the tax code assigned to your Revenue account, Receivables will display a message when you attempt to complete an invoice. This lets you choose to re-default the tax code for the offending invoice line, and then complete the invoice. If you choose to not update the tax code, Receivables will not let you complete the invoice.

For more information, see: *Controlling Tax from your Revenue Account: page 10 – 35 and Setting Up Automatic Tax Calculation in the Oracle General Ledger User Guide.*

Step 4 Set Up Tax Groups for Distance Sales (optional)

If you are using the Account Method VAT compliance or do not require Receivables to calculate VAT rates using a combination of both inventory item and ship-to country, you can skip this step.

The implementation outlined in step 2, *Define Tax Codes and Rates: page 2 – 8*, assumes that all inventory items have been assigned a Tax Code and that Intra EU and export shipments override the default. The examples in step 2 are most appropriate if your inventory items are local to your home country. If you ship within your home country, you will typically be required to collect taxes only in that country.

An alternative implementation is appropriate if you ship to many countries and your legal entity is required to collect tax in multiple countries. Instead of a tax code, you can assign a tax group to each inventory item; this lets Receivables automatically create a schedule of applicable taxes based on a combination of both the inventory item and ship-to country.

The following table illustrates how tax groups can be used to provide Item Method VAT with Distance Sales. In this table the tax group name is EUSTD. The tax group description is European Standard Rates.

Tax Code	Tax Rate	Ship To Country
UKSTD	17.5%	United Kingdom
ITSTD	19%	Italy
DESTD	15%	Germany
FRSTD	25%	France

Note: You can define a Condition Set for a tax group to control whether a tax code is used. For example, to use the first record in the tax group, specify the following condition: “if the ship-to country is United Kingdom, then use this tax code.” See: Tax Groups: page 6 – 20.

Different tax groups are built for each tax classification of inventory items. Assigning the tax group to the inventory item allows Receivables to calculate the correct Tax Rates based on both inventory item and ship-to country.



Suggestion: As the Standard (or Reduced) rate of VAT changes in each country, use effectivity dates within the group to control when Receivables applies the new tax rate.

European Standard rates are the set of tax rates for each member country that are classified as ‘Standard’. Typically, but not always, goods classified in one EU country as ‘Standard’ will share the same classification in another EU country. An example of an exception to this rule is the category of goods called ‘Documentation’. In Germany, Documentation may be classified as ‘Reduced’, whereas in the UK it may be classified as ‘Zero-Rated’. If required, you can construct a tax group that automatically assigns the correct tax code and rate for each shipment. The following table describes a tax group named EUDOC with the appropriate tax rate for the ship-to country. The tax group description is Intra-EU Taxed, Documentation.

Tax Code	Tax Rate	Ship To Country
UKZERO	0	United Kingdom
DERED	7.5%	Germany

Caution: You can define a single VAT Registration number at the Organization level in the System Options window. You can override the VAT Registration number when printing your

invoices. Your VAT returns must still be compiled using appropriate standard or country-specific VAT reports. The country-specific VAT reports may be incompatible with those from your home country, or with each other.

Step 5 Set Up Tax Groups for Additional Taxes (optional)

If your country or implementation requires multiple, additional taxes, you can set up a schedule of taxes by defining a tax group and specifying a *Condition Set* for the tax group. Receivables uses this schedule to calculate tax whenever you assign this tax group to your invoices and sales orders.

For example, Spain requires a secondary tax called Recargo de Equivalencia (RdE). To implement this tax, define a tax group with a Condition Set that adds a second tax line to the invoice if the Tax Classification of the bill-to customer site indicates that the customer is subject to the additional tax.

See Also

Tax Groups: page 6 – 20

Invoice Tax Payables Options (*Oracle Payables User Guide*)

Purchasing Options (*Oracle Purchasing User Guide*)

Step 6 Set Up Item Method VAT

You can assign the appropriate tax code to each of your inventory items in the Items window. You can assign a tax code or a tax group to each item that you define. If you defined tax groups for Distance Sales, use these groups for your items (see Note in Step 2, Define Tax Codes and Rates: page 2 – 8).



Suggestion: Using inventory item templates, create different templates for each VAT Classification. Then, when you create an inventory item using that template, Receivables automatically assigns the correct tax code or tax group. The following table provides examples of VAT classifications mapped to the appropriate tax groups.

VAT Classification	Domestic Supply	Distance Sales Transactions
Standard Rated Product	UKSTD	EUSTD
Reduced Rated Product	UKRED	EURED
Documentation	UKZER	EUDOC
Zero-Rated Product	UKZERO	EUZERO

Step 7 Choose a Sales Tax Location Flexfield Structure

Use the list of values to select a Sales Tax Location Flexfield Structure in the System Options window. Receivables uses this structure to determine your tax rates and to control which fields of a customer's address are required when you enter domestic addresses. The following structures are predefined:

- **No Validation – Country (Recommended for VAT)**
- State.County.City Recommended for US Sales Tax
- State.City
- City
- Province
- Province.City

You can also create your own structure to meet your specific tax needs. See: Customizing Your Sales Tax Location Flexfield Structure: page 10 – 36.

For a detailed description of each of these structures, see: Calculating Tax: page 10 – 2.



Attention: Each segment in the structure will become mandatory when entering customer addresses located in your home country.



Suggestion: You may want to implement Flexible Address Formats for country specific validation of customer address information. See: Flexible Addresses in the *Oracle Receivables User Guide*.

Note: If you are using the multiple organization support feature (multi-org) and want to share the same sales tax location flexfield structure across organizations, you must use the No Validation – Country structure.

Step 8 Define Tax Preferences

The system options listed below affect your tax within Receivables. For more information about these fields or any settings not described in these tables, see: Defining Receivables System Options and Tax Rounding System Options in the *Oracle Receivables User Guide*.

Note: Refer to Step 9 for information about the Tax Defaults and Rules tabbed region.

The following four tables provide suggested settings for options available in the tabbed regions. The first table suggests a setting for the tax account in the Accounting tabbed region.

Tax Option Field Name	Suggested Setting
Tax Account	The default tax account for your tax codes.

The following table suggests how to set options in the Tax tabbed region.

Tax Option Field Name	Suggested Setting
Tax Method	VAT
Location Flexfield Structure	defined in Step 7
Postal Code Range	From ! to zzzzzzzzzzzz. This setting includes all possible ranges and results in no postal code validation.
Address Validation	No validation
Compound Taxes	No
Invoice Printing	Itemize and Sum
Tax Registration Number	Your company's Tax Registration Number. Prints on your invoices. Can be changed before printing invoices.
Tax Vendor Views	Null
Sales Tax Geo Override	Null
Inclusive Tax Used	Yes, if you use inclusive tax codes; otherwise, No.

The following table suggests how to set options in the Rounding Options tabbed region.

Tax Option Field Name	Suggested Setting
Calculation Level	Header
Rounding Rule	Nearest
Reporting Currency	Your functional currency.
Precision	Enter a value based on your reporting currency.
Minimum Accountable Unit	Enter a value based on your reporting currency.
Allow Override	No, unless you need to change Tax Rounding rules by Bill-To customer site.

The following table suggests how to set options in the Miscellaneous tabbed region.

Tax Option Field Name	Suggested Setting
Default Country	Your home country.
Application Rule Set	Prorate All

Note: The Prorate All Application Rule Set applies a proportionate amount of the payment to each open item. See: Miscellaneous System Options and Receivables Application Rule Sets in the *Oracle Receivables User Guide*.

Step 9 Set Up Tax Defaults and Rules

The Tax Defaults and Rules tabbed region of the System Options window lets you control how the system automatically taxes your transactions. Using this window, you can control how your Output VAT is calculated. See: Tax System Options in the *Oracle Receivables User Guide* Tax System Options in the *Oracle Receivables User Guide* Tax System Options in the *Oracle Receivables User Guide*.

Use the Tax Defaults and Rules tabbed region in the Oracle Payables System Options window to control your Input Taxes. See: Invoice Tax Payables Options in the *Oracle Payables User Guide*.

How you set up your system depends on your implementation and the VAT method you selected in Step 1. If you are using the Item Method, we recommend the following settings described in the table below for determining a default tax code:

Default Tax Code Options	Suggested Setting	Hierarchy Number
Enforce Tax from Revenue Account	No	not applicable
Customer Site	Yes	1
Customer	Yes	2
Product	Yes	3
Revenue Account	No	
System Options	Yes	4

If you are using the Account Method, we recommend the following settings described in the table below for determining a default tax code:

Default Tax Code Options	Suggested Setting	Hierarchy Number
Enforce Tax from Revenue Account	Yes	not applicable
Customer Site	No	
Customer	No	
Product	No	
Revenue Account	Yes	1
System Options	No	

Note: It is possible to use both Item and Account method VAT. If you do this, we recommend that you set Enforce Tax from Revenue Account to No.

The following table provides notes explaining why the recommended setting for these options is No.

Exception Rate Option	Recommendation Explanation
Use Item Tax Rate Exceptions	Tax exceptions are special tax rates that are assigned to items being shipped to specific addresses. Tax exceptions are only used when you are calculating location-based tax and therefore do not apply in a VAT system.
Use Customer Exemptions	Customer exemptions let you fully or partially exempt specific customers from tax. In a VAT system, customers can be assigned a specific tax code that would exempt them from tax.
Use Item Exemptions	Product exemptions let you fully or partially exempt specific items from tax. In a VAT system, items can be assigned a specific tax code that would exempt them from tax.



Suggestion: Switching off aspects of the tax engine that you do not use may improve performance.



Attention: If you use both US Sales Tax and VAT in one set of books, you should set the option Use Tax Code for Product to No. However, this is not an advisable setup. A site usually implements each legal entity in a different set of books and you should consider the many reporting and security implications of merging multiple countries/organizations into one set of books.

Step 10 Save System Options

Save your system options. Use the Completed Requests window to check that each of the three concurrent programs submitted by the System Options window has completed successfully. If the concurrent programs fail, choose Request Log in the Completed Requests window for more information about the errors. You can also refer to the If Your Concurrent Programs Fail section of the Calculating Tax Essay for more information. See: Calculating Tax: page 10 – 2.

Step 11 Define Tax Exemptions

When implementing VAT, you would generally assign tax codes to customers and items to exempt them from tax, rather than creating specific exemptions.

To do this you must first create a tax code with the new tax rate. Create this tax code in the Tax Codes and Rates window as described in Step 2. Then, for customer exemptions, assign this code to your customer in the Customers window at either the customer or site level, depending on whether you want to exempt the whole customer or only specific sites for that customer. For product exemptions, assign the tax code to your product in the Items window. See: Define Items in the *Oracle Inventory User Guide*.

Step 12 **Define Transaction Types**

Use the Receivables Transaction Types window to require the calculation of VAT on all transaction types. Enter 'Yes' in the Tax Calculation field for each transaction type that you define to ensure that all complete invoices include VAT.

Customers and customer sites that are not subject to VAT should use transaction types that require the calculation of tax, but these customers or sites should be assigned an exempt tax code. This ensures that a zero value tax line is created for reporting purposes. See: Transaction Types in the *Oracle Receivables User Guide*.

If you are implementing Oracle Order Management, use the Transaction Types window to select a Receivables Transaction Type that has the Tax Calculation flag set to Yes. The Sales Orders window will then ensure that all booked orders have a tax code assigned to each order line. Additionally, the Sales Order Acknowledgement Report will display tax rates, tax amounts and tax summaries based on the transaction type you have selected. See: Order Management Transaction Types in the *Oracle Order Management User Guide*.

Step 13 **Define AutoAccounting for Tax**

Use the Automatic Accounting window to specify how you want Receivables to determine the General Ledger account for VAT. See: AutoAccounting in the *Oracle Receivables User Guide*.

Enter 'Tax' in the Type field then query all of the segments of your Tax Account Flexfield. For each segment, assign the value you want to use to derive the account. Choose from the tax accounts stored on the following:

- Salesreps
- Transaction Types
- Standard Lines

- Taxes – (The source for this type is the account on the Tax Codes)



Suggestion: You should assign the value 'Taxes' to the natural account segment to ensure the VAT Exceptions report can identify any invoices that post non-tax items to tax accounts.

- Constant Value

See: Using AutoAccounting in the *Oracle Receivables User Guide*

Step 14 **Enable Calculation of VAT on Freight**

To enable the calculation of VAT on freight, you should create freight amounts as ordinary invoice lines. This can be done through standard invoice entry or through AutoInvoice.

Using an inventory item to define freight services enables the AutoAccounting program to distinguish freight lines from ordinary line items. AutoAccounting will then use the accounting rules for the freight account rather than the revenue account to derive the general ledger distribution for the freight service.

When an invoice is printed, the freight amounts will be displayed as line items and any VAT calculated on the freight will be displayed as tax. To assist your customers in identifying the freight charges, Receivables provides the Invoice Print option 'European Tax Format'. This option will display the tax rates as the last column of each invoice line, display the freight items last, and provide a summary of tax amounts by tax code at the end of the invoice. You can select the Invoice Print style in the System Options window or assign it to a specific customer profile class.

To convert freight amounts to ordinary invoice lines, navigate to the Inventory Item window and use the Freight Item Template to define an inventory item for freight services. You should ensure that your inventory item has a valid tax code, the appropriate Primary Unit of Measure, and a User Item Type of 'Freight'. Using the Tax Exemptions window you can reduce or zero-rate sales tax rates or freight services as required. See: Defining Items in the *Oracle Inventory User Guide*.

You can control the VAT rate on freight services through the tax code assigned to the inventory item. Alternatively, you can override the tax code assigned to inventory item by assigning a different tax code to the customer or customer site, which will allow export freight charges to be taxed differently than domestic freight charges.

If you are implementing Oracle Order Management, you should set the user profile option 'Tax: Invoice Freight as Revenue' to Yes and 'Tax: Inventory Item as Freight' to the item that you defined for freight

services. These profile options are described in more detail in the next step.

Step 15 Define Tax Profile Options

To set your tax profile options, navigate to the System Profile Values window using the System Administrator responsibility. The following table outlines the options and recommended settings for VAT.

Profile Option	Suggested Setting	Reason
Tax: Allow Manual Tax Lines	Yes	Additional tax lines may be required by a given country.
Tax: Allow Ad hoc Tax Changes	Yes	Typically, tax codes have a single active rate for a given date.
Tax: Allow Override of Customer Exemptions	No	Prevents unapproved exemptions from being entered.
Tax: Allow Override of Tax Code	Yes	Lets you override the default tax code.
Tax: Invoice Freight as Revenue	Yes	Enables freight amounts entered in the Oracle Order Management Ship Confirm window to be passed to Receivables as taxable line items. Used only by Oracle Order Management.
Tax: Inventory Item for Freight	Freight	Set this to the inventory item that you defined for freight services (see Attention symbol below). AutoAccounting will use the 'Freight' accounting rule for transaction lines whose inventory item has a user type of Freight. This ensures the line item description of the freight services will be derived from the inventory item that you defined, rather than the default description 'Freight'. Use the Items window to assign a tax code to the inventory item.



Attention: The inventory item you select should be used to control the tax code, rate, and general ledger tax account for

the VAT on freight. Be sure to assign a tax code to the inventory item before you define this profile option.

See: Update System Profile Options in the *Oracle Applications System Administrator's Guide* and Overview of Ship Confirm in the *Oracle Shipping Execution User Guide*..

Step 16 **Define VAT Reconciliation Report Set**

To assist you in compiling your VAT return, navigate to the Request Set window and define a VAT Reconciliation Report Set that includes the following reports:

- Tax Reconciliation Report: page 7 – 12
- Customers with Invoices at 0 VAT and no VAT Registration Number: page 2 – 34
- VAT Exception Report: page 2 – 37

You should define a report set that provides default values for the following parameters as described in this table:

Report Parameter	Suggested Default	Display	Modify	Reason
GL Date Low	01-XXX	Yes	Yes	Date at start of the reporting period
GL Date High	30-XXX	Yes	Yes	Date at end of the reporting period
Transaction Date Low	null	No	No	To ensure only transactions for the reporting period are reported.
Transaction Date High	null	No	No	To ensure only transactions for the reporting period are reported.
VAT Account Low	null	No	No	All VAT Accounts used will be reported
VAT Account High	null	No	No	All VAT Accounts used will be reported
Include Accruals	Yes	No	No	Report on accrual transactions.

Report Parameter	Suggested Default	Display	Modify	Reason
Include Adjustments	Yes	No	No	Report on adjustment transactions. The setting for this parameter depends on the reporting requirements of each country. Please consult a qualified tax professional.
Include Discounts	Yes	No	No	Report on all discounts. The setting for this parameter depends on the reporting requirements of each country. Please consult a qualified tax professional.
Include Miscellaneous Cash Receipts	Yes	No	No	Report on all non standard receipts. The setting for this parameter depends on the reporting requirements of each country. Please consult a qualified tax professional.
Include Payments	Yes	No	No	Report on all standard receipts. The setting for this parameter depends on the reporting requirements of each country. Please consult a qualified tax professional.
Posting Status	Posted	Yes	Yes	Report on only posted transactions
Detail Level	Show Summary and All Detail	Yes	Yes	Provide a high level overview while showing the appropriate detail information.
Payment Date	GL Date	No	No	To match the reporting period. The setting for this parameter depends on the reporting requirements of each country. Please consult a qualified tax professional.

Preventing the user from modifying most of the report parameters at report run time ensures that the report is run consistently each reporting period.

If your company is required to report on VAT under a mix of accrual basis and cash basis tax calculations, you should define a report set that will run two copies of each report; the first for accrual basis calculations and the second for cash basis calculations.



Suggestion: When defining your chart of accounts, group your accrual basis tax accounts together and your cash basis tax accounts together. You can then use the distinct account ranges to define unique report sets for each type of tax basis.

See Also

Implementing Value Added Tax: page 2 – 2

Setup Checklist for Value Added Tax: page 2 – 6

Verifying VAT Tax Setup: page 2 – 26

Calculating Tax: page 10 – 18

Tax Reconciliation Report: page 7 – 12

Defining Request Sets (*Oracle Applications System Administrator's Guide*)

Verifying VAT Tax Setup

Enter Taxable Invoices

Enter an invoice for a taxable customer. Save the invoice and ensure that you can navigate to the Tax window for the invoice lines to view the tax code, tax rate, and amount. You should then navigate to the Revenue Accounts window and confirm that the tax line is posted to the correct General Ledger account.

If you are implementing Oracle Order Management, enter an order and confirm that the VAT amounts are displayed in the payment information region.

Enter Zero Rated Invoices

Assign a Tax Code with zero rate to a customer or customer site. Create an invoice for this customer, including a taxable line item. Save the invoice and verify that the system generated a zero rated tax line.

Interface Zero Rated Invoices

Use AutoInvoice to import an invoice that includes a zero rated tax code. See: Using AutoInvoice in the *Oracle Receivables User Guide*.

Using the Transactions window, verify that the tax amounts on the generated tax lines are zero. See: Entering Transactions in the *Oracle Receivables User Guide*.

See Also

Implementing Value Added Tax: page 2 – 2

Calculating Tax: page 10 – 18

Tax Reconciliation Report: page 7 – 12

Tax Reporting

The tax charged on sales (usually referred to as Output VAT) can be reported using standard or country-specific VAT reports. The standard reports let you report and reconcile applicable taxes for VAT, Consumption Tax, and any alternative tax regimes recorded in your receivables transactions.

See Also

Tax Reconciliation Report: page 7 – 12

VAT Exception Report: page 2 – 37

Customers with Invoices at 0 and no VAT Registration Number: page 2 – 34

Tax Register Report: page 7 – 21

Country-Specific Reports

In many countries, the standard tax reports described in this manual will meet your tax reporting requirements. Oracle Global Financials, however, provides additional tax reports to meet the tax needs of various countries. You may wish to consult your Oracle Global Financials User Guides for more information.

Common Country Reports

These reports are provided by Global Financials and documented in the *Oracle Financials Common Country Features User Guide*:

- ECE General Ledger VAT Register
- ECE Payables VAT Register
- ECE Payables VAT Register Unpaid Invoices Annex (available for Hungary only)
- ECE Receivables VAT Register

Argentina

These reports are provided by Global Financials and documented in the *Oracle Financials for Argentina User Guide*:

- Argentine Payables CITI Flat File
- Argentine Payables Perceptions Taken Flat File
- Argentine Payables VAT Buying Report
- Argentine Payables Purchasing Flat File
- Argentine Payables Withholding Certificate
- Argentine Payables Withholding Flat File
- Argentine Receivables CITI Flat File
- Argentine Receivables Perceptions Flat File
- Argentine Receivables Sales Flat File
- Argentine Receivables VAT Sales Report
- Argentine Receivables Withholding Taken Flat File

Belgium

These reports are provided by Global Financials and documented in the *Oracle Financials for Belgium User Guide*:

- Belgian VAT Allocate/Reallocate Monthly VAT
- Belgian VAT Allocations Listing
- Belgian VAT Annual Audit Report
- Belgian VAT Annual Declaration Process
- Belgian VAT Annual Declaration Process
- Belgian VAT Monthly VAT Preparation Report
- Belgian VAT Annual Return
- Belgian VAT Attribute Declaration Number Process
- Belgian VAT Purchases Journal
- Belgian VAT Reporting Rules Listing
- Belgian VAT Sales Journal

Brazil

This report is provided by Global Financials and documented in the *Oracle Financials for Brazil User Guide*:

- Brazilian Payables Tax Register

Chile

These reports are provided by Global Financials and documented in the *Oracle Financials for Chile User Guide*:

- Chilean Payables Purchase Ledger Report
- Chilean Payables Withholding Certificate Report
- Chilean Payables Withholding Certificate Summary Report
- Chilean Payables Withholding of Fees Ledger Report
- Chilean Receivables Sales Ledger Report

Colombia

These reports are provided by Global Financials and documented in the *Oracle Financials for Colombia User Guide*:

- Colombian Payables Withholding Certificate Report

- Colombian Payables Withholding Report
- Colombian Receivables Income Tax Self Withholding Report
- Colombian Receivables Sales Fiscal Book Report

Czech Republic

These reports are provided by Global Financials and documented in the *Oracle Financials for the Czech Republic User Guide*:

- Czech Export Tax Report
- Czech Import Tax Report

France

These reports are provided by Global Financials and documented in the *Oracle Financials for France User Guide*:

- French DAS2 Consultant Letters
- French DAS2 Extract File
- French DAS2 Type 210 Updates Report
- French DAS2 Verification Report
- French Deductible VAT Declaration Report

Germany

These reports are provided by Global Financials and documented in the *Oracle Financials for Germany User Guide*:

- German Payables VAT Reconciliation Detail Report
- German VAT for On–Account Receipts

Italy

These reports are provided by Global Financials and documented in the *Oracle Financials for Italy User Guide*:

- Italian Exemption Limit Declaration Report
- Italian Payables Exemption Letter Process
- Italian Payables Exemption Letter Register
- Italian Payables Exemption Limit Manager Program
- Italian Payables Sales VAT Register

- Italian Payables Summary VAT Register
- Italian Payables Withholding Tax Letter
- Italian Purchase VAT Register
- Italian Receivables Deferred VAT Register
- Italian Receivables Sales VAT Register
- Italian Supplier Monthly Exemption Limit Consumption Report

Korea

This report is provided by Global Financials and documented in the *Oracle Financials for Korea User Guide*:

- Korean VAT Report

Norway

This report is provided by Global Financials and documented in the *Oracle Financials for Norway User Guide*:

- Norwegian VAT Reconciliation Report

Portugal

These reports are provided by Global Financials and documented in the *Oracle Financials for Portugal User Guide*:

- Portuguese Annual VAT Report
- Portuguese Customers Recapitulative Extract File
- Portuguese Customers Recapitulative Report
- Portuguese Periodic VAT Report
- Portuguese Suppliers Recapitulative Extract File
- Portuguese Suppliers Recapitulative Report

Singapore

These reports are provided by Global Financials and documented in the *Oracle Financials for Singapore User Guide*:

- Singaporean GST F5 Report
- Singaporean Input Taxes Gain/Loss Report

Spain

These reports are provided by Global Financials and documented in the *Oracle Financials for Spain User Guide*:

- Spanish Input VAT Report
- Spanish Inter–EU Invoice Format (Documento Equivalente)
- Spanish Inter–EU Invoices Journal Report
- Spanish Output VAT Report
- Spanish Withholding Tax Data Extract (Modelo 190)
- Spanish Withholding Tax Magnetic Format (Modelo 190)
- Spanish Withholding Tax Report

Switzerland

This report is provided by Global Financials and documented in the *Oracle Financials for Switzerland User Guide*:

- Swiss Payables VAT Report

Taiwan

These reports are provided by Global Financials and documented in the *Oracle Financials for Taiwan User Guide*:

- Taiwanese EDI Government Uniform Invoice
- Taiwanese Input VAT Report
- Taiwanese Output VAT Report
- Taiwanese Payables Sales/Purchase Return and Discount Certificate
- Taiwanese Purchase Return and Discount Report
- Taiwanese Pro Forma 401 Report
- Taiwanese Receivables Government Uniform Invoice Report
- Taiwanese Receivables Zero–Rate Tax Report
- Taiwanese Sales Return and Discount Report

Thailand

These reports are provided by Global Financials and documented in the *Oracle Financials for Thailand User Guide*:

- Thai Input Tax Summary Report
- Thai Output Tax Summary Report
- Thai Payables Incomplete Tax Invoice Report

See Also

Implementing Value Added Tax: page 2 – 2

Calculating Tax: page 10 – 2

Oracle Global Financials User Guides

Customers with Invoices at 0 VAT and no VAT Registration Number

Figure 2 – 1

Set of Books 2 (Release 10)		Customers with Invoices at 0 VAT and no VAT Registration Number			Report Date: 07-JUL-95 15:30		
Posted Status: All		Transaction Date: To			Page: 1		
		GL Date: 01-JUN-1995 To 30-SEP-1995					
Currency Code UKS							
----- European Customer -----							
Class	Invoice Number	Name	Number	Invoice Date	GL Date	Line No	Line Amount
Invoice	1161	CV	CV1	02-JUN-95	02-JUN-95	8	507.00
Invoice	1162	CV	CV1	02-JUN-95	02-JUN-95	3	507.00
Invoice	1163	CV	CV1	02-JUN-95	02-JUN-95	3	507.00
Invoice	1230vat	CV	CV1	20-JUN-95	07-JUL-95	1	100.00
Invoice	1230vat	CV	CV1	20-JUN-95	07-JUL-95	3	100.00
Total for UKS							1,721.00

Use this report as part of the VAT Reconciliation Report Set to display all customers within the European Community that have not paid VAT, but have not provided you with a VAT Registration Number to exempt them from VAT.

You may be required to collect VAT on each transaction listed and will have to manually calculate the impact to your VAT return before completing your VAT reconciliation.

Report Parameters

Within Receivables you can submit the Customers with Invoices at 0 VAT and no VAT Registration Number Report from the Submit Requests window. This report is ordered by Transaction Class, Invoice Number, Customer Name, and GL Date and displays each transaction in its entered currency.

GL Date Low/High: The GL date range for the period you wish to review. The default values for these parameters are the start and end dates of the most recent accounting period.

Transaction Date Low/High: The transaction date range for the period you wish to review. The Tax Reconciliation Report defines the transaction date for each class of transaction as follows:

- For Invoices, Credit Memos, Debit Memos the report will use the transaction date of the transaction.
- For Miscellaneous Cash Receipts the report will use the receipt date.
- For Discounts, Adjustments and Cash Applications the report will use the application date of the applied transaction.

Posting Status: You can report on Posted, Unposted, or All transactions.

Column Headings

Class: The class of the transaction.

Invoice Number: Either the transaction number or the receipt number, depending on the transaction type.

Customer Name: The Customer Name. This column is empty for Miscellaneous Receipt transactions.

Customer Number: The Customer Number. This column is empty for Miscellaneous Receipt transactions.

Invoice Date: Either the transaction date or the receipt date depending on the transaction type.

Line Number: The transaction line number. This column is empty for the following transactions:

- Adjustments
- Discounts
- Miscellaneous Receipts

See Also

Tax Reconciliation Report: page 7 – 12

VAT Exception Report: page 2 – 37

Tax Register Report: page 7 – 21

Tax Code Listing: page 7 – 4

Implementing Value Added Tax: page 2 – 2

VAT Exception Report

Figure 2 – 2

Set of Books 2 (Release 10) Posting Status: All		VAT Exception Report				Report Date: 07-JUL-95 15:30	
		Transaction Date: 01-JUN-1995 To 30-SEP-1995		To		Page: 1	
Currency Code: UKS							
Class	Invoice Number	Name	Customer Number	Invoice Date	GL Date	Line No	Transaction Amount Status
Invoice	123-vatex-1	123 - TEST	1231	30-JUN-95	30-JUN-95	1	100,000.00 Using Tax Account
Invoice	1230vat	CV	CV1	20-JUN-95	07-JUL-95	1	100.00 Using Tax Account
Invoice	1230vat	CV	CV1	20-JUN-95	07-JUL-95	2	0.00 Using Tax Account
Invoice	1230vat	CV	CV1	20-JUN-95	07-JUL-95	3	100.00 Using Tax Account
Total for Invoice							100,200.00
Deposit	10011	Sporting Goods	99991	19-JUL-95	19-JUL-95	1	1,000.00 No Tax Line
Total for Deposit							1,000.00
Guarantee	10012	Sporting Goods	99991	19-JUL-95	19-JUL-95	1	1,000.00 No Tax Line
Total for Guarantee							1,000.00
Adjustment	10005	Sporting Goods	99991	18-JUL-95	18-JUL-95		150.00 Tax Adjustment
Adjustment	10005	Sporting Goods	99991	18-JUL-95	18-JUL-95		1,000.00 Line Adjustment
Adjustment	123-st-1	Taxable Customer	1000	01-JUL-95	01-JUL-95		(1,100.00) Line Adjustment
Adjustment	123-st-1	Taxable Customer	1000	01-JUL-95	01-JUL-95		10.00 Freight Adjustment
Total for Adjustment							60.00
Total for UKS							102,260.00

Use the VAT Exception Report as part of your VAT reconciliation to review any Receivables subledger transactions which meet one or more of the following VAT exception criteria:

- The transaction has item lines with no accompanying tax lines.

To accommodate most VAT requirements, every miscellaneous cash receipt should have a tax code associated with it and output VAT liability should be manually accounted for using the Tax Reconciliation Report. You can enforce this business rule within Receivables by setting the Tax Calculation flag (in the Transaction Types window) to 'Yes' for every transaction requiring VAT calculation.

- The transaction has item lines that reference general ledger tax accounts.

Only tax transaction lines should be posted to tax accounts in the general ledger.

- The transaction is a Discount that references general ledger tax accounts.

Only tax transaction lines should be posted to tax accounts in the general ledger.

- The transaction is an Adjustment that references general ledger tax accounts.

Only tax transaction lines should be posted to tax accounts in the general ledger.

- The transaction is a Miscellaneous Receipt that references general ledger tax accounts.

Only tax transaction lines should be posted to tax accounts in the general ledger.

- The transaction is a Miscellaneous Receipt which has no tax code. To accommodate most tax reporting requirements, every VAT taxable transaction must include a tax line even if the value of the tax line is zero.
- The transaction is an Adjustment of type Tax.

Tax only Adjustments are not advised in a VAT reporting environment because they are generally not accepted as valid reductions to your VAT liability.



Attention: Chargebacks and Commitments are created without tax lines and will always appear on the VAT Exception Report.

You should correct every transaction on this error report or manually calculate the impact to your return before completing your VAT reconciliation.

Report Parameters

You can submit the VAT Exception Report from the Submit Requests window. The VAT Exception Report is ordered by Transaction Class, Invoice Number, Customer Name and GL Date and displays each transaction in its entered currency.

GL Date Low/High: The GL date range for the period you wish to review. The default values for GL Date Low and High parameters are the start and end dates of the most recent accounting period.

Transaction Date Low/High: The transaction date range for the period you wish to review. The Tax Reconciliation Report defines the transaction date for each class of transaction as follows:

- For Invoices, Credit Memos and Debit Memos the report will use the transaction date of the transaction.
- For Miscellaneous Cash Receipts the report will use the receipt date.

- For Discounts, Adjustments and Cash Applications, the report will use the transaction date of the associated invoice.

Posting Status: You can report on Posted, Unposted, or All transactions.

Column Headings

Line Number: This column shows the transaction line number, but is empty for the following transactions:

- Adjustments
- Discounts
- Miscellaneous Receipts

Transaction Amount: This column shows the amount of the transaction in the entered currency.

Status: This column reports the reason the transaction is an exception. This column displays the following standard warning messages :

- No Tax Line

The transaction has item lines with no accompanying tax lines.

- Using Tax Account

The transaction is not a tax transaction, but it references general ledger tax accounts.

- Tax Adjustment

The transaction is an Adjustment of type Tax.

See Also

Tax Reconciliation Report: page 7 – 12

Customers with Invoices at 0 VAT and no VAT Registration Number:
page 2 – 34

Tax Register Report: page 7 – 21

Tax Code Listing: page 7 – 4

CHAPTER

3

Implementing US Sales Tax

This chapter provides a step by step description of how to implement US Sales Tax for your Oracle Application as well as detailed descriptions of Sales Tax reports and listings.

Implementing US Sales Tax

Receivables provides a comprehensive solution for US Sales Tax requirements, including the calculation of sales tax based on the state, county, city, and zip code components of your customers' addresses. You can override any tax rate through customer and product exemptions and compile periodic sales tax returns using the US Sales Tax Report. Additionally, you can integrate Receivables with external tax software vendors through the Tax Vendor Extension.



Suggestion: Not all businesses are required to collect and remit state sales and use taxes. You should seek the advice of a qualified tax professional to determine if your business has a legal requirement to collect these taxes.

The suggestions given in this essay provide a logical flow for implementing sales tax in Receivables. You should set up your sales tax when you set up the rest of your Receivables system. For a complete list and description of the steps required to set up Receivables, see: Setup Steps in the *Oracle Receivables User Guide*.



Attention: If you use the Oracle Applications Multiple Organization Support feature, you need to perform this implementation for each of your operating units. For more information, refer to the *Multiple Organizations in Oracle Applications* manual.

Definitions

Consumers Use Tax: Any company receiving goods within a state must either pay sales tax on receipt or self-accrue a Use tax, normally to the same value. The self-accrual scheme ensures that the state receives income independent of the vendor's registration.

Nexus: Refers to the minimum contact necessary to allow a taxing jurisdiction the authority to impose a registration, tax filing, and/or tax collection responsibility. Within a jurisdiction, nexus standards may vary from one type of tax to another. For example, the nexus standards for sales and use tax may be different from those for income tax.

The type of activity required to create nexus is defined by state or local statute, case law, and the due process and Commerce Clause of the US Constitution. Whether a business has established nexus in a taxing jurisdiction requires an assessment of all facts and circumstances of its activity within that jurisdiction. You should seek the advice of a qualified tax professional to determine if your business has established nexus (a registration and filing requirement) before you implement sales tax.

Situs: The situs of taxation describes which authority levies the tax. Usually this is the Ship–To state, county, and city. However, some caution should be exercised as the ship–to situs may not be controlling for local tax purposes (local taxes are commonly determined based on the ship–from, not ship–to, location). Any tax collected for a given authority must be reported back to that same authority.

US Sales and Use Tax: Sales and use tax are a matter of State and Local law, rules, regulations, and court cases. As such, the rules are not uniform. So, what may be exempt in State A may be taxable in State B. However, in general, sales tax is levied on the end consumer with businesses serving as the collection agent for the taxing authority. Various exemptions are available, including, but not limited to: resales, manufacturing, research and development, non–profit or exempt organizations, and governmental organizations.

The availability and type of exemption allowed varies by state. Many taxes may apply to a single transaction, including state, County, City, Transit, and Muni tax. Filing requirements vary by state and local jurisdiction. Also, the reporting of Sales and Use tax may be either on an accrual or cash basis. Filing period (e.g. annual, semiannual, quarterly, etc.) and method of accounting are generally determined by taxing jurisdiction rules and regulations.

Major Features

Following are some of the major tax features within Receivables.

Customer Address Validation

Receivables provides the State.County.City Sales Tax Location Flexfield for US Address Validation. If used, this structure will ensure that the State, County, and City fields are required on customer addresses within your home country. Given data from your US Tax Vendor, Customer Address entry can default the State, County and City fields automatically from the entry of the 5 digit ZIP code. If a given zip code is identified in multiple locations, Receivables will list only those applicable, allowing a quick and simple identification of the correct jurisdiction. See: Integrating Receivables Applications Tax Information Using Sales Tax Rate Interface: page 8 – 2.

Using the Receivables Customer Address windows, the list of values can complete city names and automatically populate State and County fields for simple, reliable US address entry. You can also implement country–specific validation of foreign customer addresses using the

Flexible Address formats feature. See: Address Validation in the *Oracle Receivables User Guide*.

Customer Exemption Certificates

Awarded by the state, a Customer Exemption Certificate allows a customer to be fully or partially exempt from paying Sales Tax. Another type of exemption includes exemptions by statute, such as sales to the US Government. Typically, Customer Exemption Certificates are recorded for the bill-to Customers who are shipping to a specific state. Receivables uses effectivity dates and approval statuses to ensure your tax department has full visibility and control.

Receivables provides a Tax Handling field for each transaction line that you can use to record and control how exemption certificates are applied. Receivables lets you fully or partially exempt customers or items from US Sales Tax. Period end reporting includes summaries of tax exempt amounts categorized by exempt reason within each state. See: Item and Customer Exemptions: page 10 – 25.

Integration with Oracle Order Management

During the Order process, applicable exemption certificates will be automatically applied to the order. These controls are also available in AutoInvoice and the Receivables Transaction workbench.

If the profile option Tax: Allow Override of Customer Exemptions is set to Yes, you can optionally override the default tax handling to require tax on a transaction that is normally exempt or to exempt a customer who normally would be charged tax. When AutoInvoice creates the transaction in Receivables, an exempt order will automatically create an unapproved exemption certificate, if one is not found.

If AutoInvoice creates unapproved exemptions, you can account for the sale prior to obtaining the paper certificate. Your Tax Department will then manage all unapproved exemptions. You can update the status of an exemption certificate from Unapproved to Primary in the Tax Exemptions window. A certificate that is marked as Primary will be automatically applied to all future transactions for this bill-to customer, when shipping to the state for which you created this exemption. See: Tax Exemptions: page 6 – 16.

Automatic US Sales Tax Calculations

Using data provided by your Tax Vendor, Receivables automatically calculates tax rates and amounts based on the transaction's ship-to address and creates any applicable Exemptions or Exceptions.

Reconciliation of Sales Tax Liability Accounts

Receivables AutoAccounting lets you record the sales tax liability for each state in a different accounting flexfield. Using the Receivables US Sales Tax Report, you can compile your US Tax Returns and reconcile the period-end figures to individual Sales Tax Liability Accounts. See: US Sales Tax Reconciliation: page 3 – 24.

US Sales Tax Reporting

The US Sales Tax report includes all transactions and Adjustments categorized by ship-to State, County, and City and lists taxable, exempt, and tax amounts. This report is used as the basis of the periodic sales tax returns. For more information, see: US Sales Tax Report: page 3 – 34.

Integration with Tax Vendors

The Receivables tax engine calculates tax from the ship-to address only. This is sufficient for many of the states in the US. However, some individual states may have additional requirements for tax calculation. These states may require the Ship-From Address, Point of Title Passage, or the Point of Title Transfer to be taken into account when calculating a tax rate.

When implementing sites that require this type of additional calculation, you should consider using the Receivables Tax Vendor Extension to implement a third party Tax Vendor. Using Receivables with one of these vendors will produce more accurate tax rates. However, you must still compile your Sales Tax Returns from all of the transactions using the Receivables US Sales Tax Report. See: Implementing the Tax Vendor Extension: page 8 – 30.

See Also

Setup Checklist for US Sales Tax: page 3 – 7

US Sales Tax Reconciliation: page 3 – 24

US Sales Tax Report: page 3 – 34

Integrating Receivables Applications Tax Information Using Sales Tax
Rate Interface: page 8 – 2

Setup Checklist for US Sales Tax

Complete the following steps to implement sales tax in Receivables:

- Step 1: Choose Your Tax Method: page 3 – 8
- Step 2: Choose a Sales Tax Location Flexfield Structure: page 3 – 8
- Step 3: Define Tax Preferences: page 3 – 9
- Step 4: Set Up Tax Engine Controls: page 3 – 11
- Step 5: Save System Options: page 3 – 13
- Step 6: Define Location Tax Code: page 3 – 13
- Step 7: Define Tax Lookups: page 3 – 14
- Step 8: Determine States In Which You Are Not Required to Collect Tax: page 3 – 15
- Step 9: Define Sales Tax Locations and Rates: page 3 – 15
- Step 10: Assign Tax Accounts: page 3 – 16
- Step 11: Define AutoAccounting for Tax: page 3 – 16
- Step 12: Define Tax Exemptions: page 3 – 17
- Step 13: Define Item Tax Rate Exceptions: page 3 – 18
- Step 14: Enable Calculation of Sales Tax on Freight: page 3 – 18
- Step 15: Define Tax Profile Options: page 3 – 18
- Step 16: Create International Customers and Sites: page 3 – 20

Setup Steps for US Sales Tax

Step 1 **Choose Your Tax Method**

Navigate to the Tax tabbed region in the System Options window and enter 'Sales Tax' in the Tax Method field. See: Defining Receivables System Options in the *Oracle Receivables User Guide*.

Step 2 **Choose a Sales Tax Location Flexfield Structure**

Use the list of values to select a Sales Tax Location Flexfield structure in the Location Flexfield Structure field of the System Options window. Receivables uses this structure to determine your sales tax rates and to validate your customer addresses.

The following Sales Tax Location Flexfield structures have been predefined. These structures are named according to the location segments they contain:

- **State.County.City** Recommended for US Sales Tax

This structure provides the most accurate US Sales Tax calculation.

- **No Validation – Country** Recommended for VAT

The Country field of an address is always required and defaulted from either the home country defined in the system options window or the Default Country profile option. This structure is most useful for VAT systems, where locations do not need to be validated for the purposes of calculating tax.

- **State.City**

This structure can be used for US Sales Tax calculation, but may result in inaccurate taxes, as County tax rates would need to be rolled into either State or City rates.

- **City**

This structure can be used if you wish to validate just the City component of an address.

- **Province**

This structure can be used if you wish to validate just the Province component of an address.

- **Province.City**

This structure can be used in Canadian implementations for tax calculation and in some European countries for address validation.

Each segment of your Sales Tax Location Flexfield structure is dependent upon its immediate parent, except for the most senior segment. For example, if you are using the seeded structure State.County.City, State is the most senior segment and the parent of County, and County is the parent of City.

For a detailed description of each of these structures, see: Calculating Tax: page 10 – 18.

You can use any of the structures listed above or create your own structure to implement sales tax. However, we recommend the State.County.City structure because it is specifically designed for a US sales tax system.

Caution: If you select State.City or any structure other than State.County.City as your Sales Tax Location Flexfield structure, be aware that this could result in inaccurate calculation of tax rates. Sales tax calculation in the US is based on the customer address with State, County, and City being the minimum requirement.

You can also define your own structure using any combination of state, county, city, province, postal code, and address. Refer to the Customizing Your Sales Tax Location Flexfield Structure section of the Calculating Tax Essay. See: Calculating Tax: page 10 – 2.



Warning: You should not update the Sales Tax Location Flexfield structure once you have entered customer addresses or transactions.

Note: It is a recommended accounting practice to ensure that the sales tax liability owed to each state is uniquely identifiable within the General Ledger. To set up a different tax account for each state you will need to assign the tax account qualifier to the state segment, which is the default for both the State.County.City and State.City structures.

Step 3 Define Tax Preferences

The system options listed in the table below affect your tax within Receivables. For a description of each of these options, see: Tax System Options in the *Oracle Receivables User Guide*.

Tax Option Field Name	Suggested Setting	Reason
Tax Account	Sales Tax Liability Account	The Sales Tax Liability Account will be used as the default but will be overridden by the account assigned at the state level in the Tax Locations and Rates window.
Postal Code Range	From 00000 to 99999-9999	Use these entries to cover all valid US Postal Codes, including zip+4 codes.
Address Validation	Error	This prevents you from creating addresses that cannot be taxed.
Compound Taxes	Yes	Required by Receivables to recalculate tax amounts if line amounts are updated.
Invoice Printing	Summarize by Tax Name	This option will have all tax information of an invoice displayed under the Tax Summary by Tax Name heading when printing your invoices.
Tax Registration Number	Enter your Company's Federal Tax Registration Number	This number is printed on your invoices.
Tax Vendor Views	Oracle, Taxware, or Vertex	Receivables uses the Oracle tax views by default. If your tax vendor is Vertex or Taxware, choose Vertex or Taxware as appropriate.
Sales Tax Geo Override	Null	Used only if your tax vendor is Taxware Sales/Use Tax System (see Note below)
Inclusive Tax Used	No	US sales taxes are calculated in addition to the Price List amount.

Tax Option Field Name	Suggested Setting	Reason
Default Country	United States	Sales tax should only be calculated for addresses in this country.
Application Rule Set	Prorate All	This rule set applies a proportionate amount of the payment to each open item. See: Miscellaneous System Options and Receivables Application Rule Sets in the <i>Oracle Receivables User Guide</i> .

Note: If you are using Taxware Sales/Use Tax System, Receivables uses the value you enter for Sales Tax Geo Override to determine the point of order acceptance when calculating tax. For more information, see *Implementing Oracle Receivables with Taxware Sales/Use Tax System Release 11i*.

Note: The Default Country and Application Rule Set fields are located in the Miscellaneous tabbed region.

Step 4 Set Up Tax Engine Controls

The fields listed in the table below are used to fine-tune the tax calculation process. These fields control which aspects of the tax engine are switched on or off when calculating a tax rate. For Sales Tax systems, the following table provides recommendations for selecting a default tax code:

Default Tax Code Option	Suggested Setting	Reason	Hierarchy Number
Customer Site	Yes	Enabling this option lets you use any tax rates you have defined for your customer's business purpose.	1
Customer	No	Disabling this option prevents you from using any tax rates you have defined for your customer.	null

Default Tax Code Option	Suggested Setting	Reason	Hierarchy Number
Product	No	Disabling this option prevents you from using tax codes and rates that you have defined for specific items. These product-specific tax rates may contradict tax rates associated with the location of the customer to whom the item has been sold.	null
Revenue Account	No	Disabling this option prevents you from using the tax code assigned to the Account segment of your Revenue account as the default when entering or importing transactions. This option is not recommended for Sales Tax-based systems.	null
System Options	Yes	In a Sales Tax-based system, the System Options tax code defaults to the tax code for your Location Based Tax type.	2

The following table provides recommendations for your tax exemptions and exceptions:

Exemption or Exception Rate Option	Suggested Setting	Reason
Use Customer Exemptions	Yes	This option lets you exempt eligible customers from sales tax.
Use Item Exemptions	Yes	This option lets you exempt eligible products from sales tax.
Use Item Tax Rate Exceptions	Yes	This option lets you use rate exceptions for specific items in sales tax calculations in accordance with state regulations.



Suggestion: By enabling the Use Tax Code for Customer's Site option, you can manually assign tax codes to international sites.

Step 5 **Save System Options**

Save your system options. Use the Requests window to check that each of the five concurrent programs submitted by the System Options window has successfully completed. If the concurrent programs fail, choose View Log for more information about the errors. You can also refer to the If Your Concurrent Programs Fail section of the Calculating Tax Essay. See: Calculating Tax: page 10 – 2.

Step 6 **Define Location Tax Code**

This tax code will appear on every list of values for tax codes. The printed tax name for this tax code will appear on every invoice that is printed to identify the calculated tax amount. Therefore, we suggest that you appropriately name this tax code and the related printed tax name, for example, 'Sales Tax'. You also use this tax code to create sales tax exemptions for your customers or products.

Use the Tax Codes and Rates window to define your 'Sales Tax' tax code as indicated in the following table:

Field	Value
Tax Code	Sales Tax
Tax Type	Location Based Tax
Taxable Basis	Before Discount
Tax Rate %	Not available
Tax Amount	Not available
Sign	Credit
Formula	Not available
From	01-JAN-91
To	Null
Enabled	Yes
Tax Class	Output
Ad hoc	No
Inclusive Tax	No

Field	Value
Allow Inclusive Override	No
Displayed	Yes
Tax (Accounting Flexfield)	As Required. You can use this account or assign another tax account for your Sales Tax tax code. For location-based tax, you assign a tax code for each location. See Assign Tax Codes: page 3 – 16.
Printed Tax Name	Sales Tax
Description	Sales Tax
VAT Transaction Type	Null

Step 7 Define Tax Lookups

When you assign special rates to items in the Item Tax Rate Exceptions window, you must provide a reason for the exception. You must also provide a reason when you assign exemptions to either customers or items in the Tax Exemptions window. You can predefine these reasons in the Receivables Lookups window. Once defined, you will be able to use the list of values in the Reason field of these windows to select one of these predefined reasons. The US Sales Tax Report will summarize exempt amounts by exemption reason for each state.

The following table provides examples of Lookup type reasons and codes:

Lookup Type	Example Reason	Example Code
Tax Rate Exception Reason	Unprepared Food	UnPrpFood
Tax Rate Exemption Reason	Government Agency Exempt Organization	GovAgency ExemptOrg



Suggestion: The US Sales Tax report only prints the first 9 characters of the Tax Rate Exemption or Exception Reasons you define. You may want to keep your reasons short to avoid confusion.

Step 8 Determine States in Which You Are Not Required to Collect Tax

Not all companies are required to collect and remit sales tax for every state. You should seek the advice of a qualified tax professional to determine in which states you have a legal requirement to collect tax. You should prepare a list of these before performing the next step. This will help ensure that you are not charging tax unnecessarily.

Step 9 Define Sales Tax Locations and Rates

You can either enter sales tax data manually, or import it using the Receivables Sales Tax Rate Interface program. To enter tax data manually, use the Tax Locations and Rates window to define all of your taxing locations and rates. See: Tax Locations and Rates: page 6 – 7.

Alternatively, you can use the Sales Tax Rate Interface to upload the 60,000+ sales tax rates and locations from a tax vendor. For details on running the interface, see: Integrating Receivables Applications Tax Information Using Sales Tax Rate Interface: page 8 – 2.

After loading the data into your interface, you should manually set to zero all sales tax rates for each state in which you are not legally required to collect sales tax. You can use the following script to perform this task. Where indicated in the script, enter the list of states you compiled in the previous step. You must use the correct state code here, as defined by your Tax Vendor.

```
$sqlplus <ar_username>/<ar_password>
sql>update ar_tax_interface
      set tax_rate = 0
          override_rate1 = null,
          override_rate2 = null,
          override_rate3 = null,
          override_rate4 = null,
          override_rate5 = null,
          override_rate6 = null,
          override_rate7 = null,
          override_rate8 = null,
          override_rate9 = null,
          override_rate10 = null
      where substr(location_id,1,2)
      in ( 'state_code1', 'state_code2', ..., 'state_codeN' );
```



Attention: This step should be repeated each time you load data from your Tax Vendor and before running the Sales Tax Rate interface.

Once loaded into the interface table, run the Sales Tax Rate interface program to move those records into Receivables.



Suggestion: To calculate sales tax, Receivables requires that each component of your customer's address is a valid taxing location, with an associated tax rate. Set your address validation to Error so that you can only enter addresses supported by your Tax Vendor.

You can view this data in the Tax Locations and Rates window.

Step 10 Assign Tax Accounts

When entering or importing tax locations, the tax account defaults from the account assigned to the 'Sales Tax' tax code you defined in Step 6. You control which segment of your Sales Tax Location Flexfield structure the account will be defaulted to by assigning the Tax Account qualifier to that segment (see Step 2).

You should define a unique general ledger account for the sales tax liability of each state. To post sales tax to different General Ledger accounts, navigate to the Tax Locations and Rates window and assign a different General Ledger account to the segments of your structure for which you enabled the Tax Account flexfield qualifier.

Note: You only need to update the segments of your tax account that you will use to set up AutoAccounting in the next step.

The US Sales Tax report highlights any transactions that post tax to a General Ledger account outside the range you entered so that you can easily reconcile your sales tax returns with your General Ledger balance. See: Tax Locations and Rates: page 6 – 7.

Step 11 Define AutoAccounting for Tax

Use the Automatic Accounting window to specify how you want Receivables to determine the General Ledger account for sales tax lines.

Enter Tax in the Type field and query to display all of the segments of your Tax Account Flexfield in the segment column. For each segment, assign the value that you want used as the account source for the segment. Choose from the following values:

- Salesreps
- Transaction Types
- Standard Lines

- Taxes
- Constant Value

Note: The Taxes value uses the ship-to address and the accounts that you assigned in the Tax Location and Rates window in the previous step as its source.

Step 12 Define Tax Exemptions

For items and customers that are exempt from sales tax, use the Tax Exemptions window to enter tax exemptions, using the 'Sales Tax' code you defined in Step 6. Receivables gives you the option of exempting a customer entirely or only specific sites of that customer.

The following table provides an example of how you might define a sales tax exemption for a Bill To customer for shipping anywhere in California.

Field Name	Setting
Exemption Type	Customer
Customer	Customer Name
Site	Leave the Site field blank to exempt all of the customer's sites or if you want to create a regional exemption using the location flexfield.
Location	California
Tax Code	Sales Tax with a type of Location
Percent Exempt	100%
Exemption Number	Enter the Customer's Tax Exemption Certificate Number if available.
Reason	Select a reason for this exemption from the reasons you defined in step 7.
Start Date	01-JAN-91
End Date	Leave this field blank.
Status	Enter 'Primary' to automatically use the exemption when calculating tax.

Step 13 **Define Item Tax Rate Exceptions**

Specific tax rates may apply to items that you ship to specific states. You can use the Item Tax Rate Exceptions window to assign these exception rates to these locations.

Step 14 **Enable Calculation of Sales Tax on Freight**

To enable the calculation of sales tax on freight, you should create freight amounts as ordinary invoice lines. This can be done through standard invoice entry or through AutoInvoice.

Using an inventory item to define freight services, you enable the AutoAccounting program to distinguish freight lines from ordinary line items. AutoAccounting will then use the accounting rules for the freight account rather than the revenue account to derive the general ledger distribution for the freight service.

When an invoice is printed, the freight amounts will be displayed as line items and any sales tax calculated on the freight will be displayed as tax.

To convert freight amounts to ordinary invoice lines navigate to the Define Inventory Item window and use the Freight Item Template to define an inventory item for freight services. You should ensure your inventory item has a valid Primary Unit of Measure and a User Item Type of 'Freight'.

If you are implementing Oracle Order Management, you should set the user profile option Tax: Invoice Freight as Revenue to Yes and define the profile option Tax: Inventory Item for Freight. These are described in more detail in the next step.

Step 15 **Define Tax Profile Options**

To set your tax profile options, navigate to the Update System Profile Values window using the System Administrator responsibility. The following table outlines the options and the recommended settings for US Sales Tax.

Profile Option	Suggested Setting	Reason
Tax: Allow Manual Tax Lines	No	Unless user is allowed to create tax-only invoices.
Tax: Allow Ad Hoc Tax Changes	No	Unless user is allowed to create tax-only invoices.

Profile Option	Suggested Setting	Reason
Tax: Allow Override of Customer Exemptions	No	Prevents unapproved exemptions from being entered.
Tax: Allow Override of Tax Code	No	Prevents you from modifying the tax code at invoice entry.
Tax: Calculate Tax on Credit Memos	Yes	If this profile option is Yes, tax for each credit memo imported using AutoInvoice is calculated without taking into account the outstanding balances. This flexibility is required for installations that support partial payments and is useful for implementations that integrate third party tax ledgers using the Tax Vendor Extension. The default is No.
Tax: Invoice Freight as Revenue	Yes	Enables freight amounts entered in the Oracle Order Management Ship Confirm window to be passed to Receivables as taxable line items. Used only by Oracle Order Management
Tax: Inventory Item for Freight	Freight	This profile option lets Oracle Order Management identify an inventory item on a transaction line that you import into Receivables via the Receivables Interface program. The inventory item that you identify when defining this profile option must be created with a user type of 'Freight'. After you identify an inventory item for freight, you can use tax codes assigned to this inventory item or item exceptions to control the applicable tax rates and accounting for freight service (see Suggestion below). Use the Item Tax Rate Exceptions window to manage freight tax rates by state.



Suggestion: The inventory item that you select can be used with the Item Tax Rate Exceptions window to reduce or zero-rate sales tax on freight service, depending on specific state tax law.

Step 16 Create International Customers and Sites

You will not be able to import invoices through AutoInvoice if Calculate Tax for this item's transaction type is set to Yes and Receivables cannot find a rate for this location. You can avoid this problem during manual invoice entry by entering the tax line manually. However, you must have your profile Tax: Allow Manual Lines set to Yes to do this.

A more complete solution is to assign an international, zero-rated tax code to every customer or site that has an address outside the United States. In this way AutoInvoice and the Transaction window can use your tax code to generate a tax line for a zero amount.

The name you give to this tax code (for example, 'International') will be printed on your invoice rather than 'Sales Tax'. Use the suggestions in the table below to set up your international tax code in the Tax Codes and Rates window.

Field	Value
Tax Code	International
Tax Type	VAT
Tax Rate%	0%
Ad Hoc	No
Start Date	01-JAN-00
End Date	null
Accounting Flexfield	As Required

You can assign the tax code at either the customer or customer site level. If you only assign a tax code at the customer level, ensure that every site for that customer is an international site. Otherwise, assign the code to only those sites that are outside of the US.

You can set up a tax group to use either the tax code that you previously defined ('Sales Tax') if the Ship-To country equals the US, or the International tax code if the Ship-To country does not equal the US. For best performance, however, you should assign the International tax code directly to your customers and customer sites who are located outside the US. For more information, see: Tax Groups: page 6 – 20

See Also

Implementing US Sales Tax: page 3 – 2

Verify Tax Setup: page 3 – 22

US Sales Tax Reconciliation: page 3 – 24

Calculating Tax: page 10 – 18

Verify Tax Setup

Enter Taxable Invoices

Enter an invoice in the Transactions window. Be sure to assign a transaction type that has the Calculate Tax field set to Yes. Save the invoice. Navigate to the Tax window for each line and ensure that the correct tax authority and rate is displayed as well as the tax amount.

Enter Exempt Invoices

Define a customer exemption. Create an invoice for this customer, including a taxable line item. Save the invoice.

Navigate to the Tax window and check that a zero tax line was created. If the tax amount is not zero, compare the field settings listed in the following table to the settings in the Tax Exemptions window:

Field Name	Setting
Tax Code	Sales Tax
Percent Exempt	100%
Start Date	Before the transaction date of the invoice
End Date	After the transaction date of the invoice
Certificate Number	Optional
Reason	Reason for exemption
Status	Primary

Interface Exempt Invoices

Use AutoInvoice to import an invoice that includes an unapproved customer exemption.

Using the Transaction window, verify that the tax rates on the generated tax lines are zero.

Using the Tax Exemptions window, verify that an Unapproved customer exemption has been created at the Bill-To Customer level.

Enter International Invoice

Enter an invoice for a customer with an international ship-to address. Save the invoice. Navigate to the Tax window for each line and check that your International tax code is displayed and verify that the tax amount calculated is zero.

Run the US Sales Tax Report

Run the US Sales Tax report for the unposted period and verify that the taxable exempt and tax amounts are printed for this Invoice, State, County, and City.

See Also

US Sales Tax Reconciliation: page 3 – 24

US Sales Tax Reporting

You can reconcile and report on state and local taxes that you record on your receivables transactions using the US Sales Tax Report.

US Sales Tax Reconciliation

Receivables provides the US Sales Tax Report to assist you in preparing State Sales Tax Returns and in reconciling these returns to your general ledger.

Within the US, most states, as well as some local governments, collect a sales or use tax for items sold within the state. To ensure collection of sales taxes, each state requires periodic Sales Tax Returns detailing the gross, taxable, exempt and tax amounts for each state, county and city. These returns must be supported by reports which include all transactions for which sales tax should have been charged.



Suggestion: Not all businesses are required to collect and remit state sales and use taxes. You should seek the advice of a qualified tax professional to determine if your business has a legal requirement to collect these taxes.

Additionally, good accounting technique requires the sales tax liability owed to each state be uniquely identifiable within the general ledger. The activity of each of these sales tax liability accounts must equal the amount of sales tax owed to each respective state. To accommodate each state's sales tax reporting requirements, you should be able to:

- Report sales tax for all taxable transactions.
- Identify gross, taxable, exempt and tax amounts for each state, county and city.
- Calculate and review your tax liability to various tax authorities within the US.
- Prepare periodic Sales Tax Returns, as required by each state, from your receivables subledger transactions.
- Ensure the sales tax liability for each state is posted to a separate general ledger account or sub-account.
- Control whether receivable tax adjustments should be included in your state Sales Tax Returns or charged against revenue as a bad debt expense.

- Ensure all authorized sales tax transactions have been posted to the appropriate sales tax liability account and reported in the correct state Sales Tax Return.
- Reconcile your Sales Tax Returns to the tax liability accounts in your general ledger.

Before Reconciling US Sales Tax

Before attempting to use the US Sales Tax Report to prepare your Sales Tax Returns, you must perform the following:

- Define the Tax System Options
- Define Sales Tax Locations and Rates
- Define AutoAccounting for Tax
- Define Tax Exemptions and Exceptions
- Define Tax Profile Options
- Create International Customers and Sites

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

Note: Because Receivables does not calculate sales tax on cash receipts, you cannot use the US Sales Tax Report for tax reporting on cash basis systems.

See Also

Implementing US Sales Tax: page 3 – 2

Overview of Tax Reconciliation: page 3 – 26

Overview of Tax Reconciliation

Identifying Sales Tax Related Transactions

The US Sales Tax Report lists the gross, taxable, exempt and tax amounts for a given period to enable you to identify and review your sales tax liability to the various tax authorities around the US.

Preparing Sales Tax Returns

The US Sales Tax Report includes all Invoice, Debit Memo, Credit Memo and Adjustment transactions broken down by state, county and city to provide a basis for preparing the Sales Tax Returns for each state.

Posting Sales Tax Transactions to the General Ledger

Receivables lets you assign a unique general ledger account or sub-account for each state's sales tax liability using the Locations and Rates window. See: Tax Locations and Rates: page 6 – 7.

Using the qualifier, 'Tax Accounting at this Level,' you control which tax account is assigned to which segment of the sales tax location flexfield. As shipped, Receivables sets this qualifier to the state segment of the default flexfield structure, State.County.City. This setup allows you to create a unique general ledger account for each state and minimizes your setup effort.

Controlling Tax Adjustments

The US Sales Tax Report provides the parameter 'Sales Tax Liability Account Range' to let you control which tax adjustments are included in your Sales Tax return.

Reconciling Sales Tax Returns to the General Ledger

The US Sales Tax Report provides you with all of the transaction detail from the Receivables subledger to enable you to reconcile your Sales Tax Returns to the general ledger. The US Sales Tax Report enables you to identify any tax transactions not posted to the appropriate sales tax liability account.

Tax Adjustments

An adjustment is a Receivables feature that lets you increase or decrease the amount due of your invoice or debit memo. Any adjustments that have been applied to the tax lines of an invoice and cannot be claimed from the state should *not* be posted to a sales tax liability account (for example, bad debt write-offs of sales tax amounts).

A user procedure should be implemented to ensure that the tax department authorizes all adjustments posted to the sales tax liability accounts.

If you apply an adjustment to the tax lines of an invoice within Receivables, the US Sales Tax Report will prorate the tax adjustment across each of the individual tax lines of the adjusted invoice. Therefore, in the case of an invoice with multiple tax lines, each tax line will be partially adjusted.

District Taxes

The SQL*Loader control files that Receivables provides for uploading sales tax rate data from tax vendors combine the City, District and Municipal sales tax rates into one composite City sales tax rate. The US Sales Tax Report displays the combined City and District taxes in the city totals. Secondary taxes levied by the ship-to city will be included in the total tax for the ship-to city. Secondary tax levied by the ship-from city will not be included in the US Sales Tax report.

For more information, see: Importing Address Validation Data and Sales Tax Rates: page 8 – 2.

Sales Tax Returns

The US Sales Tax Report can be used to prepare a manual sales tax return by running the report to include all authorized sales tax transactions posted during the prior period. Alternatively, third party vendors can download the output from this report and create signature-ready sales tax returns.

Reconciling Your 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
- Sales Journal by General Ledger Account
- Adjustments Register
- General Ledger Account Analysis Report

Note: The General Ledger Account Analysis Report will not be part of the reconciliation process if you do not have General Ledger installed.

US Sales Tax Report

Within Receivables, users with an appropriate responsibility can submit the US Sales Tax report from the Submit Requests window. The parameters for the US Sales Tax report should be set to include all tax transactions posted to your sales tax liability accounts for the accounting period you plan to review.

The following table provides the report parameters and suggested parameter values.

PARAMETER	SUGGESTED VALUE
Transaction Date Range	null
General Ledger Date Range	Period being reviewed
State Range	Desired State(s)
Currency Code	USD
Exemption Status	null
Sales Tax Liability Account Range	Sales Tax Accounts mapped to the States requested in the State Range Parameter
Detail Level	Show Summary, Lines–Brief
Order By	Customer Name
Posting Status	Posted

The Transaction Date Range should be set to NULL. Otherwise, if the transaction date and GL date for a given transaction fall in different periods, your report will not balance to the general ledger for the requested GL Date Range.

The Sales Tax Liability Account Range restricts adjustments only. The report will exclude any adjustments which fall outside the selected account range. All Invoice, Debit Memo and Credit Memo transactions with a line type of tax, will be included regardless of the account range selected. However, any Invoice, Debit Memo, or Credit Memo transactions that post tax to accounts outside the selected account range will be tagged with an asterisk (*) in the footnote column of the report.

The default value for the Detail Level parameter (Show Summary, Lines–Brief) enables you to review taxing authority totals while providing you with an adequate level of detail to efficiently research discrepancies.



Suggestion: To expedite the reconciliation process for state sales tax returns, you should first run the US Sales Tax Report using the Totals for State option of the Detail Level report parameter. This option will provide a single state total on each printed page of the report and can be used to quickly identify variant state balances. You can then run the report using the Show Summary, Lines–Brief option for only these variant states.

If an adjustment has been applied to non–tax invoice lines and has been erroneously posted to an account within the selected account range, it can be identified by nonzero amounts in the Gross and Taxable columns for the state, county and city summaries. See: US Sales Tax Report: page 3 – 34.

Sales Journal by General Ledger Account Report

Within Receivables, users with an appropriate responsibility can submit the Sales Journal by General Ledger Account Report from the Submit Requests window. Use the Sales Journal by General Ledger Account Report to verify that only authorized sales tax activity has been posted to valid sales tax liability accounts only.

The following table provides the report parameters and suggested parameter values.

PARAMETER	SUGGESTED VALUE
Order By	Customer
General Ledger Date Range	Period being reviewed
Currency Code	USD
Account Range	NULL
GL Account Type	TAX
Posting Status	Posted

By setting the GL Account Type to TAX, the Sales Journal by GL Account Report will only print tax transactions. If this report does not balance by account to your sales tax liability accounts in the general ledger, you will have to run additional copies of this report to identify the non-tax transactions posted to your liability accounts.

To verify that only authorized sales tax activity has been posted to your sales tax liability accounts, you can run the Sales Journal by GL Account Report using the report parameters and suggested parameter values as described in the following table.

PARAMETER	SUGGESTED VALUE
Order By	Customer
General Ledger Date Range	Period being reviewed
Currency Code	USD
Account Range	Sales Tax Liability Accounts
GL Account Type	Receivable, Revenue, Freight
Posting Status	Posted

The GL Account Type parameter accepts only one value per report submission. You will have to run the report once for each of the three values. See: Sales Journal by GL Account Report in the *Oracle Receivables User Guide*.

Adjustments Register

Within Receivables, users with an appropriate responsibility can submit the Adjustment Register from the Submit Requests window. To verify that only tax adjustments have been posted to sales tax liability accounts, submit the Adjustments Register using the parameters and parameter settings as described in the following table.

PARAMETER	SUGGESTED VALUE
Order By	Customer
GL Date Range	Period being reviewed
Transaction Date Range	Null
Due Date Range	Null
Invoice Type Range	Null
Adjustment Type Range	Null
Currency Code Range	USD
Receivables Company Range	Balancing Segment being reconciled
Adjustment Account Range	Sales tax accounts mapped to the states requested in the State Range Parameter of the US Sales Tax Report

Every adjustment posted to your sales tax liability accounts should be reviewed by your company's Tax Manager to verify the adjustment should be included in your Sales Tax Return for the period.

Additionally, to verify that tax adjustments have only been posted to the sales tax liability accounts, run the Adjustments Register using the parameters and parameter values as described in the following table.

PARAMETER	SUGGESTED VALUE
Order By	Customer
GL Date Range	Period being reviewed
Transaction Date Range	Null
Due Date Range	Null
Invoice Type Range	Null

PARAMETER	SUGGESTED VALUE
Adjustment Type Range	Tax Adjustments
Currency Code Range	USD
Receivables Company Range	Balancing Segment being reconciled
Adjustment Account Range	Null

You should ensure that any sales tax adjustments not posted to sales tax liability accounts are receivables write-offs, which cannot be included in your Sales Tax Returns. See: Adjustment Register in the *Oracle Receivables User Guide*.

General Ledger Account Analysis Report

Within General Ledger, users with an appropriate responsibility can submit the Account Analysis Report from the Submit Requests window. To confirm that only Receivables transactions have been posted to the sales tax liability accounts use the General Ledger Account Analysis report.

The following table provides the report parameters and suggested parameter values.

PARAMETER	SUGGESTED VALUE
Type	Source Item
Currency	USD
Balance Type	A
Budget or Encumbrance Name	N/A
Accounting Period Range	Period being reviewed
Flexfield Range	Sales Tax Liability Accounts
Order By	Source

Finally, use the Transactions window to review the account distribution for each tax line of the transactions marked with an asterisk (*) in the US Sales Tax Report. Make any corrections as needed. See: Entering Transactions in the *Oracle Receivables User Guide*.

See Also

Implementing US Sales Tax: page 3 – 2

US Sales Tax Report

Figure 3 - 1

Sporting Goods		U.S. Sales Tax Report				Report Date: 10-JUL-95 10:17	
Currency: USD		GL Date: From 01-JUN-1995 To 30-JUN-1995				Page: 14	
Order By: Customer Name		Transaction Date: From 30-APR-1900 To 25-FEB-1999					
Posted Status: Posted							
Adjustments From: 00.000.2223.000.000.0513 To: 99.999.2223.999.999.0513							
State: IN		County: VIGO		City: TERRE HAUTE			
Invoice Number	Adjustment Type Number	Invoice or Adj Date	Customer Name	Customer Number	Exempt Reason	Invoice Lines Amount	Footnote Tax Amount
584562	Invo	29-JUN-95	FREMONT WINES	216010	DIRECT PAY PE	300.00	0.00
579526	Invo	06-JUN-95	SIMPLY SPORTS	8212	RESALE	9,400.00	0.00
579527	Invo	06-JUN-95	SIMPLY SPORTS	8212	RESALE	3,572.00	0.00
E61766-1	Invo	22-JUN-95	SIMPLY SPORTS	8212	RESALE	4,000.00	0.00
E62627-1	Invo	26-JUN-95	SIMPLY SPORTS	8212	RESALE	13,375.00	0.00
Totals for City: TERRE HAUTE		County: VIGO		State: IN			
	Lines Amount	Exempt Amount	Taxable Amount	Tax Amount		Tax Amount by Tax Authority	
Invoices	30,647.00	30,647.00	0.00	0.00	City: TERRE HAUTE	0.00	
Credit Memos	0.00	0.00	0.00	0.00	County: VIGO	0.00	
Adjustments	0.00	0.00	0.00	0.00	State: IN	0.00	
					Other:	0.00	
Nets	30,647.00	30,647.00	0.00	0.00		Tax Total:	0.00
Totals for County: VIGO		State: IN					
	Lines Amount	Exempt Amount	Taxable Amount	Tax Amount		Tax Amount by Tax Authority	
Invoices	30,647.00	30,647.00	0.00	0.00	City: All	0.00	
Credit Memos	0.00	0.00	0.00	0.00	County: VIGO	0.00	
Adjustments	0.00	0.00	0.00	0.00	State: IN	0.00	
					Other:	0.00	
Nets	30,647.00	30,647.00	0.00	0.00		Tax Total:	0.00
Totals for State: IN		State: IN					
	Lines Amount	Exempt Amount	Taxable Amount	Tax Amount		Tax Amount by Tax Authority	
Invoices	183,291.51	73,734.01	109,557.50	5,477.90	City: All	0.00	
Credit Memos	412,305.45	0.00	412,305.45	-327.52	County: All	0.00	
Adjustments	0.00	0.00	0.00	-95.79	State: IN	5,054.59	
					Other:	0.00	
Nets	595,596.96	73,734.01	521,862.95	5,054.59		Tax Total:	5,054.59
Total Exempt Amount By Reason							Exempt Amount
DIRECT PAY PERMIT							27,752.72
EDUCATION							4,625.75
FEDERAL GOVERNMENT							3,917.00
MANUFACTURER							1,050.00
NON-PROFIT ORGANIZATION							588.00
RESALE							32,084.50
RUNTIME ROYALTY							315.74
STATE/LOCAL GOVERNMENT							3,400.30
Exempt Total:							73,734.01

Use this report to review your tax liability to the various tax authorities around the US. The US Sales Tax report includes all Invoices, Credit Memos, and Adjustments broken down by Ship To State, County, and

City and lists taxable, exempt, and tax amounts. This report is used as the basis for the periodic Sales Tax Returns required by each state.

This report provides all of the transaction detail from your Receivables subledger to let you to reconcile these returns against your General Ledger balances. In addition, a summary is provided of the total amount exempt for each reason. The US Sales Tax report supports only accrual basis reporting and is only used for United States sales tax. See: US Sales Tax Reconciliation: page 3 – 24 and Implementing US Sales Tax: page 3 – 2.

You can use this report to print the information from the RX-only: US Sales Tax Report Header Level and RX-only: US Sales Tax Report Line Level reports. A Report eXchange (RX) report extracts data into temporary interface tables. To publish either RX extract from the US Sales Tax report, enter Report eXchange Header Level or Report eXchange Line Level in the Detail Level parameter.

You can also publish the extracted information with the Publish RX Reports program. The default attribute set for the US Sales Tax Report Header Level displays transaction header amounts. The default attribute set for the US Sales Tax Report Line Level displays transaction lines. You can copy either attribute set and customize the layout to suit your reporting needs.

See: Working with Attribute Sets and Using the RXi Reports Concurrent Program in the *Oracle Financials RXi Reports Administration Tool User Guide*.

You submit the US Sales Tax report from the Submit Requests window.

Report Parameters

Reporting Level: Enter the reporting level for this report. Choose Set Of Books, Legal Entity, or Operating Unit. If you use Multiple Organization Support, the default is Operating Unit. If you do not use Multiple Organization Support, the default is Set Of Books.

Note: The profile option MO: Top Reporting Level determines the top reporting level for your responsibility.

Reporting Context: If you entered Set of Books for the Reporting Level, the default is the set of books associated with your responsibility. If you entered Legal Entity for the Reporting Level, select a legal entity from the list of values. The profile option MO: Top Reporting Level determines which legal entities appear in the list of values. If this profile option is set to Set of Books, you can choose any legal entity that posts to your set of books. If the profile option is set to Legal Entity,

you can choose only the legal entity associated with the operating unit assigned to your responsibility.

If you entered Operating Unit for the Reporting Level parameter, select an operating unit from the list of values. The profile option MO: Top Reporting Level determines which operating units appear in the list of values. If this profile option is set to Set of Books, you can choose any operating unit that posts to your set of books. If the profile option is set to Legal Entity, you can choose any operating unit within the legal entity associated with the operating unit assigned to your responsibility. If the profile option is set to Operating Unit, you can select only the operating unit assigned to your responsibility.

Note: The profile option MO: Operating Unit determines the operating unit for your responsibility.

Transaction Date Low/High: Select and print sales tax information for the transaction date range you specify. This field is optional. If you specify a transaction date range but no GL date range, your report will not balance to the General Ledger if the transaction and GL dates for a transaction fall in different periods.

Note: For adjustment transactions, the transaction date refers to the transaction date of the invoice to which the adjustment applies.

GL Date Low/High: Select and print sales tax information for the GL date range you specify. The default is the first and last date of the prior accounting period. Use a GL date range to enable you to balance your US Sales Tax report against your General Ledger.



Warning: If you specify both a GL date range and a transaction date range, transactions with transaction and GL dates in different periods will not be printed in the report.

State Low/High: Select and print sales tax information for the State range you specify. The state information is generally derived from the ship-to-address of the transaction. If the ship-to-address is blank, Receivables derives the state information from the transaction's bill-to address.

Currency Low/High: Select and print sales tax information for the Currency range you specify.

Exemption Status: Enter an exemption status if you want the report to only list transactions which reference exemptions with that status. You can find all transactions using rejected exemptions by entering Rejected here.

Sales Tax Liability Account From/To: This parameter only restricts Receivables Adjustment transactions. An Adjustment transaction is a Receivables feature that lets you increase or decrease the amount due of your invoice, debit memo, chargeback, deposit or guarantee. The report will exclude any Adjustment transactions posted to accounts outside the selected range. Invoice, Debit Memo and Credit Memo transactions that post to a general ledger account outside the selected account range are included in the report, but are tagged with an asterisk (*) in the footnote column. If no range is selected, all Adjustments will be displayed and no transactions will be tagged.

Detail Level: Select the level of detail to use for your report:

- **Report eXchange Line Level:** This option lets you use the RX client to include transaction line level information in this report. If you choose this option, this report generates one line per transaction line and populates each line attribute for the RX client.
- **Report eXchange Header Level:** This option lets you use the RX client to include transaction header level amounts in this report. If you choose this option, this report generates one line per transaction with only the Total Lines Amount and Total Tax Amount fields showing transaction level totals.
- **Show Summary:** To see a summary of the total tax for transactions within each state, county and city. No transaction detail is printed.
- **Show Summary and Invoices:** To see the information generated by the Show Summary option plus a summary of each transaction within a tax authority.
- **Show Summary, Invoices, and Lines:** To see the information generated by the Show Summary and Invoices option, plus a breakdown of each transaction line.
- **Show Summary, Lines–Brief Format:** To see a condensed version of your transaction line information and tax totals on one printed line of the report.
- **Totals for State:** To see a single state total on each printed page of the report.

Order By: Select the option to use to sort your information. The report will first sort by tax authority and then by one of the following sort options that you select:

- Customer Name

- Customer Number
- Invoice Date
- Invoice Number

Transfer to GL: You can report on Transferred, Not Transferred, or All transactions.

Show All Related Transactions: Enter Yes to view all invoices within the Transaction date range and all Adjusting Transactions (Credit Memos and Adjustments) that are related to that invoice. This parameter is only available when you provide a transaction date range.

CHAPTER

4

Implementing Canadian Sales Tax

This chapter provides a step by step description of how to implement Canadian Tax for your Oracle Application and includes information about Canadian tax reporting using the Tax Reconciliation Report and the Tax Register.

Implementing Canadian Sales Tax

This section provides a logical flow for implementing Canadian Sales Tax in Receivables; your specific requirements may be different. We recommend that you perform your tax setup when you set up the rest of your Receivables system. For a complete list of the steps required to set up Receivables, see: Setting Up Receivables in the *Oracle Receivables User Guide*.



Attention: If you use the Oracle Applications Multiple Organization Support feature, you need to perform this implementation for each of your operating units. For more information, refer to the *Multiple Organizations in Oracle Applications* manual.

Sales Tax

In Canada, sales taxes exist at the federal level and at the provincial level. Goods and Services Tax (GST) is a federal tax levied in the non-participating provinces and territories across Canada. In the participating provinces, which include Newfoundland, Nova Scotia, and New Brunswick, a federal and provincial “blended tax” called Harmonized Sales Tax (HST) is used. The recovery of tax is made through a rebate and/or an Input Tax Credit (ITC), depending on whether the purchases are intended for commercial or non-profit activities. Some goods and services are exempt from GST and HST.

Sales tax at the provincial level varies by province. The tax rates within each province apply to the value of goods or services before GST is applied (this is known as the ‘side-by-side’ application). The only exceptions are Quebec and Prince Edward Island, where the sales tax applies to the value of goods or services after GST is applied (this is known as the ‘compounding’ application).

Goods and Services Tax

Goods and Services Tax (GST) is tax levied on many consumer products and professional services. Some goods and services are exempt from GST (for example, health and educational services). Depending on whether a purchase is considered commercial or not determines if the recovery of the tax can be made through a rebate, an Input Tax Credit (ITC), or both.

With Goods and Services Tax, the purchaser may be eligible for an ITC, a rebate on taxes payable, or both. To claim the ITC or rebate, the purchaser must have on record the supplier's GST registration number. If purchases are used exclusively in commercial activities, the purchaser is eligible for a full ITC.

Non-profit organizations can also apply for rebates (at prescribed rates) for purchases not qualifying for ITC. In addition, an organization can claim an ITC on the purchased goods and services that qualify as commercial activities and a rebate on the non-commercial portion. For more information see: GST and HST Tax Recovery: page 4 – 4.

Harmonized Sales Tax

Effective April 1, 1997, the provinces of Nova Scotia, New Brunswick and Newfoundland combined their Provincial Sales Tax (PST) with the federal sales tax to form a harmonized, value added tax called Harmonized Sales Tax (HST). The HST operates as a single rate of 15%, of which seven percent represent the federal component and eight percent the provincial component. Most tax registrants will operate on a tax-excluded basis. However, the government has reserved the right to legislate tax included if more than 51% of the population agree to adopt this blended tax rate.

Harmonized Sales Tax is similar to Goods and Services Tax in two ways. First, some goods and services are exempt from HST. Second, depending on whether a purchase is considered commercial or not determines if the recovery of the tax can be made through a rebate, an Input Tax Credit, or both.

To claim an ITC, a rebate on taxes payable, or both, the purchaser must have the supplier's HST registration number on record. If purchases are used exclusively in commercial activities, the purchaser is eligible for a full ITC.

Non-profit organizations can also apply for rebates (at prescribed rates) for purchases not qualifying for an ITC. In addition, an organization can claim an ITC on the purchased goods and services

(which qualify as commercial activities) and a rebate on the non-commercial portion.

GST and HST Tax Recovery

Businesses registered for Goods and Services Tax (GST) purposes are required to collect GST for goods and services that are subject to GST. They can then claim Input Tax Credits for the GST that they paid to produce the goods and services which are subject to GST. The net amount (collectible GST, less ITC) is remitted to the federal government. In general, all purchasers are required to pay GST for goods and services subject to GST, unless they are specifically exempt by the federal government.

To illustrate how GST works, consider a simplified example of a washing machine, which begins with mining of iron ore. The mine sells ore to a steel maker for \$100, plus \$7 GST which is remitted to the federal government. In transforming the ore into steel, the steel maker adds \$200 (including profits) to its value and sells the steel to the appliance manufacturer for \$300. The steel maker charges \$21 GST on the sale, but claims ITC of \$7 and therefore remits \$14 difference to the federal government. If the appliance manufacturer sells the washing machine to a retailer for \$500, it charges \$35 GST, claims ITC of \$21, and remits the difference of \$14 to the government. Similarly, GST is charged and refunded at various stages of the production and sale chain until the final sale to the consumer.

Note: The information in this section also applies to Harmonized Sales Tax (HST).

Tax Status for GST and HST

Taxable goods and services are subject to one of the following statuses:

- Taxable
 - Zero rated
 - Taxable
- Exempt

The following table provides examples of tax status.

Taxable	Exempt
GST and HST are charged at 7% or 15% respectively, or 0%.	GST and HST are not charged.
You can claim input tax credits.	You cannot claim input tax credits.

Generally, the tax status is determined by product. In Canada, product is usually a function of industry so the status is 'assigned' to the industry (with a few exceptions). For the consumer, there is no difference between zero-rated and exempt goods and services: the consumer either pays tax or they do not. Although GST and HST are not charged on zero-rated goods and services, the tax registrant can claim input tax credits to recover the GST or HST paid or owed on purchases and the expenses incurred to provide them.

Provincial Sales Tax

Provincial Sales Tax (PST) is levied by each Canadian province except Alberta, the Territories, and the participating provinces where the PST rate is now blended with the federal tax rate. Unlike GST, there is no recoverable input tax credit for provincial sales tax paid (except for Quebec where PST is recoverable as an Input Tax Credit, similar to GST). Each province has its own legislation that determines the PST rate and decides which goods and services are exempt from PST. The Provincial Sales Tax that is charged is based upon the *destination* of the goods or services, not their origin.

If the goods or services are purchased for resale, the supplier is not required to charge PST on the basis of the purchaser's licensed PST registration number. Most provinces require that the supplier maintain a PST exemption certificate on file for customers who claim exempt status.

PST is levied only once and is paid by the ultimate consumer of the goods or services. For example, the purchase of office supplies by a manufacturer for its own consumption is subject to PST, but office supplies purchased for resale are not. In most provinces, provincial taxes paid to the purchaser are not recoverable and therefore become part of the cost of the goods and services purchased (Quebec is the only exception, as ITCs and rebates are allowed on many purchases).

Sale of goods that are delivered by the supplier to destinations outside the province are exempt from originator's tax; however, these goods are subject to PST in the province where they are consumed. For example, if a supplier in Ontario ships goods to a buyer in Quebec, the supplier is not required to charge Ontario sales tax. However, the buyer is required to self-assess tax on the goods according to the province in which the goods are consumed.

Additionally, if a company ships goods to three different provinces, the company must comply with the collection and remittance of three different provincial sales taxes (where applicable) to each of the three provincial tax authorities. This assumes that the supplier has a permanent, registered location in each ship-to province (e.g. a business address) and they pay business taxes. If the supplier is not registered in the ship-to province, no provincial sales tax is charged on the sale to that province. In this case, the customer is required to self-assess and remit the applicable provincial sales tax.



Attention: As stated above, resellers are exempt from PST because PST is charged only to the end consumer. A supplier can bill and ship directly to an end-consumer on behalf of a reseller and no PST applies. However, there is one exception: if the supplier sells to both a PST-exempt reseller and directly to the same end-consumer. Consider the following example:

Madewell Inc. bills and ships goods to a reseller, PST-exempt Value Hardware. If Value Hardware resells to Best Cleaning Supplies, Value Hardware must charge PST. However, PST does not apply if Madewell Inc. (the supplier) sells to and bills Value Hardware (the reseller), but ships directly to Best Cleaning Supplies (the end consumer).

Tax Status for PST

Taxable goods and services are subject to one of the following statuses:

- Taxable
- Exempt

As with GST and HST, the tax status is determined by product. The product is usually a function of industry so the status is 'assigned' to the industry (with a few exceptions). Each province dictates what the tax status is on the goods and services within their province.

Domestic Transactions

Domestic transactions are transactions between registered traders within Canada. These transactions may have GST and PST charged on goods and services with ship-to locations applying different PST rates to specific goods and services.

Export Transactions

Export transactions are transactions between a Canadian trader and a supplier or customer located outside Canada. Customers and sites outside Canada may be tax exempt and should have a zero tax code assigned to all invoices. However, there are a few cases where GST is charged. For example, a magazine subscription with a US ship-to address should be charged GST.

Public Service Bodies

Public service bodies can be grouped into claimant types. There are different rebates for each type of claimant. To calculate the rebate, the claimant determines the GST eligible for rebate and multiplies it by the associated rebate factor.

In addition, a non-profit organization may fall into more than one category of the public service body rebate. For example, an organization may qualify as both a hospital authority and school authority, and each operation will use its respective rebate rate on the eligible purchases.

Setup Checklist for Canadian Sales Tax

Complete the following steps to implement Canadian sales tax in Receivables:

- Step 1: Define System Options: page 4 – 9
- Step 2: Save System Options: page 4 – 12
- Step 3: Define Accounting Flexfield Value Set: page 4 – 13
- Step 4: Define Tax Codes and Rates: page 4 – 13
- Step 5: Define Tax Groups: page 4 – 18
- Step 6: Define Items: page 4 – 25
- Step 7: Assign Tax Group at Customer Level: page 4 – 25
- Step 8: Define Tax Exemptions: page 4 – 26
- Step 9: Define Transaction Types: page 4 – 26
- Step 10: Define Automatic Accounting for Tax: page 4 – 27
- Step 11: Enable Calculation of GST or PST on Freight: page 4 – 27
- Step 12: Define Tax Profile Options: page 4 – 28
- Step 13: Define Canadian Tax Report Set: page 4 – 30

Setup Steps for Canadian Sales Tax

Complete the following steps in the order shown to implement Canadian Tax in Receivables.

Step 1 **Define System Options**

The fields listed below are used to fine tune the tax calculation process. These fields control which aspects of the tax engine are used when calculating a tax rate. For Canadian based tax systems, we recommend the following settings. However, your implementation may be slightly different based on your business needs.

For more information about these fields or any settings not described in these tables, see: *Defining Receivables System Options* in the *Oracle Receivables User Guide*.

The following table suggests how to set up the Tax Account option in the Accounting tabbed region.

Tax Option Field Name	Suggested Setting
Tax Account	Null

The following table suggests how to set up options in the Tax tabbed region.

Tax Option Field Name	Suggested Setting
Tax Method	VAT
Location Flexfield Structure	Province
Postal Code Range	From ! to zzzzzzzzzzzzz
Address Validation	Warning
Compound Taxes	Yes
Invoice Printing	Summarize by Tax Name
Tax Registration Number	Your company's tax registration number (this number prints on your invoices)
Tax Vendor Views	Null
Sales Tax Geo Override	Null
Inclusive Tax Used	Yes, if you use inclusive tax codes; otherwise, No.

The following table suggests how to set up options in the Rounding Options tabbed region.

Tax Option Field Name	Suggested Setting
Calculation Level	Line
Rounding Rule	Nearest
Reporting Currency	CAD
Precision	Enter a value based on your reporting currency.
Minimum Accountable Unit	Enter a value based on your reporting currency.
Allow Override	Set to Yes or No based on your business needs.

The following table suggests how to set up options in the Tax Defaults and Rules tabbed region.

Tax Option Field Name	Suggested Setting – Hierarchy Number
Enforce Tax From Revenue Account	Null
Customer Site	Yes – 2
Customer	Yes – 3
Product	Yes – 1
Revenue Account	Null
System Options	Yes – 4
Tax Code	GSTPST. This should represent your most commonly used Tax Group. You must define your tax codes and tax groups before you can enter a default tax code here.

The following table suggests how to set up options in the Exception Rates tabbed region.

Tax Option Field Name	Suggested Setting
Use Customer Exemptions	Yes. Customer exemptions let you fully or partially exempt specific customers from tax. In this tax system, customers can be assigned a specific tax code that would exempt them from tax.
Use Item Exemptions	Yes. Product exemptions let you fully or partially exempt specific items from tax. In this tax system, items can be assigned a specific tax code that would exempt them from tax. For more information, see: Tax Exemptions: page 3 – 4.
Use Item Tax Rate Exceptions	No

The following table suggests how to set up options in the Miscellaneous tabbed region.

Tax Option Field Name	Suggested Setting
Default Country	Canada
Application Rule Set	Prorate All



Suggestion: If you need to use both the GSTPST and the HST Tax Groups simultaneously, enter the GSTPST code at the system options level and the HST code at the customer or customer site level for correct tax calculation.

Note: It is possible to process multiple taxes under a US set of books. However, the taxes charged and reported on will be in the functional currency of that set of books. So if the functional currency is in US dollars, it will have to be converted to Canadian dollars if the taxes are collected for a Canadian Tax Authority. For more information, see: Canadian Tax Reporting: page 4 – 32.

Tax Hierarchy

Receivables searches for a tax code using the hierarchy you defined in the System Options window, stopping when one is found. Using the approach outlined above, you can automatically tax your transactions for:

- Domestic invoices for different inventory items, with each item having its own tax rate assigned to it
- Export invoices for customers both inside and outside Canada
- Invoices for customers in Canada with tax exemption numbers

Step 2 Save System Options

Save your system options. Use the Completed Requests window to check that each of the concurrent programs submitted by the System Options window has completed successfully. If the concurrent programs fail, choose Request Log for more information about the errors. You can also refer to the If Your Concurrent Programs Fail section of the Calculating Tax Essay. See: Calculating Tax: page 10 – 2.

Step 3 **Define Accounting Flexfield Value Set**

To simplify your Canadian Tax reporting process, you should assign a different tax liability account to each tax code by province and federal levels, thereby enabling the Canadian Tax Reconciliation Report to distinctly display the taxable and tax amounts for each tax code. This will provide a comprehensive method of verifying that all tax transactions have been posted to the correct Provincial/Federal Tax Account.

Use the Segment Values window to create a tax liability account for each distinct tax that you will collect. Using Receivables AutoAccounting, you can use any segment of your chart of accounts for reconciling taxes. The following table illustrates an example of how it could be set up using the Natural Account:

Natural Account	Description
5200	GST – Goods and Services Tax
5201	Ontario PST
5202	Saskatchewan PST
5203	Alberta PST
5204	British Columbia PST
5205	Manitoba PST
5206	HST – Newfoundland
5207	Prince Edward PST
5208	Quebec PST
5209	HST – Nova Scotia
5210	Yukon Territories
5211	Northwest Territories
5212	HST – New Brunswick
5213	Nunavut Territories

Step 4 **Define Tax Codes and Rates**

Before defining your Tax Groups, first determine the grouping of sales taxes that you are required to use to bill your federal and provincial sales taxes (for example, GSTPST and NOGSTPST). Then decide which

tax codes you want to add to each Tax Group and define them in the Tax Codes and Rates window.

Define your tax codes using the suggested settings in the table below as a guide. *You can share tax codes across Tax Groups* so, for example, you can use the tax code GST for 7% in both the GSTPST and the GSTNOPST Tax Groups. We recommend that you choose a Tax Type of Value Added Tax, as this tax method is similar to the type of tax applied in Canada.

The following table provides the recommended settings in the Rate tabbed region for defining tax codes for Canadian tax.

Field Name	Suggested Settings/Comments
Tax Code	Enter a name for this tax code.
Tax Type	VAT
Taxable Basis	Before Discount
Tax Rate	Nominal rate of tax.
Tax Amount	Null
Sign	CR – enables Receivables to credit your Tax account.
Formula	null

Note: If you assign a tax code with a rate of zero to an invoice, or if the invoice is exempt, it will still have tax lines and account distributions posted to the General Ledger for the zero tax amount.

The following table provides the recommended settings in the Effective tabbed region.

Field Name	Suggested Settings/Comments
Effective Dates	The date from which this tax code is active. Leave the To field blank if you want to make this code active indefinitely.
Enable	Yes to make this tax code available for use; No otherwise.

The following table provides the recommended settings in the Control tabbed region.

Field Name	Suggested Settings/Comments
Tax Class	Output. This lets you use this tax code on sales transactions.
Ad hoc	Yes or No. Setting this to Yes lets you change the tax rate and amount at the invoice level.
Inclusive Tax	No, unless HST is required, in which case Yes may be appropriate.
Allow Inclusive Override	No
Displayed	Yes

The following table provides the recommended settings in the More tabbed region.

Field Name	Suggested Settings/Comments
Tax	The tax accounting flexfield you created in Step 3.
Printed Tax Name	The tax code name as you want it to appear on printed invoices.
VAT Transaction Type	Null



Suggestion: Although you can make changes to the fields in the Tax Codes and Rates window, we recommend adding an end date to the existing tax code, then redefining the code using the same tax code name. This lets you keep an audit trail of changes to rates while ensuring that the correct rate is always used for your transactions.



Attention: If you do not know a customer's Provincial Tax Registration Number, you are required to charge tax. If you know the correct rate for a taxable customer, assign the appropriate tax code and rate to the customer. Otherwise, you should enter a zero-rated tax code, which allows ad hoc changes. You must then enter the correct tax manually at the time of invoicing. To avoid charging tax unnecessarily, be sure to enter a customer's tax registration number as soon as it is known. At this point you can update the Tax Group to

zero-rate this customer from tax. For more information, see:
Entering Customers in the *Oracle Receivables User Guide*.

Refer to Figure 4 – 1 for an example of how you might define tax codes for Canada.

Note: The rates in this example are provided for illustration purposes only. Please contact a tax professional for specific implementation requirements.

Figure 4 – 1: Sample Canadian Tax Codes

Tax Code	Description	Printed Tax Name	Allow Type	Exempt	Displayed	Taxable Basis	Tax Rate	Tax Account
ABPST	Alberta PST	ABPST	VAT	No	Yes	Before Discount	0	01-000-5203-0000-000
BCPST	British Col	BCPST	VAT	No	Yes	Before Discount	7	01-000-5204-0000-000
ONPST	Ontario PST	ONPST	VAT	No	Yes	Before Discount	8	01-000-5201-0000-000
SKPST	Saskatchewan	SKPST	VAT	No	Yes	Before Discount	6	01-000-5202-0000-000
MBPST	Manitoba PS	MBPST	VAT	No	Yes	Before Discount	7	01-000-5205-0000-000
QCPST	Quebec PST	QCPST	VAT	No	Yes	Before Discount	7.5	01-000-5208-0000-000
PEPST	Prince Edwa	PEPST	VAT	No	Yes	Before Discount	10	01-000-5207-0000-000
YTPST	Yukon Terri	YTPST	VAT	No	Yes	Before Discount	0	01-000-5210-0000-000
NTPST	Northwest T	NTPST	VAT	No	Yes	Before Discount	0	01-000-5211-0000-000
NT2PST	Nunavut Ter	NTPST	VAT	No	Yes	Before Discount	0	01-000-5213-0000-000
GST	Goods&Servi	GST	VAT	No	Yes	Before Discount	7	01-000-5200-0000-000
NGST	No Goods&Se	GST	VAT	No	Yes	Before Discount	0	01-000-5200-0000-000
NONPST	No Ontario	ONPST	VAT	No	Yes	Before Discount	0	01-000-5201-0000-000
NSKPST	No Saskatc	SKPST	VAT	No	Yes	Before Discount	0	01-000-5202-0000-000
NABPST	No Alberta	ABPST	VAT	No	Yes	Before Discount	0	01-000-5203-0000-000
NBCPST	No British	BCPST	VAT	No	Yes	Before Discount	0	01-000-5204-0000-000
NMBPST	No Manitob	MBPST	VAT	No	Yes	Before Discount	0	01-000-5205-0000-000
NQCPST	No Quebec	QCPST	VAT	No	Yes	Before Discount	0	01-000-5208-0000-000
NPEPST	No Prince E	PEPST	VAT	No	Yes	Before Discount	0	01-000-5207-0000-000
NYTPST	No Yukon PS	YTPST	VAT	No	Yes	Before Discount	0	01-000-5210-0000-000
NNTFPST	No Northwes	NTPST	VAT	No	Yes	Before Discount	0	01-000-5211-0000-000
NNT2PST	No Nunavut	NTPST	VAT	No	Yes	Before Discount	0	01-000-5213-0000-000
HSTNB	New Brunsw	HST	VAT	No	Yes	Before Discount	15	01-000-5212-0000-000
HSTNF	Newfoundla	HST	VAT	No	Yes	Before Discount	15	01-000-5206-0000-000
HSTNS	Nova Scotia	HST	VAT	No	Yes	Before Discount	15	01-000-5209-0000-000

For more information, see: Tax Codes and Rates: page 6 – 2.

Step 5 **Define Tax Groups**

Using the Tax Groups window, create Tax Groups using each of the tax codes that you defined in the previous step.

After you define a group of tax codes, you can select any one of the Tax Group names as a default value at the System Options, Bill-To Customer, Ship-To Customer Site, Item, and Memo Line levels. The default Tax Group is then copied down to the Order or Invoice Line and can be overridden if the profile option Tax: Allow Override of Tax Code is set to Yes. However, you should set up your default Tax Groups so no override is required.

When you assign a Tax Group to an Order or Invoice Line, Receivables generates a correct set of tax codes, rates, and accounting based on the ship-to address or other conditions defined within that group. Tax compounding is calculated automatically (see below).

Group Constraint

Define a Group Constraint for each Tax Group to ensure that ship-to provinces for sales orders and invoices match the provinces defined in the Tax Group. For example, you can define a Group Constraint which displays a custom error message if the transaction's ship-to province does not exist in the Tax Group. For more information, see: Group Constraints: page 6 – 23.

Condition Sets

Define a Condition Set for each tax code in the Tax Groups to indicate that each tax code is dependent on one or more conditions that you specify. For example, you might define the following condition set for a tax code in a Tax Group:

“If the ship-to province is Quebec, use this tax code.”

For more information, see: Condition Sets: page 6 – 21.

Note: If you are upgrading from a previous release of Oracle Receivables, the Condition Set for the tax codes in your existing Tax Groups appears as 'Upgrade'.

Provincial Sales Tax

Receivables uses the Condition Set you define to automatically select the correct provincial sales tax rate based on the ship-to address.

Goods and Services Tax

Specify your GST tax code in the Tax Group without any Condition Set; this way, the GST tax code is used on every shipment.

Compounding (tax on tax)

Using Tax Groups, multiple conditional taxes can be automatically applied to each order and invoice line. Compounded taxes, such as those required in Quebec, are identified using the Precedence field of the Tax Groups window. Compound taxes are only applied if both the GST and PST tax codes are each given a compounding precedence number.



Suggestion: Canadian addresses can be entered and optionally validated using the Flexible Address Formats. Validating the Province field during address entry ensures that the Tax Groups window is always able to match the Provincial Sales Tax Code with the ship-to province of the order and invoice line. See: Flexible Addresses in the *Oracle Receivables User Guide*.

The following table provides the recommended settings in the Tax Groups window.

Field Name	Suggested Setting/Comments
Group Code	A Tax Group that represents the tax processing requirement for your organization. For example, HST, GSTPST, NOGSTNOPST.
Group Name	The name of this Tax Group. The default is the Group Code, but you can change it.
Effective	The date from which this tax code is active. Leave the To field blank if you want this Tax Group to be active indefinitely.
Description	Description of this Tax Group.
Constraint Name	User-defined
Output	Yes
Input	null
Enabled	Yes

The following table provides the recommended settings in the Condition tabbed region of the Tax Groups window.

Field Name	Suggested Setting/Comments
Tax Code	A tax code applicable to this Tax Group.
Start/End Dates	The date from which this tax code is active within this Tax Group. Leave the To field blank if you want to make this tax code active indefinitely.
Enabled	Yes
Condition	User-defined
Exception	User-defined (see: Exception Sets: page 6 – 22)

The following table provides the recommended settings in the Rates tabbed region of the Tax Groups window.

Field Name	Suggested Setting/Comments
Tax Rate	Display-only. The default value derived from the Tax Codes and Rates window.
Tax Amount	Display-only. The default value derived from the Tax Codes and Rates window.
Sign	Display-only. The default value derived from the Tax Codes and Rates window.
Formula	null
Inclusive Tax	Display-only. The default value derived from the Tax Codes and Rates window.
Compounding Precedence	To support compound tax calculation, enter a number; otherwise, leave null.

For more information, see: Tax Groups: page 6 – 20.



Suggestion: After setting up your Tax Groups, run the Tax Code and Tax Group Listing reports to ensure they are defined correctly.

The Tax Group Listing is shown below to provide an example of how you might set up your Tax Groups. The tax rates shown in these examples are valid as of July 1999.

Figure 4 – 2: Tax Groups Listing, page 1

Tax Group Code	:	GSTPST
Group Name	:	GSTPST
Description	:	GST Taxable, PST Taxable
Enabled Flag	:	Y
Constraint Name	:	Cdn Group Constraint
Constraint Lines		

If Ship To Province		Not Found
Type	Action	Value
-----	-----	-----
True	Error Message	No PST was calculated. The Province in the customer address is case sensitive, please ensure it matches exactly to the Province in the Tax Group.
False	Use This Tax Group	
Compounding		
Precedence		
Tax Code	Condition Name	Rate Condition Lines
-----	-----	-----
GST		7 1
ABPST	AB	0 If Ship To Province = ALBERTA
		True Use This Tax Code False Do Not Use This Tax Code
MBPST	MB	7 If Ship To Province = MANITOBA
		True Use This Tax Code False Do Not Use This Tax Code
BCPST	BC	7 If Ship To Province = BRITISH COLUMBIA
		True Use This Tax Code False Do Not Use This Tax Code
NTPST	NT	0 If Ship To Province = NORTHWEST TERRITORIES
		True Use This Tax Code False Do Not Use This Tax Code
SKPST	SK	6 If Ship To Province = SASKATCHEWAN
		True Use This Tax Code False Do Not Use This Tax Code
QCPST	QC	7.5 2 If Ship To Province = QUEBEC
		True Use This Tax Code False Do Not Use This Tax Code
PEPST	PE	10 2 If Ship To Province = PRINCE EDWARD ISLAND
		True Use This Tax Code False Do Not Use This Tax Code
YTPST	YT	0 If Ship To Province = YUKON TERRITORY
		True Use This Tax Code False Do Not Use This Tax Code
ONPST	ON	8 If Ship To Province = ONTARIO
		True Use This Tax Code False Do Not Use This Tax Code
NT2PST	NT2	0 If Ship To Province = NUNAVUT TERRITORIES
		True Use This Tax Code False Do Not Use This Tax Code

Figure 4 – 3: Tax Groups Listing, page 2

```

Tax Group Code      : GSTNOPST
Group Name         : GSTNOPST
Description        : GST Taxable, PST Not Taxable
Enabled Flag      : Y
Constraint Name    : Cdn Group Constraint
    
```

Constraint Lines

 If Ship To Province Not Found

Type	Action	Value
True	Error Message	No PST was calculated. The Province in the customer address is case sensitive, please ensure it matches exactly to the Province in the Tax Group.
False	Use This Tax Group	

Compounding
Precedence

Tax Code	Condition Name	Tax Rate	Condition Lines	Condition Actions
GST		7 1		
NABPST	AB	0	If Ship To Province = ALBERTA	True Use This Tax Code False Do Not Use This Tax Code
NMBPST	MB	0	If Ship To Province = MANITOBA	True Use This Tax Code False Do Not Use This Tax Code
NBCPST	BC	0	If Ship To Province = BRITISH COLUMBIA	True Use This Tax Code False Do Not Use This Tax Code
NNTPST	NT	0	If Ship To Province = NORTHWEST TERRITORIES	True Use This Tax Code False Do Not Use This Tax Code
NSKPST	SK	0	If Ship To Province = SASKATCHEWAN	True Use This Tax Code False Do Not Use This Tax Code
NQCPST	QC	0 2	If Ship To Province = QUEBEC	True Use This Tax Code False Do Not Use This Tax Code
NPEPST	PE	0 2	If Ship To Province = PRINCE EDWARD ISLAND	True Use This Tax Code False Do Not Use This Tax Code
NYTPST	YT	0	If Ship To Province = YUKON TERRITORY	True Use This Tax Code False Do Not Use This Tax Code
NONPST	ON	0	If Ship To Province = ONTARIO	True Use This Tax Code False Do Not Use This Tax Code
NNI2PST	NT2	0	If Ship To Province = NUNAVUT TERRITORIES	True Use This Tax Code False Do Not Use This Tax Code

Figure 4 – 4: Tax Groups Listing, page 3

Tax Group Code	:	NOGSTNOPST
Group Name	:	NOGSTNOPST
Description	:	GST Not Taxable, PST Not Taxable
Enabled Flag	:	Y
Constraint Name	:	Cdn Group Constraint
Constraint Lines		

If Ship To Province Not Found		
Type	Action	Value
-----	-----	-----
True	Error Message	No PST was calculated. The Province in the customer address is case sensitive, please ensure it matches exactly to the Province in the Tax Group.
False	Use This Tax Group	
Compounding		
Precedence		
Tax Code	Condition Name	Tax Rate Condition Lines Condition Actions
-----	-----	-----
NGST		0 1
NABPST	AB	0 If Ship To Province = ALBERTA True Use This Tax Code False Do Not Use This Tax Code
NMBPST	MB	0 If Ship To Province = MANITOBA True Use This Tax Code False Do Not Use This Tax Code
NBCPST	BC	0 If Ship To Province = BRITISH COLUMBIA True Use This Tax Code False Do Not Use This Tax Code
NNTPST	NT	0 If Ship To Province = NORTHWEST TERRITORIES True Use This Tax Code False Do Not Use This Tax Code
NSKPST	SK	0 If Ship To Province = SASKATCHEWAN True Use This Tax Code False Do Not Use This Tax Code
NQCPST	QC	0 2 If Ship To Province = QUEBEC True Use This Tax Code False Do Not Use This Tax Code
NPEPST	PE	0 2 If Ship To Province = PRINCE EDWARD ISLAND True Use This Tax Code False Do Not Use This Tax Code
NYTPST	YT	0 If Ship To Province = YUKON TERRITORY True Use This Tax Code False Do Not Use This Tax Code
NONPST	ON	0 If Ship To Province = ONTARIO True Use This Tax Code False Do Not Use This Tax Code
NNT2PST	NT2	0 If Ship To Province = NUNAVUT TERRITORIES True Use This Tax Code False Do Not Use This Tax Code

Figure 4 – 5: Tax Groups Listing, page 4

Tax Group Code : NOGSTPST
 Group Name : NOGSTPST
 Description : No GST Taxable, PST Taxable
 Enabled Flag : Y
 Constraint Name : Cdn Group Constraint

Constraint Lines

 If Ship To Province Not Found

Type Action Value

True Error Message No PST was calculated. The Province in the customer address is case sensitive,
 please ensure it matches exactly to the Province in the Tax Group.
 False Use This Tax Group

Compounding
 Precedence

Tax Code	Condition Name	Tax Rate	Condition Lines	Condition Actions
NGST		0 1		
ABPST	AB	0	If Ship To Province = ALBERTA	True Use This Tax Code False Do Not Use This Tax Code
MBPST	MB	7	If Ship To Province = MANITOBA	True Use This Tax Code False Do Not Use This Tax Code
BCPST	BC	7	If Ship To Province = BRITISH COLUMBIA	True Use This Tax Code False Do Not Use This Tax Code
NTPST	NT	0	If Ship To Province = NORTHWEST TERRITORIES	True Use This Tax Code False Do Not Use This Tax Code
SKPST	SK	6	If Ship To Province = SASKATCHEWAN	True Use This Tax Code False Do Not Use This Tax Code
QCST	QC	7.5 2	If Ship To Province = QUEBEC	True Use This Tax Code False Do Not Use This Tax Code
PEPST	PE	10 2	If Ship To Province = PRINCE EDWARD ISLAND	True Use This Tax Code False Do Not Use This Tax Code
YTPST	YT	0	If Ship To Province = YUKON TERRITORY	True Use This Tax Code False Do Not Use This Tax Code
ONPST	ON	8	If Ship To Province = ONTARIO	True Use This Tax Code False Do Not Use This Tax Code
NT2PST	NT2	0	If Ship To Province = NUNAVUT TERRITORIES	True Use This Tax Code False Do Not Use This Tax Code

Figure 4 – 6 Tax Groups Listing, page 5

Tax Group Code	:	HST
Group Name	:	HST
Description	:	HST Taxable
Enabled Flag	:	Y
Constraint Name	:	HST Group Constraint
Constraint Lines		

If Ship To Province Not Found		
Type	Action	Value
-----	-----	-----
True	Error Message	No HST was calculated. The Province in the customer address is case sensitive, please ensure it matches exactly to the Province in the Tax Group.
False	Use This Tax Group	
Compounding Precedence		
Tax Code	Condition Name	Tax Rate Condition Lines Condition Actions
-----	-----	-----
HSTNB	NB	15 If Ship To Province = NEW BRUNSWICK True Use This Tax Code False Do Not Use This Tax Code
HSTNF	NF	15 If Ship To Province = NEWFOUNDLAND True Use This Tax Code False Do Not Use This Tax Code
HSTNS	NS	15 If Ship To Province = NOVA SCOTIA True Use This Tax Code False Do Not Use This Tax Code

Step 6 Define Items

You can assign the appropriate tax code to each of your inventory items in the Items window. Each item that you enter on an order can also be assigned a default Tax Group.

You can also set up a tax code on an override basis for organizations where exceptions are required (for example, pharmaceutical industry or freight items). The tax functionality follows the hierarchy that you defined in step 1, stopping when a tax code is found. See: *Items in the Oracle Inventory User Guide* and *Entering Transactions in the Oracle Receivables User Guide*.

Note: The setup described in this section assumes that you primarily use tax codes defined at the customer site and the System Options window to handle your tax needs. This section also assumes that you use items for specific exceptions, as indicated in the paragraph above.

Step 7 Assign Tax Group at Customer Level

In addition to assigning a Tax Group to an item, you can optionally assign a default Tax Group at the Customer Site or Customer level. The tax hierarchy defined in step 1 will search for a Tax Group starting at the lowest number, stopping when one is found. An example of where this would be required is when GSTPST is the Tax Group

defined at the system options level but work is done in the participating provinces where HST is applicable. Therefore, HST would be set at the applicable customer site, so that HST and GSTPST can work interchangeably.

See: Assigning a Business Purpose to a Customer Address in the *Oracle Receivables User Guide*.

Step 8 Define Tax Exemptions

When implementing GST and PST, you would generally assign Tax Group codes to items to exempt customers from tax, rather than creating specific exemptions and then overriding the Tax Group code at order entry time.

You may need to fully or partially override a particular GST and/or PST rate for a customer site or item. To do this, you must first create a tax code exemption line with the new tax rate. At the appropriate level, enter the tax code (not the Tax Group code) that you want to override and enter the percentage of change to the effective rate for this level.

The item and Tax Group code is exploded into the appropriate GST and PST lines and rates, exemptions are checked for a match to the transaction (based on customer site or item) and then the tax calculations are performed on the derived rates.

Note: Tax Exemptions can be used to override specific GST or PST tax codes (not the Tax Group code) as the Tax Engine is preparing to calculate taxes. Tax lines are created by exploding the Tax Group into the one or more applicable tax codes that fall under that Tax Group. Tax exemptions can be set up at the customer site and/or the item levels.

Step 9 Define Transaction Types

Use the Transaction Types window to ensure calculation of GST and PST on all transaction types. You should enter 'Yes' in the Tax Calculation field for each transaction type that you define to ensure that all complete invoices include GST and PST.

Customers and customer sites that are not subject to GST and PST should use transaction types which require the calculation of tax, but should be assigned an exempt tax code. This will ensure a zero value tax line will be created for reporting purposes. See: Transaction Types in the *Oracle Receivables User Guide*.

If you are implementing Oracle Order Management, use the Define Order Types window to select a Receivables Transaction Type that has the Tax Calculation flag set to 'Yes'. The Enter Orders window will then ensure that all booked orders have a tax code assigned to each order line. Additionally, the Sales Order Acknowledgment Report will display tax rates, tax amounts and tax summaries based on the transaction type you have selected.

Step 10 **Define Automatic Accounting for Tax**

Use the Automatic Accounting window to specify how you want Receivables to determine the General Ledger account for GST and PST. Query the segments for the 'Tax' Type to view all of the segments of your Tax Accounting Flexfield. For each segment, assign the value that you want Receivables to use to derive the account. Choose from the following values:

- Constant Value
- Salesreps
- Transaction Types
- Standard Lines
- Taxes (the source for this type is the account on the Tax Codes)



Suggestion: Assign the value 'Taxes' to the natural Account segment.

See: *AutoAccounting and Using AutoAccounting in the Oracle Receivables User Guide*.

Step 11 **Enable Calculation of GST on Freight**

To enable the calculation of GST on freight, you should create freight amounts as ordinary invoice lines. This can be done through standard invoice entry (Transaction workbench, Lines window) or through AutoInvoice.

Using an inventory item to define freight services enables the AutoAccounting program to distinguish freight lines from ordinary line items. AutoAccounting will then use the accounting rules for the freight account rather than the revenue account to derive the general ledger distribution for the freight service. When an invoice is printed, the freight amounts will be displayed as line items and any GST calculated on the freight will be displayed as tax.

To convert freight amounts to ordinary invoice lines, navigate to the Items window and use the Freight Item Template to define an inventory item for freight services. Be sure that your inventory item has a valid Tax Group, the appropriate Primary Unit of Measure, and a User Item Type of 'Freight'.

You can control the GST rate on freight services through the tax code assigned to the inventory item. Alternatively, you can override the tax code assigned to inventory item by assigning a different tax code to the customer-site, which will allow export freight charges to be taxed differently than domestic freight charges (see Step 4, Define Tax Codes and Rates).

Note: If you are implementing Oracle Order Management, you should set the user profile options Tax: Invoice Freight as Revenue to Yes and Tax: Inventory Item for Freight to 'Freight'. These are described in more detail in the next step.

Step 12 **Define Tax Profile Options**

To set your tax profile options, navigate to the Update System Profile Options window using the System Administrator responsibility. The following table lists each tax profile option and provides suggested settings for a Canadian based tax system.

Profile Option	Suggested Setting	Reason
Tax: Allow Manual Tax Lines	Yes	Lets you create manual tax lines.
Tax: Allow Ad Hoc Tax Changes	Yes	Lets you adjust a tax rate at the invoice level.
Tax: Allow Override of Customer Exemptions	Yes	Lets you create unapproved exemptions.
Tax: Allow Override of Tax Code	Yes	Lets you adjust a tax code at the invoice level.
Tax: Inventory Item for Freight	Freight	This lets Oracle Order Management identify an inventory item on a transaction line that you import into Receivables via the Receivables Interface program. The inventory item that you identify when defining this profile option must be created with a user type of 'Freight'. After you identify an inventory item for freight, you can use tax codes assigned to this inventory item or item exceptions to control the applicable tax rates and accounting for freight service.
Tax: Invoice Freight as Revenue	Yes	Enables freight amounts entered in the Oracle Order Management Ship Confirm window to be passed into Receivables as taxable line items. Used only by Oracle Order Management
Tax: Use Tax Vendor	No	Used for third-party tax extension.

For more information, see: Overview of Receivables Profile Options in the *Oracle Receivables User Guide*.

Note: If a tax account is not assigned to a specific location, Receivables uses the tax account you entered in the System Options window to calculate tax.

Step 13 **Define Canadian Tax Report Set**

To help you complete your monthly and yearly analysis as well as your Federal and Provincial Tax return, define a Canadian Tax Report set. To do this, navigate to the Concurrent Request Sets window using the System Administrator responsibility, then define a report set that includes the following reports:

- Tax Register: page 7 – 21
- Tax Reconciliation Report: page 7 – 12
- Tax Exempt Customer Report: page 7 – 10
- Tax Exempt Product Report: page 7 – 11

You can define your request set to provide default values for some run parameters. Preventing users from modifying most of the report parameters at run time will ensure that the report runs consistently each reporting period.

See Also

Canadian Tax Reporting: page 4 – 32

Implementing Canadian Sales Tax: page 4 – 2

Defining Request Sets (*Oracle Applications System Administrator's Guide*)

Verify Tax Setup

Enter an Order (Oracle Order Management)

Enter an order in Oracle Order Management. Entering information at the order header sets up the customer, the ship-to and the bill-to address for the order. Moving to the Pricing tabbed region, each item is selected with the quantity, unit of measure and the unit price. The tax code defaults to the first tax code or Tax Group that is found in the search according to the hierarchy you defined in the System Options window. You can override the default tax code or Tax Group.

The Tax Total tabbed region displays the value of the total order and the total tax (GST + PST) applied to the order based on the calculation done by the Receivables Tax Engine.

Additional overrides can be made for each item where the ship-to address can be changed for that item. This will trigger a recalculation of the taxes for that item based on the new ship-to address and credit check.

Import Orders from Order Management into Receivables

Run Receivables Interface to import orders from Order Management into Receivables interface tables, and then run AutoInvoice from Oracle Receivables. AutoInvoice recalculates tax based on the tax calculation and invoice creation setup options that you specified.

Note: You can set up Receivables Interface and AutoInvoice to run automatically or you can request them manually (manually is the default).

View and Maintain Invoices (Receivables)

Verify that you can query, view, and maintain invoices in the Transaction windows. Open the Lines window and verify that all items display as they were created. The Tax field should display the total tax calculated for this invoice.

Choose Tax to view information about each tax line. Choose Line Items to view the tax account distribution for a line.



Suggestion: To find the invoice number assigned to an order, go to the View Orders and Returns window in Oracle Order Management. Find the order to view, and then choose the View button. Then, navigate to Receivables and query the invoice in the Transaction window as explained above.

Canadian Tax Reporting

To ensure the collection of Canadian tax, each province and the Federal Government requires periodic tax returns detailing the taxable and tax amounts for every tax authority. These returns must be supported by reports that include all transactions for which Canadian taxes should have been charged.

Use the Tax Reconciliation Report and the Tax Register to prepare the Legislative portion of your periodic tax returns.

To accommodate tax reporting requirements for each province, you should be able to:

- Display tax for all taxable transactions
- Identify taxable and tax amounts for each tax code
- Prepare periodic tax returns, as required by each province and the Federal Government, from your Receivables and Payables submerged transactions
- Ensure the tax liability for each tax code is posted to a separate general ledger account or sub-account. The balance of each of these tax liability accounts, or sub-accounts, must equal the amount of tax owed on each respective tax code.
- Ensure all tax transactions have been posted to the appropriate tax liability account and reported correctly
- Reconcile your tax returns to the tax liability accounts in your general ledger

Use the Tax Reconciliation Report to prepare the Legislative portion of your periodic GST and PST returns. This report lists the taxable and tax amounts (by general ledger account) of all your Receivables transactions for a given period to help you identify and review your tax liability for various tax codes. The report parameters 'Tax Account Low' and 'Tax Account High' let you select only tax liability accounts from your general ledger.

Only the taxable and tax amounts of a given transaction associated with a particular tax code and general ledger account will be reported within that account. These amounts will be in your functional currency.

Note: Receivables lets you assign a unique general ledger account or sub-account for each tax code using the Tax Codes and Rates window. See: Tax Codes and Rates: page 6 – 2.



Suggestion: Use the Tax Reconciliation Report to assist with preparing your Canadian Tax return. To simplify your Canadian tax return process, you should assign a different tax liability account to each tax code by province and federal levels, enabling the Tax Reconciliation Report to distinctly display the taxable and tax amounts for each tax code. This provides a comprehensive method of verifying that all tax transactions have been posted to the correct provincial/federal tax account. Review your tax transactions by invoice using the Tax Register.

You can create manual journal entries to correct your tax liability on discounts, adjustments, miscellaneous cash receipts, and receipt applications. Where applicable, this report shows the total general ledger account activity for each tax account to assist you with your monthly tax reconciliation.

See Also

Tax Reconciliation Report: page 7 – 12

Tax Register Report: page 7 – 21

Implementing Canadian Sales Tax: page 4 – 2

CHAPTER

5

Tax Accounting

This chapter describes how to set up Oracle Receivables to calculate tax on adjustments, discounts, finance charges, and miscellaneous cash and how to implement deferred tax accounting. It also provides accounting examples that show you how Receivables automatically accounts for tax on each type of activity.

Tax Accounting

You can set up Oracle Receivables to account for tax in a variety of ways. Depending on your setup, Receivables automatically accounts for tax on invoices, credit memos, debit memos, finance charges, earned and unearned discounts, adjustments, cash applications, and miscellaneous transactions. You can also set up Receivables to use deferred tax, an accounting method in which the tax is deferred until payment for goods or services is received, rather than when the transaction is created.

You determine how Receivables accounts for tax on adjustments, discounts, finance charges, and miscellaneous transactions by specifying accounting rules for your Receivables Activities and tax accounting information for your tax codes. For each activity, Receivables automatically creates entries in the revenue, expense, and nonrecoverable tax accounts that you define and creates all associated payment schedules. By adjusting your tax accounts with the gross, net, and tax amounts created by these activities, Receivables records tax amounts according to the accounting rules that you define and helps you correctly state your overall tax liability.

Whenever you create a transaction or apply and reverse a receipt, Receivables automatically creates the corresponding accounting entries according to the Receivable Activity and tax code that you defined. After defining Receivables Activities and tax codes, no additional data entry is required to calculate tax amounts or create accounting entries for tax reporting and auditing purposes.

This section provides detailed examples of how to set up Receivables tax accounting and deferred tax to meet your business needs.

Types of Tax Accounts

You can define the following types of tax accounts in the Tax Accounting window:

Tax: This account records taxes collected from your customers and any legal deductions taken from these amounts.

Interim: This account records tax amounts for deferred tax codes. This account records tax liability before payment is received for a transaction. For example, when you create an invoice, Receivables creates an entry in this account for the invoiced tax amount. When you apply payment to the open item, Receivables automatically transfers the amount from the Interim account to the Tax account.

Expense/Revenue: Use this account to record net changes generated by adjustments, discounts, and finance charges. Typically, Receivables activities such as discounts and adjustments reduce the receivable amount, so they are considered an expense.

Nonrecoverable: This account records changes in the tax collected when the amount cannot be taken as a deduction on taxes paid to the government. You can use this account for Receivables Activities of type Adjustment, Finance Charge, Earned Discount, and Unearned Discount.

Definitions

Recoverable: Tax amounts that you can claim as a legitimate deduction to reduce your overall tax liability.

Gross Amount: The original amount due for a transaction, including any invoice lines and applicable tax amounts.

Net Amount: The original amount due for a transaction, not including tax.

Tax Amount: The amount of tax due for a transaction.

Viewing and Reporting on Tax Accounting Lines

The Tax Register and Tax Reconciliation reports display the tax accounting entries that Oracle Receivables creates based on your tax codes and Receivables Activities. You can also view these accounting entries online using the Receivables View Accounting windows listed below:

- View Adjustment Accounting
- View Receipt Accounting
- View Transaction Accounting

See: Viewing Accounting Lines in the *Oracle Receivables User Guide*.

See Also

Deferred Tax Accounting: page 5 – 5

Tax Accounting for Discounts: page 5 – 13

Tax Accounting for Miscellaneous Transactions: page 5 – 17

Tax Accounting for Adjustments and Finance Charges: page 5 – 22

Defining Tax Accounting for Tax Codes and Locations: page 6 – 10

Receivables Activities (*Oracle Receivables User Guide*)

Tax Register: page 7 – 21

Tax Reconciliation Report: page 7 – 12

Deferred Tax Accounting

If your accounting method is Accrual, you can set up Receivables to record *deferred tax*. Deferred tax is an accounting method in which the tax on revenue is not due until payment is applied, rather than when the invoice is created. Using this method, an organization can legally defer the tax liability until payment is received for open items, thereby increasing available cash and decreasing current tax liability.

To implement deferred tax, set up deferred tax codes and specify both an Interim Tax Account and a Tax Account for each in the Tax Accounting window. When you create a transaction and assign it to a deferred tax code, Receivables records the tax in the Interim Tax Account. When you partially or fully apply a receipt to this transaction, Receivables automatically transfers the tax amount from the Interim Tax Account to the Tax Account so you can correctly state your tax liability.

To set up deferred tax codes, see: Tax Accounting: page 5 – 2.



Attention: If you are upgrading from a previous release of Oracle Receivables, you cannot calculate deferred tax on existing invoices because they might be assigned to tax codes that are not tax deferred. However, you can update your existing tax codes and Receivables Activities as described in this section to use deferred tax accounting for new transactions.

Deferred Tax Accounting Examples

The examples in this section show how Receivables creates tax accounting entries based on how you set up your tax codes and Receivables Activities.

The examples in this section refer to the following model invoice:

Invoice 102

Line	Amount
Line 1	600.00
Line 2	400.00
Deferred Tax on Line 1 @ 10%	60.00
Deferred Tax on Line 2 @ 20%	80.00
Invoice Total:	1140.00

Receivables creates the following accounting entries when you save this invoice:

Figure 5 – 1 Deferred Tax Accounting – Model Invoice

Create invoice for \$1140.00, tax is deferred.				
Receivables	Revenue @ 10%	Revenue @ 20%	Interim Tax @ 10%	Interim Tax @ 20%
1140.00	600.00	400.00	60.00	80.00

Example 1 – Applying and Reversing a Payment for a Deferred Tax Invoice

Figure 5 – 2 shows the accounting entries Receivables creates when you enter an invoice with a deferred tax code, apply a partial payment to the invoice, and then reverse the payment.

Figure 5 – 2 Deferred Tax Accounting – Applying and then Reversing a Partial Payment

Create invoice for \$1140.00 and assign a deferred tax code.						
	Receivables	Net Revenue @ 10%	Net Revenue @ 20%	Interim Tax @ 10%	Interim Tax @ 20%	
Create Invoice	1140.00	600.00	400.00	60.00	80.00	
Apply, and then later reverse, a partial payment of \$570.00.						
	Receivables	Unapplied Cash	Interim Tax @ 10%	Interim Tax @ 20%	Tax @ 10%	Tax @ 20%
Apply Partial Payment	570.00	570.00	30.00	40.00	30.00	40.00
Reverse Payment	570.00		30.00	40.00	30.00	40.00

When you create the invoice, Receivables credits the revenue distribution accounts assigned to the invoice, and calculates deferred tax on revenue at \$60 on line 1 and \$80 on line 2. Receivables records the deferred tax on revenue in the Interim account.

When you apply a partial payment, Receivables debits the deferred tax account and transfers the tax amount from the Interim to the Tax account.

Note: When you apply a *partial* payment, Receivables uses an Application Rule Set to allocate the amount to the line, tax, freight, and any finance charges. See: Tax Accounting and Application Rule Sets: page 5 – 29.

When you reverse the payment, Receivables creates offsetting entries for each account and transfers the tax amount from the Tax account back to the Interim account.

Figure 5 – 3 shows the accounting for a single invoice with both accrual and deferred tax codes. This example uses a similar invoice as the one shown in Figure 5 – 2, but the Revenue @20% line is now taxed with

two tax codes: the first tax is a 12% deferred tax code and the second is an 8% accrual tax code.

Figure 5 – 3 Apply and then Reverse a Partial Payment for an Invoice with Deferred and Accrual Tax Codes

Create invoice for \$1140.00 and assign a deferred tax code.												
	Receivables		Net Revenue @ 10%		Net Revenue @ 20%		Interim Tax @ 10%		Interim Tax @ 12%		Tax @ 8%	
Create Invoice	1140.00		600.00	400.00	60.00		48.00				32.00	
Apply, and then later reverse, a partial payment of \$570.00.												
	Receivables	Unapplied Cash	Interim Tax @ 10%		Interim Tax @ 12%		Tax @ 10%		Tax @ 12%			
Apply Partial Payment	570.00	570.00	30.00		24.00		30.00			24.00		
Reverse Payment	570.00		30.00		24.00		30.00			24.00		

Example 2 – Adjusting a Deferred Tax Invoice

This example shows an adjustment of \$100 to the model invoice. Receivables uses the Receivables Activities you define to determine how to account for tax on adjustments.

Note: The examples in this section show tax accounting for a *negative* adjustment, which decreases the invoice balance due and creates a Credit in the Receivables account and a Debit in each tax account that you specified. When you *increase* the balance due, either by creating a positive adjustment or by calculating finance charges, the tax engine creates a Debit in the Receivables account and a Credit in each tax account.

The Adjustment Receivables Activities in this example have the following settings as described in this table:

Receivables Activity Option	Setting
GL Account Source	Revenue on Invoice
Tax Code Source	Invoice
Recoverable?	No (example 2A) Yes (example 2B)

Note that the Tax Code Source for both Receivables Activities is set to Invoice. In the accounting examples in Figure 5 – 4, the tax code on the invoice is a deferred tax code, so Receivables creates entries in the Interim tax account as well as the Receivables and Revenue accounts.

Figure 5 – 4 Deferred Tax Accounting for Adjustments

Example 2A		Adjustment for \$100, tax on the adjustment is nonrecoverable.										
Revenue												
Receivables	Revenue @ 10%	Revenue @ 20%	Adjustment @ 10%	Adjustment @ 20%	Interim Tax @ 10%	InterimTax @ 20%	Tax @ 10%	Tax @ 20%				
100.0	52.63	35.09	5.26	7.02	5.26	7.02	5.26	7.02				

Example 2B		Adjustment for \$100, net adjustment to revenue, tax on the adjustment is recoverable.							
Revenue									
Receivables	Revenue @ 10%	Revenue @ 20%	Interim Tax @ 10%	Interim Tax @ 20%					
100.00	52.63	35.09	5.26	7.02					

The Adjustment Receivables Activities in the following table derive the GL accounts from the tax code on the invoice, but have different settings for the Tax Code Source. Additionally, the tax is recoverable in the first example in this table, but in the second example, the recoverable flag does not apply because the Tax Code Source is set to None.

Receivables Activity Option	Setting for Example 2C	Setting for Example 2D
GL Account Source	Tax Code on Invoice	Tax Code on Invoice
Tax Code Source	Invoice	None
Recoverable?	Yes	Not applicable

Figure 5 – 5 shows the accounting entries Receivables creates when you create an adjustment for \$100 using each of these activities:

Figure 5 – 5 Deferred Tax Accounting for Adjustments

<u>Example 2C</u>		Adjustment for \$100, tax on the adjustment is recoverable.							
Receivables	Adjustment @ 10%	Adjustment @ 20%	Interim Tax @ 10%	Interim Tax @ 20%					
100.00	52.63	35.09	5.26	7.02					
<u>Example 2D</u>		Adjustment for \$100, gross adjustment to the Tax Account.							
Gross Expense									
Receivables	Adjustment @ 10%	Adjustment @ 20%	Interim Tax @ 10%	Interim Tax @ 20%	Tax @ 10%	Tax @ 20%			
100.00	57.89	42.11	5.26	7.02	5.26	7.02			

Example 3 – Gross Adjustments to the Revenue and Receivables Activity Accounts

In this example the Tax Code Source is set to None so Receivables accounts for the gross adjustment amount according to the setting of the GL Account Source.

The Adjustment Receivables Activities in this example have the following settings as described in this table:

Receivables Activity Option	Setting
GL Account Source	Revenue on Invoice (example 3A) Activity GL Account (example 3B)
Tax Code Source	None

Figure 5 – 6 shows the accounting entries Receivables creates when you create an adjustment for \$100 using each of these activities:

Figure 5 – 6 Accounting for Adjustments – Deferred Tax

<u>Example 3A</u>		Adjustment for \$100, gross adjustment to revenue account.						
		Revenue			Deferred			
Receivables	Revenue @ 10%	Revenue @ 20%	Interim Tax @ 10%	Interim Tax @ 20%	Tax @ 10%	Tax @ 20%		
100.00	57.89	42.11	5.26	7.02	5.26	7.02		

<u>Example 3B</u>		Adjustment for \$100, gross adjustment to Receivables Activity account.					
Receivables	Activity GL Account	Interim Tax @ 10%	Interim Tax @ 20%	Tax @ 10%	Tax @ 20%		
100.00	100.00	5.26	7.02	5.26	7.02		

Setting Up Deferred Tax Accounting

To set up deferred tax accounting, choose the Tax Accounting button in either the Tax Codes and Rates or the Tax Locations and Rates window, check the Deferred check box, and then specify an Interim Tax Account. See: Defining Tax Accounting for Tax Codes and Locations: page 6 – 10.

See Also

Tax Accounting and Receivables Application Rule Sets: page 5 – 29

Tax Accounting for Discounts and Miscellaneous Transactions: page 5 – 13

Tax Accounting for Adjustments and Finance Charges: page 5 – 22

Tax Accounting for Discounts

You can set up Receivables to account for the tax included whenever you apply a receipt that includes an earned or unearned discount.

You determine how Receivables accounts for tax on discounts by assigning accounting rules to your Receivables Activities and specifying tax accounting information for your tax codes. When you apply a receipt that includes a discount, Receivables uses the activity to determine which general ledger account(s) is affected.

When calculating earned and unearned discounts, Receivables checks the Receivables Activity assigned to the receipt's Payment Method to determine how to account for tax. If the discount is earned, Receivables uses the Earned Discount activity assigned to the Payment Method; otherwise, it uses the Unearned Discount activity.

Discounts use one of the following GL account sources:

- the tax code on the invoice
- the revenue account on the invoice
- the GL account specified for the Receivables Activity

See: Calculating Tax on Discounts: page 5 – 14 and Setting Up Tax Accounting for Discounts: page 5 – 16.

Discounts

The amount and type of discount taken when you apply a receipt is determined by the transaction's Payment Terms. For example, the Payment Term "2% 10, Net 30" indicates that a customer can take a two percent discount if payment is received within 10 days. After 10 days, the entire balance is due within 30 days of the invoice date with no applicable discount. If the Payment Term allows unearned discounts, your customer can take advantage of the two percent discount when remitting payment after the 10 day discount period.

Receivables can account for tax included on discounts for partial payments, if you set up your system to allow them. Receivables also creates all offsetting accounting entries when you reverse a receipt application to ensure that all of your general ledger accounts balance correctly.

Note: To allow discounts on partial receipt applications, set the system option Discount on Partial Payment to Yes. To allow discounts on payments received after the discount period has expired, set the system option Allow Unearned Discounts to Yes.

Calculating Tax on Discounts

Receivables uses the following formula to calculate the discount for each revenue account:

Receivables uses the following formula to calculate tax on discounts:

After calculating these amounts, Receivables prorates the net discount over the expense accounts that you defined and allocates the tax on the discount to the tax distributions specified by the invoice.

Note: The formulas and accounting described here are true when you apply *full* payment to an open debit item. When you apply a *partial* payment, Receivables uses an Application Rule Set to allocate the amount to the line, tax, freight, and any finance charges. See: Tax Accounting and Application Rule Sets: page 5 – 29.

For example, you have the following invoice:

Invoice 101

Line	Amount
Line 1	600.00
Line 2	400.00
Tax on Line 1 @ 10%	60.00
Tax on Line 2 @ 20%	80.00

Invoice Total: 1140.00

Your Earned Discount Receivables Activity has the following settings as described in this table:

Receivables Activity Option	Setting
GL Account Source	Tax Code on Invoice
Tax Code Source	Invoice
Recoverable?	Yes

When you save Invoice 101 and then apply payment within the discount period, Receivables creates the following accounting entries:

Figure 5 – 7 Accounting for Discounts

Create invoice for \$1140.00.									
Receivables		Net Revenue @ 10%		Net Revenue @ 20%		Tax @ 10%		Tax @ 20%	
1140.00		600.00		400.00		60.00		80.00	

Apply payment of \$1040.00, earned discount of \$100.00.											
Receivables		Unapplied Cash		Net Expense @ 10%		Net Expense @ 20%		Tax @ 10%		Tax @ 20%	
	1140.00	1040.00		52.63		35.09		5.26		7.02	

The formulas shown in Calculating Tax on Discounts: page 5 – 14 produce the following values for the two invoice lines:

Net Discount = 87.72

Tax on Discount = 12.28

Then, using the Receivables Activity for earned discounts, Receivables prorates the \$100 discount over the Net Expense and Tax account specified by the invoice tax code, as shown in Figure 5 – 7.

Calculations

$87.72 * (600/1000) = 52.63$ (line 1)

$87.72 * (400/1000) = 35.09$ (line 2)

$12.28 * (60/140) = 5.26$ (prorated tax on line 1)

$12.28 * (80/140) = 7.02$ (prorated tax on line 2)



Attention: If the receipt is not enough to close the debit item (a partial payment) but the system option Discount on Partial Payment is set to Yes, Receivables creates entries in the same accounts as shown in this example (although the amounts would be different). Additionally, Receivables uses the Application Rule Set assigned to the open debit item to allocate the payment across all charges, including line, tax, freight, and finance charges. See: Tax Accounting and Receivables Application Rule Sets; page 5 – 29.

Setting Up Tax Accounting for Discounts

To set up Receivables to account for the tax included on discounts, perform the following steps as described in this table.

Step Number	Description
<input type="checkbox"/> Step 1	<p>Set Up Tax Accounting for Discounts. Use the Tax Accounting window to define tax, expense, revenue, and non-recoverable accounts for your earned and unearned discounts.</p> <p>See: Defining Tax Accounting for Tax Codes and Locations; page 6 – 10.</p>
<input type="checkbox"/> Step 2	<p>Define Receivables Activities for Discounts. Define accounting rules for your Receivables Activities to specify how Receivables accounts for tax on earned and unearned discounts.</p> <p>See: Receivables Activities in the <i>Oracle Receivables User Guide</i>.</p>
<input type="checkbox"/> Step 3	<p>Assign Receivables Activities to your Payment Methods. Receivables checks the receipt Payment Method to determine the accounting entries to create when you enter and apply receipts. Payment Methods also determine the remittance bank and General Ledger accounts that Receivables uses when you enter and apply receipts (for example, Cash, Unapplied, Unidentified, and Factoring accounts).</p> <p>To set up tax accounting for discounts, assign the earned and unearned discount Receivables Activities that you defined in the previous step to your new Payment Methods. You assign Receivables Activities to Payment Methods in the Remittance Banks window.</p> <p>See: Payment Methods in the <i>Oracle Receivables User Guide</i>.</p>

See Also

Discounts (*Oracle Receivables User Guide*)

Assigning Remittance Banks (*Oracle Receivables User Guide*)

Tax Accounting for Miscellaneous Transactions

You can set up Receivables to account for tax on miscellaneous transactions. In Receivables, miscellaneous transactions are receipts and payments that are not related to a specific invoice. Examples of miscellaneous receipts include a rent payment or interest income. An example of a miscellaneous payment is a payment that you create by entering a receipt for a negative amount.

When you create a miscellaneous transaction in Oracle Receivables, you specify a Receivables Activity. Receivables uses the tax accounting rules that you define for the this activity to account for tax on the transaction.

To account for tax on your miscellaneous transactions, define at least one Receivables Activity of type Miscellaneous Cash and choose one of the following GL account sources:

- Activity GL Account
- Distribution Set

If you choose Activity GL Account, Receivables allocates the expense or revenue to the general ledger account that you specify for this Receivables Activity. If you choose Distribution Set, Receivables allocates the expense or revenue to the distribution set that you specify.

Additionally, choose a Tax Code Source of Activity Tax Code. This indicates that you want to use the Asset and Liability tax codes specified for this Receivables Activity to account for the tax. If the transaction is a *receipt*, Receivables uses the Asset Tax Code to account for the tax. If the transaction is a *payment* (i.e., the receipt is for a negative amount), Receivables uses the Liability Tax Code.

You define Receivables Activities in the Receivables Activities window.

Note: For information about how Receivables calculates inclusive tax for miscellaneous receipts, see: Tax Inclusive: page 10 – 28.

Example 1

In this example, the Miscellaneous Cash Receivables Activity has the following settings as described in this table:

Receivables Activity Option	Setting
GL Account Source	Activity GL Account
Tax Code Source	Activity

Note: The Recoverable flag does not apply to Receivables Activities of type Miscellaneous Cash.

Figure 5 – 8 shows the accounting entries Receivables creates when you assign this activity to a miscellaneous receipt (Example 1A) and a miscellaneous payment (Example 1B):

Example 1A

Create miscellaneous cash receipt for \$110.00.

Bank	Revenue @ 10%	Output Tax @ 10%
110	100	10

Example 1B

Create miscellaneous cash payment for \$110.00.

Bank	Expense @ 10%	Input Tax @ 10%
110	100	10

Note: You specify a Tax Class of either Input or Output when defining tax codes.

Example 2

In this example, the Miscellaneous Cash Receivables Activity has the following settings as described in this table:

Receivables Activity Option	Setting
GL Account Source	Distribution Set
Tax Code Source	Activity

Figure 5 – 9 shows the accounting entries Receivables creates when you assign this activity to a miscellaneous receipt:

Figure 5 – 9 Accounting for Miscellaneous Transactions

Create miscellaneous cash receipt for \$100.00. GL Account Source is a 60/40 distribution set.			
Bank	Revenue 60 @ 10%	Revenue 40 @ 10%	Output Tax @ 10%
110	60	40	10

Setting Up Tax Accounting for Miscellaneous Transactions

To set up Receivables to account for the tax included on miscellaneous transactions, perform the following steps as described in this table.

Step Number	Description
<input type="checkbox"/> Step 1	Define Receivables Activities for Miscellaneous Transactions. Define accounting rules for your miscellaneous cash Receivables Activities. Choose an activity type of Miscellaneous Cash, a Tax Code Source of Activity Tax Code, and a GL Account Source of either Activity GL Account or Distribution Set. See: Receivables Activities in the <i>Oracle Receivables User Guide</i> .
<input type="checkbox"/> Step 2	Assign Miscellaneous Cash Receivables Activity to your Miscellaneous Transactions. When entering miscellaneous transactions in the Receipts window, specify a Miscellaneous Cash activity in the 'Misc Transaction' tabbed region.

See Also

Entering Miscellaneous Transactions (*Oracle Receivables User Guide*)

Tax Accounting for Adjustments and Finance Charges

You can optionally set up Receivables to account for tax whenever you create an adjustment or calculate finance charges on outstanding customer balances. Define Receivables Activities of type Finance Charge and Adjustment to account for expense, revenue, and tax amounts generated whenever you calculate finance charges or create adjustments. Receivables Activities determine which general ledger account and tax code to use for finance charges and adjustments and indicate whether the tax amount for these activities can be taken as a legitimate deduction to reduce your overall tax liability.

You indicate whether Receivables should calculate finance charges for a customer and how charges are calculated when defining customer profile classes. Specify a number of grace days, the interest rate to use, and a minimum balance per customer and invoice to calculate finance charges on open debit items. Then, when you define dunning letter sets or print statements, indicate whether you want to include finance charges when calculating this customer's account balance. For more information, see: Calculating Finance Charges in the *Oracle Receivable User Guide*.

In Oracle Receivables, you create adjustments in the Adjustments window. After specifying the transaction to adjust, enter the Adjustment Receivables Activity that you defined as the Activity Name and specify the type of adjustment you are creating. Receivables uses the information defined for this Receivables Activity to account for the expense, revenue, and tax amounts generated by the adjustment and to determine whether the tax is recoverable.



Attention: To see how Receivables accounts for adjustments that you create for deferred tax invoices, see: Deferred Tax Accounting: page 5 – 5.

Tax Accounting for Adjustments

This section shows the various ways you can set up your tax codes and Receivables Activities to account for tax on adjustments. The examples in this section show a \$100 adjustment to the model invoice and illustrate the accounting entries Receivables creates using different tax code and Receivables Activity definitions.

Note: The examples in this section show tax accounting for a *negative* adjustment, which decreases the invoice balance due and creates a Credit in the Receivables account and a Debit in each tax account that you specified. When you *increase* the balance due, either by creating a positive adjustment or by

calculating finance charges, the tax engine creates a Debit in the Receivables account and a Credit in each tax account.

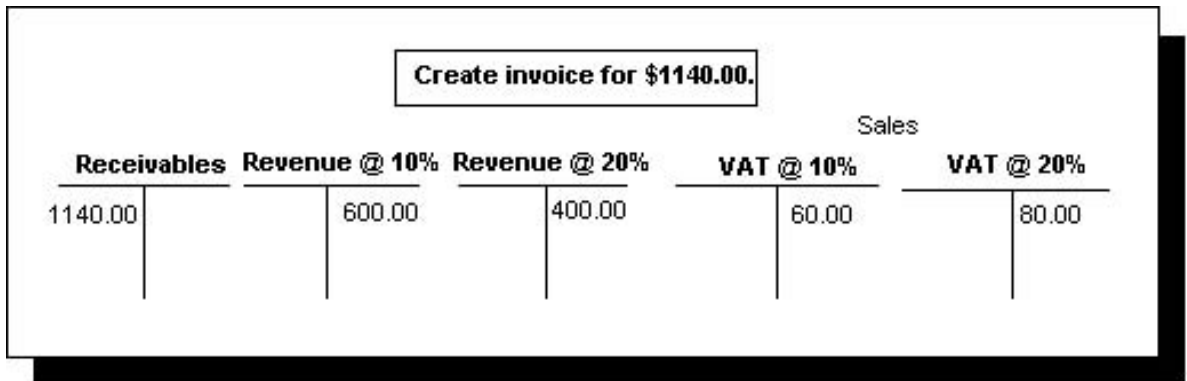
All of the examples in this section refer to the following model invoice:

Invoice 102

Line	Amount
Line 1	600.00
Line 2	400.00
Tax on Line 1 @ 10%	60.00
Tax on Line 2 @ 20%	80.00
Invoice Total:	1140.00

Figure 5 – 10 shows the accounting entries Receivables creates when you save this invoice:

Figure 5 – 10 Tax Accounting for Adjustments– Model Invoice



Calculating Tax On Adjustments

Receivables uses the following formula to calculate tax on adjustments:

After calculating the tax, Receivables prorates the net adjustment and the tax on the adjustment according to your adjustment Receivables Activity. Refer to the examples below for more information.

Example 1

The two Receivables Activities in this example have the same GL Account Source and Tax Code Source, but the recoverable and nonrecoverable flags are different, as illustrated in this table.

Receivables Activity Option		Setting
GL Account Source		Tax Code on Invoice
Tax Code Source		Invoice
Recoverable?		Yes (example 1A) No (example 1B)

Figure 5 – 11 shows the accounting entries Receivables creates when you create an adjustment for \$100 and specify one of these activities. In Example 1A the tax is recoverable. In Example 1B the tax is nonrecoverable.

Figure 5 – 11 Tax Accounting for Adjustments

Example 1A

Adjustment for \$100, tax on the adjustment is recoverable.

		Tax							
<u>Receivables</u>		<u>Revenue @ 10%</u>		<u>Revenue @ 20%</u>		<u>VAT @ 10%</u>		<u>VAT @ 20%</u>	
	100.00	52.63		35.09		5.26		7.02	

Example 1B

Adjustment for \$100, tax on the adjustment is nonrecoverable.

<u>Receivables</u>		<u>Revenue @ 10%</u>		<u>Revenue @ 20%</u>		<u>Nonrecoverable VAT @ 10%</u>		<u>Nonrecoverable VAT @ 20%</u>	
	100.00	52.63		35.09		5.26		7.02	

Example 2

The Adjustment Receivables Activities in this example have the following settings as described in this table:

Receivables Activity Option	Setting for Example 2A	Setting for Example 2B
GL Account Source	Revenue on Invoice	Revenue on Invoice
Tax Code Source	Invoice	None
Recoverable?	Yes	Not applicable

Figure 5 – 12 shows the accounting entries Receivables creates when you create an adjustment for \$100 using each of these activities:

Figure 5 – 12 Tax Accounting for Adjustments

<u>Example 2A</u>		Net adjustment to revenue, tax is recoverable.						
							Tax	
<u>Receivables</u>		<u>Revenue @ 10%</u>		<u>Revenue @ 20%</u>		<u>VAT @ 10%</u>		<u>VAT @ 20%</u>
	100.00	52.63		35.09		5.26		7.02

<u>Example 2B</u>		Adjustment for \$100, gross adjustment to revenue account.		
<u>Receivables</u>		<u>Revenue @ 10%</u>		<u>Revenue @ 20%</u>
	100.00	57.89		42.11

Example 3

The Adjustment Receivables Activity in this example has the following settings as described in this table:

Receivables Activity Option	Setting
GL Account Source	Activity GL Account
Tax Code Source	None

Figure 5 – 13 shows the accounting entries Receivables creates when you create an adjustment for \$100 and specify this activity:

Figure 5 – 13 Tax Accounting for Adjustments

Adjustment for \$100, gross adjustment to Receivables Activity account.	
Receivables	Activity GL Account
 100.00 	 100.00

Setting Up Tax Accounting for Adjustments and Finance Charges

To set up Receivables to account for the tax included on adjustments and finance charges, perform the following steps as described in this table.

Step Number	Description
<input type="checkbox"/> Step 1	<p>Define Tax Accounting for Adjustments and Finance Charges. Use the Tax Accounting window to define an expense, revenue, and nonrecoverable tax account for your adjustment and finance charge activities.</p> <p>See: Defining Tax Accounting for Tax Codes and Locations: page 6 – 10.</p>
<input type="checkbox"/> Step 2	<p>Define Receivables Activities for Adjustments and Finance Charges. Define accounting rules for your Receivables Activities to specify how Receivables accounts for tax calculated on your adjustments and finance charges.</p> <p>See: Receivables Activities in the <i>Oracle Receivables User Guide</i>.</p>
<input type="checkbox"/> Step 3	<p>Specify a Default Receivables Activity for Finance Charges (optional). When calculating tax on finance charges, Receivables searches for a Receivables Activity first at the customer ship-to site, then the bill-to site, and finally the System Options window, stopping when one is found.</p> <p>Receivables provides a default finance charge activity in the System Options window, but you can enter an activity that you define.</p>

See Also

Tax Accounting for Discounts and Miscellaneous Transactions: page 5 – 13

Deferred Tax Accounting: page 5 – 5

Assigning a Business Purpose to a Customer Address (*Oracle Receivables User Guide*)

Tax System Options (*Oracle Receivables User Guide*)

Tax Accounting and Receivables Application Rule Sets

If you set up tax accounting on adjustments, discounts, or finance charges, the Receivables Application Rule Set you use affects how Receivables calculates the net and tax amounts for open debit items. Application Rule Sets determine the steps Receivables uses to apply partial payments to open debit items and how discounts affect the balance for each type of associated charges (such as line, tax, freight, and finance charges). You assign Application Rule Sets to transaction types in Oracle Receivables and can optionally specify a default rule set at the system options level.

When using tax accounting, Receivables calculates net and tax amounts using the amount due remaining, which is determined by the transaction's payment schedule. When you apply a payment using the Prorate All rule set, Receivables applies the amount proportionately to each open item, including lines, tax, freight, and finance charges. This maintains the ratio between the transaction balance and the tax amount due.

Other Application Rule Sets, such as Line First Tax After, apply the payment to the open line amount first and then, after the line amount is closed, apply any remaining amount to the associated tax. To decrease the balance due for the tax and line amounts proportionately when implementing tax accounting, assign the Prorate All Application Rule Set to your transaction types and at the system options level in Receivables.

See Also

Receivables Application Rule Sets (*Oracle Receivables User Guide*)

CHAPTER

6

Set Up Tax

This chapter describes how to set up tax in Oracle Receivables.

Tax Codes and Rates

Tax Code	Tax Type	Taxable Basis	Tax Rate %	Tax Amount	Sign	F
RX10q	Value Added Tax	Quantity		10.00	Credit	
RX10qD	Deferred Vat	Quantity		10.00	Credit	
RX12	Value Added Tax	Before Discount	12		Credit	
RX20	Value Added Tax	Before Discount	20		Credit	
RX20D	Deferred Vat	Before Discount	20		Credit	
RX5	Value Added Tax	Before Discount	5		Credit	
RdE7	Value Added Tax	Before Discount	7		Credit	
SDVAT	Value Added Tax	Before Discount	10		Credit	
SDVAT2	Sales Tax	After Discount	10		Credit	

Account Descriptions

Tax **Ope-Balance Shee-State Sales and-No Sub Account-No Product**

Tax Accounting

Use the Tax Codes and Rates window to enter and maintain your tax codes and their associated tax rates. You can define as many tax codes of type VAT (Value Added Tax) or Sales Tax as you need. You can have only one enabled tax code of type Location for any given date range. This code cannot have a rate associated with it.

You can enter a tax code at the customer Ship-To and Bill-To business purpose level, as well as at the customer level. You can also assign tax codes to inventory items. If your tax method is VAT, you can include a tax code in the Tax Defaulting Hierarchy in the System Options window.

You can specify whether a tax code:

- is enabled.
- allows tax exemptions.
- lets you modify the tax rate when entering transactions.

- displays line amounts inclusive or exclusive of tax.
- lets you change a tax code from tax inclusive to tax exclusive when entering transactions.
- appears in the list of values in Receivables windows.

Tax codes that you define appear on your tax reports, in the Tax windows when you enter transactions, and in the Tax Groups window when you define your tax groups.

Note: If you have Multi Lingual Support (MLS), you can define tax codes in each of your installed languages. To enter translations, select Translations from the View menu or click on the globe icon. For more information, see: *Oracle Applications Concepts* or the *Oracle Applications User Guide*.

Prerequisites

- Define system options (*Oracle Receivables User Guide*)

► To define a tax code:

1. Navigate to the Tax Codes and Rates window.
2. Enter a unique name for this Tax Code.
3. Choose a Tax Type. If you are using location based tax, you can only enter one enabled tax code with tax type of Location Based Tax for a given date range. Receivables displays subtotals by tax type in various tax reports. You can define additional tax types in the Receivables Lookups window.
4. Specify a Taxable Basis to control how Receivables calculates tax on transactions assigned to this tax code. Choose one of the following:
 - **After Discount:** Calculate tax on the invoice line amount, after any early payment discount is taken.
 - **Before Discount:** Calculate tax on the invoice line amount, before any early payment discount is taken.
 - **Quantity:** Calculate tax based on the quantity ordered and unit of measure of the invoice line. If you choose this option, specify a Tax Amount (see step 6).
 - **PL/SQL:** Calculate tax using the PL/SQL formula that you specify. If you choose this option, go to Step 8.

- **Prior Tax:** Select this option if you use this tax code as part of a tax group (to calculate multiple taxes) and you want to calculate tax on only the tax for the previous tax line.
5. If the tax type is *not* 'Location Based Tax' and you specified a taxable Basis of either After Discount or Before Discount, enter a Tax Rate.
 6. If the Taxable Basis is Quantity, enter a Tax Amount. For example, you enter a Tax Amount of 2 for this tax code. If you create an invoice line with a quantity of 7 and assign this tax code to it, Receivables calculates tax of \$14 for this line.
 7. Indicate whether this tax code is positive or negative by setting the Sign parameter to either 'Cr' or 'Dr', respectively. When you use a tax code with a sign of 'Dr' (negative), Receivables debits your tax account. When you use a tax code with a sign of 'Cr' (positive), Receivables credits your tax account.
 8. If the Taxable Basis is PL/SQL, enter the name of a PL/SQL stored procedure in the Formula field. Receivables uses this stored procedure to calculate tax when you assign this tax code to a transaction. See: Available Parameters for PL/SQL Stored Procedures: page 8 – 31.
 9. Open the Effective region, and then enter a range of Effective Dates for this tax rate. The default start date is today's date, but you can change it. If you do not enter an end date, this tax rate will be valid indefinitely.
 10. To disable this tax code, uncheck the Enabled box. You can have multiple disabled tax codes for the same date range.
 11. Open the Control region, then choose a Tax Class. Choose Output to use this tax code with invoices, debit memos credit memos, adjustments, discounts, finance charges and miscellaneous cash receipts. Choose Input to use this tax code with miscellaneous cash payments (negative receipts). Input tax codes appear only in the list of values for the Liability Tax Code field in the Receivables Activities window; output tax codes appear in all Receivables transaction and set up windows.

Note: Receivables also displays subtotal amounts by tax class in various tax reports.

Note: To define tax codes for use in Oracle Payables, use the Payables Tax Codes window. See: Tax Codes in the *Oracle Payables User Guide*.

12. To be able to change the tax rate for this tax code in the Transaction windows, check the Ad-hoc box. You can only check this box if the

tax type is *not* 'Location Based Tax.' You can update this option after you save this tax code.

13. If you want this tax code to automatically display line amounts including tax, check the Inclusive Tax box. See: Tax Inclusive: page 10 – 28.
14. If you do not want to be able to change this tax code from inclusive to exclusive (or vice versa) when entering invoices, uncheck the Allow Inclusive Override box.

Note: Location-based tax codes are always tax exclusive and you cannot change them to be tax inclusive.

15. To prevent this tax code from appearing in Receivables windows, uncheck the Displayed box. If this box is not checked, you cannot assign this tax code to individual transactions.



Suggestion: If you want to be able to use this tax code only within a tax group, uncheck this box.

16. To update the Tax Account assigned to this tax code, open the More tabbed region. The default account is the Location Tax Account you defined in the System Options window. AutoAccounting uses this value if the AutoAccounting structure for your tax account is derived from the tax code.
17. Enter the Printed Tax Name as you want it to appear on printed transactions.
18. Enter a description for this tax code (optional). Receivables displays this information in country-specific reports as required.
19. Enter a VAT Transaction Type (optional). This field is used for Spanish and Belgian Tax reporting. For more information, see the *Oracle Applications Spanish Globalizations Reference Manual* or the *Oracle Applications Belgium Globalizations Reference Manual*.
20. To define additional tax accounting for this tax code, choose the Tax Accounting button. See: Defining Tax Accounting for Tax Codes and Locations: page 6 – 10.
21. Save your work.

See Also

Defining Tax Accounting for Tax Codes and Locations: page 6 – 10

AutoAccounting (Oracle Receivables User Guide)

Reviewing Sales Tax Rates: page 6 – 12

Tax Groups: page 6 – 20

Calculating Tax: page 10 – 2

Tax Locations and Rates

Tax Locations And Rates - State.County.City

Find

Locations

State	Description	Tax Account	
AK	Alaska	01-000-2520-2122-000	02
AL	Alabama	01-000-2520-2123-000	01
AR	Arkansas	01-000-2520-2101-000	
AS	American Samoa	01-000-2520-2124-000	60
AZ	Arizona	01-000-2520-2102-000	
CA	California	01-000-2520-2103-000	

Tax Acct Desc

Rates

Tax Rate %	Override	Effective Dates		Postal Codes		
		From	To	From	To	
3		01/01/1900	03/24/1999	99500	99990-9999	02
10		03/25/1999		99500	99999-9999	

Use the Tax Locations and Rates window to enter and update your locations and their associated tax rates. For each location you can define multiple tax rates and postal code ranges, as long as the date and postal code range do not overlap. Receivables uses these locations and tax rates to create authorities and sales tax rates for tax calculations. Receivables also uses locations to validate your customers' addresses.

Use this window to assign tax accounts to the components of your segment that has a tax account qualifier assigned to it. You assign a tax account qualifier to any one segment of your location flexfield structure using the Key Flexfield Segments window.

You can also implement country-specific validation of foreign customer address information using the Flexible Address Formats feature. For more information, see: *Flexible Addresses, Oracle Receivables User Guide*.

If you do not want to manually enter or maintain location and tax rates, you can use the Sales Tax Rate Interface program to load this

information from an outside tax service. See: Using the Sales Tax Rate Interface and Implementing the Tax Vendor Extension in the *Oracle Receivables Tax Manual*.

Prerequisites

- Define your sales tax location flexfield structure: page 10 – 41
- Assign the tax account qualifier to any one of the segments of your location flexfield structure in the Define Key Flexfields window (*Oracle Applications Flexfields Guide*)

► **To define a new or update an existing tax location and its associated tax rate:**

1. Navigate to the Tax Locations and Rates window.
2. Choose the type of sales tax structure to define. Choose City, County, or State.
3. If you chose a sales tax structure of 'County,' enter the Given State in which this county is located, then choose Find.

If you chose a sales tax structure of 'City,' enter the Given County in which this city is located, then choose Find.

If you chose a sales tax structure of 'State,' choose Find.

4. To update an existing location or rate, update the Tax Account, Tax Rate, and range of Effective Dates or Postal Codes for this location, then go to step 10.

Note: You can also define additional tax accounting information for adjustments, discounts, or other Receivables activities by choosing the Tax Accounting button. See: Defining Tax Accounting for Tax Codes and Locations: page 6 – 10.

To add a new location, choose New Record from the Edit menu.

5. Enter the Name and Description of this location.
6. If this segment has been assigned to the tax account qualifier, Receivables enters a default Tax Account. This is the account you defined for the 'Location' tax code type in the Tax Codes and Rates window. You can update this information.
7. Enter the Tax Rate percentage to assign to this location (optional). You can enter multiple tax rates for this location as long as the date and postal code range do not overlap. Receivables uses the date and

postal code range for each tax rate assignment to determine when this assignment is active for this location.

8. If you are entering city level rate assignments and you include City in your tax location flexfield structure, you can optionally override the sales tax rates for the senior segments (State and/or County) of this structure. To override the sales tax rate for this city's state or county, enter a new rate in the Override Sales Tax Rates popup window. See: Defining a Sales Tax Location Flexfield Structure: page 10 – 41.



Attention: You can only use the override feature if you include City in your Sales Tax Location Flexfield Structure.

9. Enter a range of Effective Dates for this tax rate. The default start date is today's date, but you can change it. If you do not enter an end date, this tax rate will be valid indefinitely.
10. Enter a range of Postal Codes for this tax rate. Receivables uses the date and postal code range for your locations to determine which tax rate assignments to use when creating your sales tax rates. You can review these compiled sales tax rates in the Review Sales Tax Rates window.
11. Save your work.

See Also

Defining Tax Accounting for Tax Codes and Locations: page 6 – 10

Reviewing Sales Tax Rates: page 6 – 12

Tax Codes and Rates: page 6 – 2

Tax Exemptions: page 6 – 16

Calculating Tax: page 10 – 2

Sales Tax Listing: page 7 – 9

U.S. Sales Tax Report: page 3 – 34

Defining Tax Accounting for Tax Codes and Locations

Use the Tax Accounting window to enter additional accounting information about your tax codes and tax locations. You can specify expense, revenue, and non-recoverable accounts for your adjustment, finance charge, and earned and unearned discount activities. You can also use the Tax Accounting window to set up *deferred tax*, an accounting method in which tax is due when payment is applied to an invoice, rather than when the invoice is created.

If you use tax codes, use the Tax Accounting window to assign tax accounts to your tax codes. If you use location-based tax, use the Tax Accounting window to assign tax accounts to your tax locations.

To record tax on adjustments, discounts, and finance charges, specify an expense or revenue account and a non-recoverable account. The non-recoverable account records decreases in the total amount of tax that you collect for activities that the government does not consider a legitimate tax deduction.



Suggestion: You can define regular or deferred tax accounting for existing tax codes. To do this, select the tax code to modify, then disable it by entering the current date in the To field. Create a new record, then choose Duplicate Record Above from the Edit menu. Enter a new effective date range then define additional tax accounting for this tax code.

To use deferred tax accounting, use the Tax Accounting window to specify an *Interim Tax Account*. When you create an invoice, Receivables accounts for the liability in the Interim Tax Account. When you apply a payment to the invoice, Receivables automatically transfers the tax liability to the Tax Account.



Attention: If you are upgrading from a previous release of Oracle Receivables, you cannot update the tax accounting for transactions that have a status of 'complete.' Once a transaction is complete, Receivables creates all corresponding accounting entries and does not let you enter a different tax code or modify the existing accounting information.

Prerequisites

- Define tax codes and rates: page 6 – 2
- Define your sales tax location flexfield structure (Tax System Options, *Oracle Receivables User Guide*)
- Define tax locations and rates: page 6 – 7

Define Receivables Activities (*Oracle Receivables User Guide*)

► **To define additional tax accounting for existing tax codes or locations:**

1. If you use tax codes, navigate to the Tax Codes and Rates window.
If you use location-based tax, navigate to the Tax Locations and Rates window.
2. Select the tax code or location, then choose the Tax Accounting button.
3. To use deferred tax, check the Deferred box and then enter an Interim Tax Account, or select from the list of values.



Warning: Once you save your work, you cannot update the Deferred check box or modify the Interim Tax Account.

4. Enter an Expense/Revenue Account for each Receivables Activity type, including Adjustment, Earned Discount, Unearned Discount, and Finance Charge (optional).
5. If tax is not deductible for an activity type, enter a Non-Recoverable Tax Account. The Non Recoverable Tax Account records tax amounts that you cannot claim as a legitimate deduction to decrease your tax liability.

Note: You can also calculate and account for tax on Miscellaneous Cash transactions when defining your Receivables Activities. Miscellaneous Cash transactions always use the Tax Account.

6. Save your work.

See Also

Tax Accounting for Discounts : page 5 – 13

Tax Accounting for Miscellaneous Transactions: page 5 – 17

Tax Accounting for Adjustments and Finance Charges: page 5 – 22

Deferred Tax Accounting: page 5 – 5

Reviewing Sales Tax Rates

Use the Review Sales Tax Rates window to review your existing sales tax rates. Receivables creates these sales tax rates when you enter customer addresses in the Customers window. You can view the locations and associated rates for your customer addresses in the Tax Locations and Rates window. If you have a situation where locations are defined without rates and these locations are included in existing authorities, Receivables also creates sales tax rates when you assign rates to these locations.

If you update rates belonging to locations that are already included in an authority, Receivables automatically updates all of the sales tax rates that are associated to this authority. You can review the changes in this window.

The number of sales tax rates created for each authority depends upon the postal code and date ranges that you assigned to each location included in your authority.

The following table demonstrates the criteria that Receivables uses to create sales tax records for your customer addresses. In the example provided in the following table, the locations and rate assignments defined in Receivables include CA for the state of California, San Mateo as a county within California, and Foster City and Belmont as cities within San Mateo county:

Segment Value	From Zip	To Zip	Start Date	End Date	Tax Rate
CA	96199	96199-9999	15-JUL-90	Null	6.25%
CA	85364	89999-9999	15-JUL-90	Null	6.25%
CA	90000	94999-9999	15-JUL-90	Null	6.25%
San Mateo	00000	99999-9999	07-JUL-88	31-DEC-90	0%
San Mateo	00000	99999-9999	01-JAN-91	31-JAN-91	2%
Foster City	94063	94065-9999	01-JAN-91	31-JAN-91	1%
Belmont	94065	94069-9999	01-JAN-90	31-JAN-91	0%

When you enter and save these locations and their rate assignments, Receivables generates the sales tax rate records in the following table:

Authority	From Zip	To Zip	Start Date	End Date	Tax Rate
CA.San Mateo.Foster City	94063	94065-9999	01-JAN-91	31-JAN-91	6.25+2+1
CA.San Mateo.Belmont	94065	94069-9999	15-JUL-90	31-DEC-90	6.25+0+0
CA.San Mateo.Belmont	94065	94069-9999	01-JAN-91	31-JAN-91	6.25+2+0

Receivables only calculates sales tax rates for authorities that exist within your home country. For example, if you set up your sales tax system to handle business in the United States but you enter addresses in a foreign country, Receivables does not create locations, authorities, or sales tax records.

Prerequisites

- Enter customers (*Oracle Receivables User Guide*)
- Enter customer addresses (*Oracle Receivables User Guide*)

► **To review your sales tax rates:**

1. Navigate to the Review Sales Tax Rates window.
2. Choose Run from the Query menu.

See Also

Tax Codes and Rates: page 6 – 2

Tax Locations and Rates: page 6 – 7

Calculating Tax: page 10 – 2

Sales Tax Listing: page 7 – 9

U.S. Sales Tax Report: page 3 – 34

Tax Authorities

Tax Authorities represent a unique combination of locations and are created manually through the Tax Authorities window or automatically when you enter customer addresses. Receivables uses authorities to expedite sales tax calculations.

When you enter a customer address, Receivables first checks if this authority already exists for the appropriate date range. If it exists, Receivables uses the combined sales tax rate associated with this authority to calculate any tax amounts. If the authority does not exist, Receivables first checks if the locations and associated rates exist. If they exist, Receivables creates the authority and all of the sales tax rates. If the locations do not exist, Receivables creates the authority and the locations in the Tax Locations and Rates window.

You can also implement country specific validation of foreign customer address information using Flexible Address Formats. See: Flexible Addresses, *Oracle Receivables User Guide*.

You can disable an existing tax authority either by unchecking the Enabled check box or entering an ending effective date, and then saving your work.

Prerequisites

Define tax locations and rates: page 6 – 7

► **To define a new or review an existing tax authority:**

1. Navigate to the Tax Authorities window.
2. If you are reviewing an existing authority, query the authority to view.

If you are defining a new authority, enter the Authority location, or select from the list of values. Receivables displays an error message if you enter an authority that already exists.

3. Enter a range of Effective Dates for this authority. The default start date is today's date, but you can change it. If you do not enter an end date, this authority will be active indefinitely.
4. Save your work.

See Also

Reviewing Sales Tax Rates: page 6 – 12

Tax Codes and Rates: page 6 – 2

Entering Addresses for Customer Accounts, *Oracle Receivables User Guide*

U.S. Sales Tax Report: page 3 – 34

Tax Exemptions

Tax Exemptions [Window Title]

Exemptions By: Customer Item Range

Name: Number:

Location: Site:

Exemptions

Tax Code	Exemption		Reason	Effective Dates		Status	Optional Exempt %
	%	Number		From	To		
CST	100.00		Reseller	01/MAR/1998		Unapproved	
Exempt	100.00		Reseller	01/JUN/1996		Unapproved	
GNOPST	100.00		Reseller	01/AUG/1997		Unapproved	
GNPST	100.00		Reseller	01/AUG/1997		Unapproved	

Define tax exemptions to fully or partially exempt a customer, item, or range of items from specific tax codes. You can create exemptions against customers or items for either locations or specific tax codes.

To use customer exemptions, set the Use Customer Exemptions system option to 'Yes.' To use product exemptions, set the Use Product Exemptions system option to 'Yes.' To exempt customers or products from tax codes with a type of 'VAT' or 'Sales,' set the appropriate Use Tax Code system option to 'Yes.' See: Tax System Options in the *Oracle Receivables User Guide*.

To exempt a customer from all taxes, use the Customers window to assign this customer to a tax code with a zero tax rate. To exempt an item from all taxes, use the Items window to assign this item to a tax code with a zero tax rate. See: Items in the *Oracle Receivables User Guide*.

You can only define a tax rate exemption for items that can be entered on an invoice and have a status of 'Active.' In addition, if you create more than one exemption for the same customer, item, tax code, reason,

or certificate number, the date ranges of these exemptions cannot overlap.

You can also use the Tax Exemptions window to update the status of your exemptions. If you need to add an exemption number to an Unapproved exemption created in the Transaction window, you must change the status of this exemption to 'Expired' and recreate the exemption with the number.

Prerequisites

- Define system options (*Oracle Receivables User Guide*)
- Enter customers (*Oracle Receivables User Guide*)
- Define items (*Oracle Receivables User Guide*)
- Define tax codes and rates: page 6 – 2

► **To define an exemption for a customer:**

1. Navigate to the Tax Exemptions window.
2. Choose to create Exemptions By Customer.
3. Enter the customer Name or Number.
4. To view existing exemptions for this customer or item(s), choose Find.
5. Enter the Locations for which this exemption will be valid (optional).
6. Enter the Site to exempt (optional). Leave this field blank to exempt all of this customer's sites or if you want to create a regional exemption using the Location flexfield (see previous step).
7. Define your Exemption. See: Defining an Exemption: page 6 – 18.

► **To define an exemption for an item:**

1. Choose to create Exemptions By Customer.
2. Choose to create Exemptions By Item.
3. Enter the Item, or select from the list of values.
4. To view existing exemptions for this item, choose Find.
5. To create a new exemption, choose New Record from the Edit menu.
6. Define your Exemption. See: Defining an Exemption: page 6 – 18.

► **To define an exemption for a range of items:**

1. Choose to create Exemptions By Range.
2. Enter the Category and Category Set to which the range of items belongs (optional). (You use categories to group items with similar characteristics; a category set is a group of categories.)
3. Enter the User Item Type. For example, Finished Good, ATO Model, or Subassembly.
4. Enter the range of Items for this exemption.
5. Define your Exemption. See: Defining an Exemption: page 6 – 18.

Defining an Exemption

1. Enter the Tax Code from which you are partially or fully exempting this customer or item(s). You can enter exemptions for VAT tax codes, or for location based tax, using your 'Location' tax code. You cannot choose an ad hoc tax code when defining an exemption.
2. Enter the tax code percentage to exempt. You must enter a percent between 0 and 100.
3. Enter an exemption Number (optional).
4. Enter a Reason for this exemption, or select from the list of values.
5. Enter the range of Effective Dates for this exemption. The default start date is today's date, but you can change it. If you do not enter an end date, this exemption will be valid indefinitely.

If an exemption exists for an item, the new exemption you define takes precedence. For example, item A1 has an exemption with no ending effective date. If you define an exemption for this item with an effective start date of January 1, 1996, Receivables sets the existing exemption's end date to December 31, 1995, and creates the new exemption with the effective dates that you specify.

6. Enter a Status for this exemption.

Unapproved: Exemptions created automatically during transaction entry or import are recorded as Unapproved. The start date for the newly created exemption is set to the start date of the Defined Period in which the Receivables Transaction or Sales Order date falls. The Unapproved Exemption is created for the location segment to which the flexfield qualifier "EXEMPT_LEVEL" is assigned. Exemptions with this status may be changed to any of the statuses listed here.

Manual: This exemption has been approved but Receivables will not automatically use it. You have to explicitly use this exemption. Exemptions with this status can only be changed to Primary or Expired.

Primary: This exemption has been approved and Receivables will automatically calculate tax. Exemptions with this status can only be changed to Manual or Expired.

Expired: Discontinue a previously approved exemption. Once discontinued, their status cannot be changed.

Rejected: Reject an Unapproved exemption. Once rejected, their status cannot be changed.

7. Save your work.

See Also

Customer Exemption Certificates: page 3 – 4

Calculating Tax: page 10 – 2

Tax Rate Exceptions: page 6 – 26

Tax Exempt Customer Report: page 7 – 10

Tax Exempt Product Listing: page 7 – 11

Tax Groups

Tax Groups

Group Code: Output
Group Name: Input
Effective: - Enabled
Description:
Constraint Name:

Tax Codes

Rates Conditions

Display Order	Tax Code	Tax Rate %	Tax Amount Sign	Formula	Inclusive Tax	Corr Pre
1	CNTX0203	10	Cr		<input checked="" type="checkbox"/>	
2	CNTX0203	10	Cr		<input checked="" type="checkbox"/>	
3	CNTX0205	8	Cr		<input checked="" type="checkbox"/>	
4	CNTX0203	10	Cr		<input checked="" type="checkbox"/>	
					<input type="checkbox"/>	

Use the Tax Groups window to group multiple, conditional taxes. Tax groups let countries with multiple taxes automatically calculate each applicable tax within Receivables and Oracle Order Management. For example, Canada has two types of taxes: Goods and Services Tax (GST) and Provincial Sales Tax (PST). GST is a federal sales tax that is applied for all shipments, and has one standard tax rate. PST is applied at the provincial level and has a different tax rate for each province. Similarly, India has multiple taxes, both government and state sales tax applies, and the state tax rate is controlled by the ship-to address.

When you implement VAT and Canadian Tax, you should assign tax codes or tax groups at the Customer and/or Item Levels, as described in Chapters 2 and 4.

Compound Tax

Tax groups support compounded tax rates within the group. Compound tax enables you to calculate multiple taxes for a transaction. To compound tax, specify an order of precedence for each tax code in the group. Once set up, Receivables automatically calculates the compounding of multiple taxes within the group when you assign it to a transaction.

Tax groups can also contain multiple independent branches of compounded tax. Within each compounding branch, Receivables adds tax to the original amount, so each subsequent tax line within the branch calculates tax on the new taxable amount. Receivables then adds the tax for each compounding branch to determine the total tax amount.



Attention: A compounding branch within a Tax Group can contain either inclusive or exclusive tax codes, but not both. Additionally, only one compounding branch in a Tax Group can have inclusive tax codes.

Note: Tax groups consisting of tax inclusive tax codes cannot contain some tax codes with a Taxable Basis of After Discount and some with a Taxable Basis of Before Discount.

For more information, see: Compounding Tax Codes in a Tax Group: page 10 – 32.

Inclusive Tax

Inclusive tax codes include the tax for a transaction line in the line amount, rather than displaying these amounts separately. Certain restrictions apply when using inclusive tax codes in compounding branches of a Tax Group. See: Compounding Tax: page 6 – 21.

For more information, see: Tax Inclusive: page 10 – 28.

Note: If you override a tax code, Receivables preserves the override across all updates to the invoice. Similarly, changing the ship-to address or the line item could change the default tax code.

Condition Sets

You can use a *Condition Set* to indicate that each tax code within the Tax Group is dependent upon one or more conditions that you specify. For example:

“If the ship-to country = Canada and the ship-to province = Quebec, then use this tax code; otherwise, do not use this tax code.”

You can set up a Condition Set using these options:

- **Clause:** If, And, Or, Else
- **Operator:** =, < > (does not equal), < (less than), > (greater than), <= (less than or equal to), >= (greater than or equal to)

This table shows the valid values for the Entity option, and the corresponding valid values for the Field option:

Entity	Field
Ship From	Country; State; County; Province; City
Ship-To	Country; State; County; Province; City; Tax Registration Number
Bill-To	Country; State; County; Province; City; Tax Classification; Tax Registration Number
Order Origin	Country; State; County; Province; City
Order Acceptance	Country; State; County; Province; City
Transaction	FOB; Type
Item	User Item Type

You can also specify an action for each Condition Set using these options:

- **Action:** Error Message, Use This Tax Code, Do Not Use This Tax Code, Default Tax Code, System Error

You can use a Condition Set in multiple Tax Groups.

Note: If you are upgrading from a previous release of Oracle Receivables, the name of the Condition Set of each tax code in your existing Tax Groups is 'Upgrade'.

Exception Sets

To automatically change the rate for a tax code within a Tax Group, assign an *Exception Set* to the tax code. When this tax code is used, Receivables changes the tax rate to the rate specified in the Exception Set. For example, the tax code 'Standard' has a rate of 7%. However, if the bill-to site is located in New York city, the tax rate must be 9.5%.

You create an Exception Set with the following definition and assign it to this tax code:

“If Bill-to City = New York, then Apply Exception rate of 9.5%.”

When the Standard tax code is used and the bill-to address is New York city, Receivables applies a tax rate of 9.5%; otherwise, Receivables uses the predefined rate of 7%.

You can use an Exception Set in multiple Tax Groups.

Note: Valid options for defining an Exception Set are the same as for Condition Sets, except:

- the list of available Operators also includes ‘Not Found’
- the list of available Actions also includes ‘Apply Exception’ and ‘Do Not Apply Exception’
- the list of available Fields does not include ‘Tax Registration Number’
- the list of available Operators does not include ‘is’ and ‘is not’

Group Constraints

Assign *Group Constraints* to a Tax Group to ensure specific conditions are met before using this Tax Group. Receivables checks all Group Constraints when you assign a Tax Group to a transaction. If none of the constraints are found, Receivables uses the Tax Group to calculate tax; otherwise, Receivables performs the action specified (for example, use a default tax code).

Following is an example of a Group Constraint:

“If ship-to or ship-from Province not found, display system error message.”

You can use a Group Constraint Set in multiple Tax Groups.

Note: Valid options for defining a Group Constraint are the same as for Condition Sets, except:

- the list of available Entities also includes Tax Code
- the list of available Operators also includes ‘Not Found’
- the list of available Actions are Error Message, Default Tax Code, System Error, Use This Tax Group, and Do Not Use This Tax Group
- the list of available Fields does not include ‘Warehouse’

- the list of available Fields does not include 'Tax Registration Number'
- the list of available Operators does not include 'is' and 'is not'

Prerequisites

Define tax codes and rates: page 6 – 2

► To define a Tax Group:

1. Navigate to the Tax Groups window.
2. Enter the Group Code for this Tax Group.
3. Enter a Group Name for this Tax Group. The default is the Group Code, but you can change it.
4. Enter a range of Effective dates for this Tax Group. The default start date is the current date, but you can change it. If you do not enter an end date, this Tax Group will be active indefinitely.
5. Enter a Description of this Tax Group (optional).
6. Choose Output to use this Tax Group with invoices, debit memos credit memos, adjustments, discounts, finance charges and miscellaneous cash. Choose Input to use this Tax Group in Oracle Payables.
7. To disable this Tax Group, uncheck the Enabled box.
8. Enter a Tax Code or select one from the list of values. You can only select tax codes with effective dates that are within the effective dates for this Tax Group. For example, if the effective date for your Tax Group is from 01-JAN-97, you cannot enter a tax code with a start date before 01-JAN-97, even if the tax code has no end date. Receivables places this restriction because an end date could be added to the tax code later to make it inactive, thereby making it invalid within the Tax Group.
9. To limit the dates in which this tax code will be active within this Tax Group, enter an End Date. The default Start Date is today's date, but you can change it. If you do not enter an end date, this tax code will remain active within this Tax Group until you specify an end date or uncheck the Enabled box.
10. To specify conditions for using this tax code, choose a Condition Set or choose New to define a new Condition Set. To always use this

tax code, do not specify a Condition Set. See: Condition Sets: page 6 – 21.

11. To specify a rate exception for this tax code, choose an Exception Set or choose New to define a new Exception Set. See: Exception Sets: page 6 – 22.



Attention: The Tax Code, Tax Rate, Tax Amount, Sign, Formula, and Inclusive Tax fields are for display only. You define these values in the Tax Codes and Rates window.

12. Enter a Compounding Precedence number (optional). This number indicates the order in which Receivables selects tax codes when compounding taxes in a Tax Group.
13. Repeat steps 8 through 12 for each tax code to add to this Tax Group.
14. To specify a Group Constraint for this Tax Group, choose an existing Group Constraint, or choose New to define a new one. See: Group Constraints: page 6 – 23.
15. Save your work.

Note: If this Tax Group has no Condition Set, Receivables validates the Tax Group definition when you save your work. If this Tax Group has a Condition Set, Receivables does not validate the Tax Group definition until you assign it to a transaction. See: Condition Sets: page 6 – 21.



Suggestion: After setting up your Tax Groups, run the Tax Code and Tax Group Listing reports to ensure they are defined correctly.

See Also

Calculating Tax: page 10 – 2

Implementing Canadian Sales Tax: page 4 – 2

Tax Inclusive: page 10 – 28

Tax Rate Exceptions

Use the Item Tax Rate Exceptions window to assign special tax rates to products that you ship to specific authorities.

You can only define a tax rate exception for items that can be entered on an invoice and have a status of 'Active.'

Item tax rate exceptions apply only to location based tax. Therefore, to use tax rate exceptions, your Location Flexfield Structure must be State.County.City. To use the exceptions that you define in this window, ensure that the system option Use Item Tax Rate Exceptions is set to Yes.

Prerequisites

- Define items (*Oracle Receivables User Guide*)
- Define tax codes and rates: page 6 – 2
- Define tax rate exception reason lookups (*Oracle Receivables User Guide*)
- Define tax authorities: page 6 – 14

► To define a tax rate exception:

1. Navigate to the Item Tax Rate Exceptions window.
2. Choose to create an Exception By Item or Range.
3. If you chose exceptions by Item, enter the Item to exempt or select from the list of values.

If you chose exceptions by Range, enter the Category Set, User Item Type, and a range of Items.
4. To query existing exceptions for this item or range, choose Find.
5. Enter the range of Effective Dates for this exception. The default start date is today's date, but you can change it. If you do not enter an end date, this exception will be valid indefinitely.
6. Enter the authority Location for which you want to define a tax exception for this item or range of items. You can choose to selectively enter values for the different segments in the authority. For example, to enter a tax exception for the entire state of California, you would enter a value for California in the state segment, and leave all the child segments blank. To enter the exception for a particular county within California, enter the state and county values, but leave the city segment blank. (This assumes

that you are using state–county–city as your location flexfield structure.)

Note that you cannot leave a segment blank if its child segment has a value assigned to it. For example, if you have assigned a value to city, its parent segments county and state must have values assigned to them. You cannot update the location flexfield for an exception once the exception has been used within Receivables.

7. Enter the Tax Rates for each location in your authority.

You can choose to leave the tax rates blank for one or more locations of your authority if you do not wish to override that location's default tax rate. For example, if your state is California and you do not wish to override California's default tax rate, leave the state tax rate blank. You cannot update the tax rate flexfield for an exception once the exception has been used within Receivables.

8. Choose a Reason for creating this tax exception. You can define tax exception reasons in the Receivables Lookups window by specifying the lookup type 'Tax Rate Exception Reason.' See: *Defining and Updating Receivables Lookups in the Oracle Receivables User Guide*.
9. Save your work.

See Also

Calculating Tax: page 10 – 2

Tax Exemptions: page 6 – 16

Tax Exceptions Listing: page 10 – 2

CHAPTER

7

General Tax Reports

This chapter describes the reports you can use to review all tax-related information in your application, regardless of your tax method.

Overview of Receivables Tax Reports

Receivables provides the following reports to help you review your tax information and determine your overall tax liability.

Tax Listing Reports

You can print all of your tax listing reports from either the Print Listing Reports or the Submit Requests window. Receivables provides the following tax listing reports:

- Sales Tax Listing: page 7 – 9
- Tax Code Listing: page 7 – 4
- Tax Group Listing: page 7 – 6
- Tax Exceptions Listing: page 7 – 11
- Tax Exempt Customer Report: page 7 – 10
- Tax Exempt Product Report: page 7 – 11
- Tax-Only: Open Invoices Report: page 7 – 8

Sales Tax Reports

You can print all of your sales tax reports from either the Submit Requests screen or the Print Other Reports window. Receivables provides the following sales tax reports:

- Tax Received Report: page 7 – 7
- US Sales Tax Report: page 3 – 34

Tax Reports

You can print all of your tax reports from the Submit Requests window. Receivables provides the following tax reports:

- Customers with Invoices at 0 and no VAT Registration Number: page 2 – 34
- VAT Exception Report: page 2 – 37
- Tax Reconciliation Report: page 7 – 12
- Tax: Setup Verification Report: page 7 – 20
- Tax Register Report: page 7 – 21
- Financial Tax Register: page 7 – 25

Sales Tax Rate Interface Report

If you import your sales tax rate and location data using the Sales Tax Interface, Receivables automatically generates the Tax Interface Report: page 8 – 16. This report shows you what information was imported into Receivables. You run the Sales Tax Rate Interface from the Run Tax Rate Interface window.

See: Using Sales Tax Rate Interface: page 8 – 11 and Running the Tax Rate Interface Program: page 8 – 13.

See Also

Country-Specific Documentation

Country Specific VAT Reporting: page 2 – 28

Movement Statistics Report (*Oracle Inventory User Guide*)

Tax Code Listing

Use this report to review the tax codes that you defined in the Tax Codes and Rates window. This report lists the tax rate, tax type (VAT, Sales Tax, or Location), effectivity dates, control flags, taxable basis, and the tax accounts defined for each tax code.

There are no parameters for this report.

Figure 7 – 1 Tax Code Listing

Vision Operations (USA)		Tax Code Listing										Report Date: 1999/05/25 09:02:09	
Tax Class: Output												Page: 1	
Tax Code	Printed Name	Description	Type	Start Date	End Date	Ad Hoc	Allow Exempt Tax	Over-ride	Taxable Basis	Tax Rate/Qty	PL/SQL Formula		
HSTNB		Sales		01-04-1997		No	No	Yes	Yes	Before Early Pay	15		
		Tax Account :		01-000-2525-3004-000		-	Ope-Balance	Shee-Canadian	(GST)	-New Brunswick-No	Product		
HSTNF		Sales		01-04-1997		No	No	Yes	Yes	Before Early Pay	15		
		Tax Account :		01-000-2525-3005-000		-	Ope-Balance	Shee-Canadian	(GST)	-Newfoundland-No	Product		
HSTNS		Sales		01-04-1997		No	No	Yes	Yes	Before Early Pay	15		
		Tax Account :		01-000-2525-3007-000		-	Ope-Balance	Shee-Canadian	(GST)	-Nova Scotia-No	Product		
Internation		Non Ta		01-11-1992		No	Yes	No	No	Before Early Pay	0		
		Tax Account :		01-000-1335-0000-000		-	Ope-Balance	Shee-Exempt	VAT-No	Sub Account-No	Product		
KSALES		Sales		19-03-1999		Yes	No	No	No	Before Early Pay	10		
		Tax Account :		01-000-2520-0000-000		-	Ope-Balance	Shee-State	Sales and-No	Sub Account-No	Product		
Loc1		Sales		01-01-1990		No	No	No	No	Before Early Pay	6		
		Tax Account :		01-000-2520-0000-000		-	Ope-Balance	Shee-State	Sales and-No	Sub Account-No	Product		

Figure 7 – 2 Tax Code Listing

Vision Operations (USA)		Tax Code Listing							Report Date: 1999/05/25 09:02:09		
Tax Class: Output									Page: 2		
Tax Code	Printed Name	Description	Type	Start Date	End Date	Ad Hoc	Allow Exempt Tax	Over-ride	Taxable Basis	Tax Rate/Qty	PL/SQL Formula
Location			Locati	01-11-1992		Yes	Yes	No	No	Before Early Pay	
		Tax Account :		01-000-2525-0000-000	- Ope-Balance	Shee-Canadian	(GST)	-No Sub Account-No	Product		
		Adjustment :		01-130-2520-0000-000							
MBPST		Sales	01-01-1990			No	No	No	Yes	Before Early Pay	7
		Tax Account :		01-000-2525-3003-000	- Ope-Balance	Shee-Canadian	(GST)	-Manitoba-No	Product		
NBPST		Sales	01-01-1990	31-03-1997		No	No	No	Yes	Before Early Pay	11
		Tax Account :		01-000-2525-3004-000	- Ope-Balance	Shee-Canadian	(GST)	-New Brunswick-No	Product		
NFPST		Sales	01-01-1990	31-03-1997		No	No	No	Yes	Before Early Pay	12
		Tax Account :		01-000-2525-3005-000	- Ope-Balance	Shee-Canadian	(GST)	-Newfoundland-No	Product		
NSPST		Sales	01-01-1990	31-03-1997		No	No	No	Yes	Before Early Pay	11
		Tax Account :		01-000-2520-3007-000	- Ope-Balance	Shee-State	Sales and-Nova Scotia-No	Product			

See Also

Tax Codes and Rates: page 6 – 2

Defining Tax Accounting for Tax Codes and Locations: page 6 – 10

Tax Group Listing: page 7 – 6

Tax Group Listing

Use this report to review tax groups that you defined in the Tax Groups window. This report lists the Group Constraint name and effectivity dates for each tax group, as well as detailed information for each tax code in the group. The report lists the effectivity dates, Condition Set, compounding precedence, and Exception Set for each tax code and shows you the definition of each Condition Set in the group.

There are no parameters for this report.

Note: To see an example of the Tax Group Listing, refer to Figure 4 – 2 in: Setup Steps for Canadian Tax: page 4 – 9.

See Also

Tax Groups: page 6 – 20

Tax Codes and Rates: page 6 – 2

Tax Code Listing: page 7 – 4

Tax Received Report

Use this report to review the amount of taxes you received for each taxable debit item. The Tax Received report automatically sorts by tax code and lets you see how much tax you received for the GL date range that you specify or for a specific tax code.

Note: This report displays the Amount Received in the currency of the transaction.

Report Parameters

Receivables provides the following reporting options:

Order By: Receivables uses state to order your report information.

State: Select and print your report information from the state range you specify.

GL Date: Select and print your report information from the debit item GL date range you specify.

Report Headings

Report headings provide general information about the contents of your report or listing such as your set of books name, report title, date and time you run your report and page number.

Order By: Receivables prints 'State' as your order by option.

Currency: Receivables prints the currency above all debit items belonging to this currency. Receivables creates separate pages for debit items with different currencies.

GL Date From (Date) To (Date): Receivables prints the debit item general ledger date range (if you entered one).

Row Headings

Row headings give you descriptions of the contents of each row within your report or listing.

City Subtotal: Receivables prints the line, tax, amount received and tax received subtotals for each city.

County Subtotal: Receivables prints the line, tax, amount received and tax received subtotals for each county.

Invoice Grand Total: Receivables prints the line, tax, amount received and tax received totals for all debit items on this report.

Column Headings

Amount Received: The total of the lines and tax amount for this transaction. The report shows this amount in the same currency as the transaction.

Lines Amount: The total line amount for this transaction.

Tax Amount: The total tax amount for this transaction.

Tax Received: The total amount of tax received for this transaction.

Tax-only: Open Invoices Report

Use this report to review invoices where all amounts have been paid or credited except the tax amount. These are invoices where the tax amount may be in dispute. Use this report to highlight potential problems.

Report Parameters

Receivables provides the following reporting options:

Order By: Select the option to use to sort your information from the following:

- Customer Name
- Invoice Date
- Invoice Number

Currency Code: Select and print report information from the currency code you specify.

Invoice Date: Select and print report information from the invoice date range you specify.

Report Headings

Report headings provide general information about your report or listing such as your set of books name, report title, date and time you run your report and page number.

Currency: The currency above all invoices belonging to this currency

Invoice Date From (Date) to (Date): The invoice date range (if you entered one).

Column Headings

Column Headings describe specific columns in your report or listing.

Customer Name: The customer name for this invoice.

Invoice Date: The invoice date. This is typically the date you create the invoice.

Days Overdue: The number of days the uncollected tax amount is past due.

Original Amount: The original tax charges for this invoice.

Amount Outstanding: The unpaid amount of tax for this invoice.

Row Headings

Row headings give you descriptions of the contents of each row within your report or listing.

Amount Outstanding Grand Total: The total outstanding tax amount for the invoices on this report.

Sales Tax Listing

Use this report to review all home country locations that were ever used and the sales tax rates for these locations. The report lists each location, the postal code range covered by the location, the tax rates, the period for which the rates are valid, and the accounting flexfield associated with the sales tax. See: Reviewing Sales Tax Rates: page 6 – 12.

See Also

US Sales Tax Report: page 3 – 34

Tax Exempt Customer Report

Use this report to review customers with a tax exemption. Full tax exemptions are assigned in the Tax Exemptions window. For each exemption, Receivables lists the customer name, customer number, location code, site, tax code, the percentage of the customers debt that is exempt, reason code for the exemption, the date range when it is active, and the exemption status. See: Tax Exemptions: page 6 – 16.

Report Parameters

When you request this report, Receivables provides the following reporting options:

Order By: This report orders your information in the following manner:

1. Tax Code
2. Exemption Status
 - 2.1 Primary Certificates
 - 2.2 Manual Certificates
 - 2.3 Unapproved
 - 2.4 Expired
 - 2.5 Rejected
3. Customer or Location
4. Start Date
5. Exemption Certificate

Select the option you want Receivables to use to sort your information in the third level.

Customer Choose this option if you want Receivables to automatically sort and print your customer tax exemptions information by customer.

Location Choose this option if you want Receivables to automatically sort and print your customer tax exemption information by location.

Exemption Status: The status of the exemptions to include in this report. If you do not select a status, Receivables includes all exemptions. Valid options include Expired, Manual, Primary, Rejected, and Unapproved.

Company Name: The company name range to include in this report.

Tax Code: The tax code range to include in this report.

Creation Date: A date range to limit the customers included in this report to those whose tax exempt creation date falls within the range.

Tax Exempt Product Report

Use this report to review the inventory items with tax exemptions. You assign exemptions to items in the Tax Exemptions window. For each item with an exemption, Receivables lists the item name, tax code assigned to the item, percent of the item that is exempt, exemption number, reason code, and the date range when the exemption is active. See: Tax Exemptions: page 6 – 16.

Tax Exceptions Listing

Use this report to review a list of all item tax exceptions you defined in the Item Tax Rate Exceptions window. Item tax exceptions are tax rates that you assign to an inventory item that is shipped to a specific shipping address. Receivables displays tax rates that were originally assigned to the Location Flexfield as well as the tax exception rates. See: Tax Rate Exceptions: page 6 – 26.

Tax Reconciliation Report

Figure 7 – 3

Transaction Number		Class	Invoice Number	GL Date	Taxable Amount	Posted	Unposted	VAT Discount	Manual Adjustment	Cash
Set of Books 2 (Release 10) Output Tax Reconciliation Report Report Date: 26-JUN-95 08:55										
Posting Status: Posted GL Date: 01-MAY-1995 To 30-JUN-1995 Page: 3										
Detail Level: Show Summary and all Transactions										
Include: Accruals Adjustments Discounts Miscellaneous Cash Payments										
Application Date: Due Date										
VAT Account From: 00.000.5600.000.000.000 To: 99.999.5603.999.999.999										
VAT Account: 01.500.5600.000.000.000 - Sporting Goods.None.Output VAT Standard.None.None.None										

Total										
Totals for 01.500.5600.000.000.000 - Sporting Goods.None.Output VAT Standard.None.None.None										
Class			Taxable Amount	Posted	Unposted	VAT	Manual	Total	General Ledger Activity	
Invoice			161,950.00	32,394.50	0.00		0.00	32,394.50		
Credit Memo			(23,500.00)	(4,700.00)	0.00		0.00	(4,700.00)		
Invoice Adjustments			(40,500.00)	0.00	0.00		(8,800.00)	(8,800.00)		
Total			97,950.00	27,694.50	0.00		(8,800.00)	18,894.50	(27,694.50)	

To ensure the collection of tax, each country requires periodic tax returns detailing the taxable and tax amounts for every tax code with point of supply within your registration. These returns must be supported by reports that include all transactions for which tax should have been charged.

To accommodate each country's tax reporting requirements, you should be able to:

- Display tax for all taxable transactions.
- Identify taxable and tax amounts for each rate and transaction class.
- Prepare periodic tax returns (as required by each country) from your receivables and payables subledger transactions.

- Ensure the tax liability for each tax code is posted to a separate general ledger account or sub-account. The activity for each of these tax liability accounts, or sub-accounts, must equal the amount of output tax on each respective tax code.
- Ensure all tax transactions have been posted to the appropriate tax liability account and reported correctly.
- Reconcile your tax returns to the tax liability accounts in your general ledger.
- Report tax transactions on both an accrual calculation basis and a cash calculation basis.
- View both posted and unposted tax amounts to recognize your overall tax liability.
- Report on deferred tax and all taxable transactions for which tax accounting is defined. Taxable transactions only include adjustments, discounts, finance charges, and miscellaneous receipts that you create in Receivables.
- Report across multiple organizations or legal entities (if using the multiple organization support feature).

Use the Tax Reconciliation Report to prepare the Output Tax portion of your periodic tax returns. This report lists the taxable and tax amounts, by tax account, of all your Receivables transactions for a given period to enable you to identify and review your tax liability for various tax codes. The Tax Account Low and Tax Account High parameters enable you to select only tax liability accounts from your general ledger.



Suggestion: To calculate the Input Tax for your tax return, refer to the Accounts Payable Tax section in the *Oracle Payables User Guide*.

Only the taxable and tax amounts of a given transaction associated with a particular tax code and general ledger account will be reported within that account. If you post multiple taxes per invoice line, the taxable amount will be multiplied by the number of taxes you post.

Note: Receivables lets you assign a unique general ledger account or sub-account for each tax code using the Tax Codes and Rates window. See: Tax Codes and Rates: page 6 – 2.

Additionally, the Tax Reconciliation Report provides you with all of the transaction detail from the Receivables subledger to enable you to reconcile the Output Tax portion of your tax returns to the general ledger.



Warning: This report will only be accurate and allow you to reconcile transactions to your general ledger if you have not created any adjustments of type Line, Invoice, or Freight. The Tax Reconciliation Report only includes adjustments of type 'Invoice' and 'Charges' when you set the Include Adjustments parameter to Yes. See the Report Parameters section below for more information.

Report Parameters

Within Receivables you can submit the Tax Reconciliation Report from the Submit Requests window. The parameters for the Tax Reconciliation Report should be set to include all tax transactions posted to your tax liability accounts for the accounting period you plan to review.



Suggestion: Define a Tax Reconciliation Report Set that includes the following reports to assist you in compiling the Output portion of your tax return:

- Tax Reconciliation Report
- Tax Exempt Customer Report
- Tax Exempt Product Listing
- Tax Register Report

Reporting Level: Enter the reporting level for this report. Choose Set Of Books, Legal Entity, or Operating Unit. If you use Multiple Organization Support, the default is Operating Unit. If you do not use Multiple Organization Support, the default is Set Of Books.

Note: The profile option MO: Top Reporting Level determines the top reporting level for your responsibility.

Reporting Context: If you entered Set of Books for the Reporting Level, the default is the set of books associated with your responsibility. If you entered Legal Entity for the Reporting Level, select a legal entity from the list of values. The profile option MO: Top Reporting Level determines which legal entities appear in the list of values. If this profile option is set to Set of Books, you can choose any legal entity that posts to your set of books. If the profile option is set to Legal Entity, you can choose only the legal entity associated with the operating unit assigned to your responsibility.

If you entered Operating Unit for the Reporting Level parameter, select an operating unit from the list of values. The profile option MO: Top Reporting Level determines which operating units appear in the list of

values. If this profile option is set to Set of Books, you can choose any operating unit that posts to your set of books. If the profile option is set to Legal Entity, you can choose any operating unit within the legal entity associated with the operating unit assigned to your responsibility. If the profile option is set to Operating Unit, you can select only the operating unit assigned to your responsibility.

Note: The profile option MO: Operating Unit determines the operating unit for your responsibility.

GL Date Low/High: Enter the GL Date range for the period you wish to review. The default values are the start and end dates of the most recent accounting period. The general ledger activity of the tax account is displayed if the GL Date range selected corresponds to a valid accounting period and no transaction date range is entered.

Transaction Date Low/High: The Transaction Date Range should be set to null. Otherwise, if the transaction date and GL date for a given transaction fall in different periods, your report will not balance to the general ledger for the requested GL Date Range.

Tax Account Low/High: Select the general ledger account range to review.



Suggestion: When defining your chart of accounts you should group your accrual basis tax accounts together and your cash basis tax accounts together. You can then use the distinct account ranges to define unique report sets for each type of tax basis.

Include Accruals: Choose whether to report on accrual transactions from the receivables subledger, which include the following transaction classes:

- Invoices
- Debit Memos
- Credit Memos

Include Adjustments: Choose whether to report on adjustments of type Invoice, Charges, Line, and Tax.

Include Discounts: Choose whether to report on Earned and Unearned Discounts.

Include Miscellaneous Cash: Choose whether to report on Miscellaneous Cash Receipts (including bank charges).

Include Receipts: Choose whether to report on cash receipts (including bank charges).

Posting Status: You can report on posted, unposted or all transactions. When you report on posted transactions only, the Unposted column will always display zero, while the Posted column will display zero when reporting on unposted transactions.

Detail Level: To include all transaction detail, accept the default value Show Summary and all Detail. To display only transaction summary information, choose Show Summary Only.

Payment Date: If you choose to include receipts required in cash basis reporting of tax, you can control which date is used to report the receipt. Choose either the GL Date of the cash application or the Maturity Date of the cash receipt. Selecting Maturity Date is appropriate when utilizing Bills of exchange as it could mature several weeks after the application.

Show Ship To Address: Choose how you want to print this customer's ship to address on the report. Choose City, County, Country, Province, State, or None.

Column Headings

The Tax Reconciliation Report is ordered by the Company segment of the accounting flexfield, the natural account segment of the accounting flexfield, the accounting flexfield, the general ledger date, the invoice number, the transaction class and the transaction number. All amounts are displayed in functional currency and the transactions are totaled by general ledger account. See the Detail Section below for the contents of each column.

Detail Section

Batch Source: The batch source of this transaction.

Transaction Number: This column displays the transaction number of the applied transaction and relates to the following transactions:

- Adjustments
- Credit Memos
- Debit Memos
- Discounts
- Invoices
- Miscellaneous Cash
- On Account Credit Memos

- Receipt Applications

Document Name/Number: The document sequence name and number of this transaction.

Transaction Class: For example:

- Adjustment
- Credit Memo
- Earned and Unearned Discounts
- Debit Memo
- Finance Charges
- Invoice
- Miscellaneous Cash
- Receipt Application

Related Transaction: This column displays the transaction number of any related transaction. For example, a credit memo, adjustment, or (for earned and unearned discounts) receipt number.

GL Date: The GL date for this transaction.

Ship to: The ship-to address for this transaction, as specified in the Show Ship to Address parameter. For example, if you specified State, the report prints the state portion of the ship-to address.

Taxable Amount: This column reports on the taxable amount of the transaction related to the current general ledger account. If a transaction posts tax to multiple general ledger accounts, because the transaction includes multiple tax codes, the sum of the taxable amounts from each general ledger account will equal the total taxable amount for the transaction.



Warning: Any invoice line that posts multiple taxes (each with its own tax code) will display the full value of the taxable amount of the invoice line once for each general ledger account associated with the tax code. The duplication of taxable amounts will cause the report to overstate your total taxable amount for the period. To avoid this, ensure that each tax code posts to a distinct tax account.

Posted Tax: This column displays tax amounts posted to the general ledger.

Unposted Tax: This column displays tax amounts not yet posted to the general ledger.

Summary Section

The summary section of this report contains the following information.

Transaction Class: This column displays a summary of the transaction classes displayed in the detail section of the report. The report displays transaction classes in the following order:

- Invoice, Credit Memo and Debit Memo
- Earned Discount
- Unearned Discount
- Miscellaneous Cash
- Adjustment
- Cash Application

Taxable Amount: This column shows a summary of the Taxable Amount column from the detail section per transaction class.

Posted Tax: This column shows a summary of the Posted Tax column from the detail section per transaction class.

Unposted Tax: This column shows a summary of the Unposted Tax column from the detail section per transaction class. At the end of the reporting period, you should not have any unposted transactions.

Total Tax: This column displays the sum of the Posted and Unposted columns. This value represents your Output Tax for the reporting period and tax code as defined by the selected date range and Tax account parameters.

General Ledger Activity: The General Ledger Activity of the tax account is displayed if the GL Date Range selected corresponds to a valid accounting period in General Ledger and no transaction date range is entered. The value reported in this column is the net of all general ledger activity posted to this account for the given period.

You can use this value to compare the Total Tax by account with your General Ledger. The Total Tax for each account should equal the general ledger activity for the corresponding account. To review the details of the general ledger activity you should run the Account Analysis Report from Oracle General Ledger. Please refer to the Account Analysis Report in the *Oracle General Ledger User Guide*.



Warning: If you revalue the foreign currency transactions for your tax accounts within the general ledger, the general ledger account activity shown will no longer balance to the subledger transactions in the detail section of this report. The functional

amounts reported by the subledger for the transaction detail will be shown using the original exchange rate of the transaction, not the exchange rate used to revalue the general ledger account.

Row Headings

Tax Account: The report groups all transactions by general ledger account. This row displays the general ledger account and description with the totals for each column within the account. Each account should map to a single tax code.

See Also

Implementing Value Added Tax: page 2 – 2

VAT Exception Report: page 2 – 37

Customers with Invoices at 0 and no VAT Registration Number: page 2 – 34

Tax Register Report: page 7 – 21

Tax: Setup Verification Report

Use the Tax: Setup Verification Report to verify your tax setup and installation. The report runs diagnostics on Vertex, Taxware, and the Oracle Receivables tax engine setup and installation. If your Oracle Applications are integrated with Vertex or Taxware, you can use this report to verify that your tax partners are integrated with Oracle Receivables correctly.

You should run this report after you have completed your entire tax setup. The report provides these verification diagnostics:

- Verifies that the partner schema was created.
- Displays all tax-related profile options and their settings.
- Displays all tax-related system options and their settings.
- Displays the default tax codes.
- For Vertex and Taxware, verifies the correct installation of grants, synonyms, and indexes.
- For Vertex and Taxware, verifies the lookup code ARTAXVDR: location qualifier setup.

Report Parameters

Tax Partner Name. Name of the tax partner for this report run.

Tax Partner Schema Name. If you entered *Vertex* or *Taxware* in the Tax Partner Name parameter, enter the name of the tax partner schema. If you enter an incorrect schema name, the report printout indicates that you provided an incorrect schema.

See Also

Implementing the Taxware/Sales Use Tax System, *Guide to Integrating Oracle Receivables with Taxware Sales/Use System*

Implementing the Vertex Quantum Integration, *Guide to Integrating Oracle Receivables with Vertex Quantum*

Tax Register Report

Figure 7 – 4

Science Research Institute		Tax Register				Report Date: 28-JUN-94 10:35			
Currency: USD		GL Date: From 01-JAN-1994 To 31-MAY-1994				Page: 1 of 10			
Order By: Customer Name		Invoice Date: From 01-APR-1993 To 01-APR-1995							
Tax code: Golf									
Invoice Number	Type	Adjustment Number	Invoice Date	Name	Customer Number	Location	Exempt Reason	Trans Lines Amount	Tax Amount
B8347345	Inv		24-MAY-94	Golfshot Corpor	1061	SHIP_TO		34,900.00	1,745.00
Totals for tax code: Golf								34,900.00	1,745.00
					Gross Lines Amount	Exempt Amount	Taxable Amount	Tax Amount	
					Invoices	34,900.00	34,900.00	0.00	1,745.00
					Credit Memos	0.00	0.00	0.00	0.00
					Adjustments	0.00	0.00	0.00	0.00
					Nets	34,900.00	34,900.00	0.00	1,745.00
VAT Code: VAT Exempt									
Invoice Number	Type	Adjustment Number	Invoice Date	Name	Customer Number	Location	Exempt Reason	Invoice Lines Amount	Tax Amount
G902834	Inv		20-MAY-94	Golfshot Corpor	1061	SHIP_TO		6,000.00	0.00
Totals for VAT Code: VAT Exempt								6,000.00	0.00
					Gross Lines Amount	Exempt Amount	Taxable Amount	Tax Amount	
					Invoices	6,000.00	6,000.00	0.00	0.00
					Credit Memos	0.00	0.00	0.00	0.00
					Adjustments	0.00	0.00	0.00	0.00
					Nets	6,000.00	6,000.00	0.00	0.00
Total Tax for Currency: USD									1745.00

Use the Tax Register report to review your tax liability. This report groups total tax amounts by tax type, tax class, and company.

This report includes deferred tax accounting information and all transactions for which tax accounting is defined. You can define tax accounting for adjustments, discounts, finance charges, and miscellaneous receipts. See: Tax Accounting: page 5 – 2.

If you use the multiple organization support feature (multi-org), you can also view information across multiple organizations or legal entities.

Report Parameters

Receivables provides the following reporting options:

Reporting Level: Enter the reporting level for this report. Choose Set Of Books, Legal Entity, or Operating Unit. If you use Multiple Organization Support, the default is Operating Unit. If you do not use Multiple Organization Support, the default is Set Of Books.

Note: The profile option MO: Top Reporting Level determines the top reporting level for your responsibility.

Reporting Context: If you entered Set of Books for the Reporting Level, the default is the set of books associated with your responsibility. If you entered Legal Entity for the Reporting Level, select a legal entity from the list of values. The profile option MO: Top Reporting Level determines which legal entities appear in the list of values. If this profile option is set to Set of Books, you can choose any legal entity that posts to your set of books. If the profile option is set to Legal Entity, you can choose only the legal entity associated with the operating unit assigned to your responsibility.

If you entered Operating Unit for the Reporting Level parameter, select an operating unit from the list of values. The profile option MO: Top Reporting Level determines which operating units appear in the list of values. If this profile option is set to Set of Books, you can choose any operating unit that posts to your set of books. If the profile option is set to Legal Entity, you can choose any operating unit within the legal entity associated with the operating unit assigned to your responsibility. If the profile option is set to Operating Unit, you can select only the operating unit assigned to your responsibility.

Note: The profile option MO: Operating Unit determines the operating unit for your responsibility.

Register Type: Choose the tax account information to view for the tax code(s) specified. For example:

- **Interim Tax Register:** Choose this option to view amounts recorded in the Interim Tax Account you defined for each deferred tax code. When you close a receivable, the tax engine transfers amounts from the Interim Tax Account to the Tax Account. This activity appears as negative lines on the Interim Tax Register and as positive lines on the Tax Register.
- **Tax Register:** Choose this option to create a tax liability report that includes tax amounts accrued on the invoice and deferred tax collected. These amounts are recorded in the Tax Account defined for each tax code.
- **Non Recoverable Tax Register:** Choose this option to show amounts recorded in the Non Recoverable tax accounts you defined for each Receivables Activity. Use this register to view write-off transactions that did not reduce your overall tax liability.

For more information, see: Tax Accounting: page 5 – 2.

Order By: Select the option you want Receivables to use to sort your information from the following:

- Customer Name
- Customer Number
- Exempt Reason
- Invoice Date
- Invoice Number
- Transaction Type

Summarization: Select the level of detail to use for your report:

- Exclude Lines: Show only transaction header level details.
- Show All Detail: Show header and line level details. For example: line number and amount; tax line number; tax rate; amount of each tax line; exemption number and reason).
- Show Complete Invoice: Show all tax codes for each invoice line separately (for example, an invoice line with multiple tax lines).

GL Date Low/High: Select and print tax information for the GL date range you specify. The default values are the start and end dates for the most recent accounting period.

Transaction Date Low/High: Select and print tax information for transaction dates in the range you specify. The default low and high values of the invoice date range is 'All'.

Tax Code Low/High: Select and print tax information for the tax code range you specify. If you leave this field blank, the report includes all tax codes and groups tax lines for transactions with multiple tax lines together.

Currency Low/High: Select and print tax information for the Currency range you specify. The default low and high values of your currency range is 'All'.

Transfer to GL: You can report on Transferred, Not Transferred, or All transactions.

Show Functional Amounts: Choose whether to display report values in your functional currency or in the entered currency. If you choose No (i.e. show amounts in the entered currency), the report groups the transactions by currency code and provides a row heading to display the currency for each set of transactions. If you choose Yes, the report will show the functional amount of each transaction, using the exchange rate of the transaction.



Warning: If you revalue the foreign currency transactions for your tax accounts within the general ledger, the general ledger

account activity shown will no longer balance to the subledger transactions in the detail section of this report. The functional amounts reported by the subledger for the transaction detail will be shown using the original exchange rate of the transaction, not the exchange rate used to revalue the general ledger account.

See Also

Tax Code Listing: page 7 – 4

Tax Reconciliation Report: page 7 – 12

VAT Exception Report: page 2 – 37

Customers with Invoices at 0 VAT and no VAT Registration Number:
page 2 – 34

Financial Tax Register

Use the Financial Tax Register to view the output from the Tax Reporting Ledger.

The Financial Tax Register consists of accounting information created in Oracle Receivables, Oracle Payables, and Oracle General Ledger. The Financial Tax Register uses this data to generate Tax Register reports using the RXi reporting tool.

The following tax registers are available:

- Tax Register
- Interim Tax Register
- Nonrecoverable Tax Register

The following summary levels are available within each Tax Register:

- Transaction Header
- Transaction Line
- Accounting Line

You can submit this report from Receivables from the Requests window by selecting the concurrent program Financial Tax Register Report.

The Financial Tax Register has two predefined layouts, but you can customize the output using attribute sets. The following attribute sets are available:

- DEFAULT — Tax Register
- ATTRSET2 — Tax Register with Tax Recovery

Use DEFAULT to report on Receivables and General Ledger transactions. If you use this set to report on Oracle Payables or all products, the report will not include amounts for Recoverable and Non Recoverable tax.

Use ATTRSET2 to report on Payables transactions. If you use this set to report on Oracle Receivables, Oracle General Ledger, or all products, the report will not include amounts for Recoverable and Non Recoverable tax

To see an example of these attribute sets, see: Attribute Sets: page 7 – 30.



Suggestion: You can copy either attribute set and customize the layout to suit your reporting needs.

See: Working with Attribute Sets and Using the RXi Reports Concurrent Program in the *Oracle Financials RXi Reports Administration Tool User Guide*.

Report Parameters

Reporting Level: Enter the reporting level for this report. Choose Set Of Books, Legal Entity, or Operating Unit. If you use Multiple Organization Support, the default is Operating Unit. If you do not use Multiple Organization Support, the default is Set Of Books.

Note: The profile option MO: Top Reporting Level determines the top reporting level for your responsibility.

Reporting Context: If you entered Set of Books for the Reporting Level, the default is the set of books associated with your responsibility. If you entered Legal Entity for the Reporting Level, select a legal entity from the list of values. The profile option MO: Top Reporting Level determines which legal entities appear in the list of values. If this profile option is set to Set of Books, you can choose any legal entity that posts to your set of books. If the profile option is set to Legal Entity, you can choose only the legal entity associated with the operating unit assigned to your responsibility.

If you entered Operating Unit for the Reporting Level parameter, select an operating unit from the list of values. The profile option MO: Top Reporting Level determines which operating units appear in the list of values. If this profile option is set to Set of Books, you can choose any operating unit that posts to your set of books. If the profile option is set to Legal Entity, you can choose any operating unit within the legal entity associated with the operating unit assigned to your responsibility. If the profile option is set to Operating Unit, you can select only the operating unit assigned to your responsibility.

Note: The profile option MO: Operating Unit determines the operating unit for your responsibility.

Set of Books Currency. Enter the currency to use for the report. The default value is the default currency of the primary set of books. If the primary and reporting set of books both use the same default currency, choose either primary or reporting set of books from the list of values. If you have Multiple Reporting Currencies (MRC) enabled and you are using your primary responsibility, you can also choose any other currency defined for the reporting set of books.

The list of values and the default value for this parameter depend upon the values that you enter in the Reporting Level and Reporting Context parameters. This table describes the available values in the Set of

Books Currency parameter for each setting in the Reporting Level and Reporting Context parameters:

Reporting Level	Reporting Context	Set of Books Currency
Set of Books	Set of Books Name	The currency code and set of books name of the set of books entered in the Reporting Context parameter. This is also the default.
Legal Entity	Legal Entity Name	The default value is the currency code and set of books name of the primary set of books that is set in the GL Set of Books Name profile option. The list of values also contains all reporting sets of books associated with this primary set of books that are enabled for the application from which the report is run.
Operating Unit	Operating Unit Name	The default value is the currency code and set of books name of the primary set of books that is set in the GL Set of Books Name profile option. The list of values also contains all reporting sets of books associated with this primary set of books that are enabled for the operating unit entered in the Reporting Context parameter and for the application from which the report is run.

Register Type: Enter the type of register to create.

- **Tax Register:** Choose this option to see the transactions in the Collected Tax account(s) for the tax code(s).
- **Interim Tax Register:** Choose this option to see the transactions in the Interim Tax account(s) specified for the tax code(s).
- **Nonrecoverable Tax Register:** Choose this option to see the transactions in the Nonrecoverable Tax account(s).

The tax on a transaction can be posted to an Interim Tax or Nonrecoverable account specified for that tax code or Recovery Rule. Interim Taxes are only applicable for transactions created in Oracle Receivables. Nonrecoverable taxes are applicable to both Payables and Receivables. A single transaction can also post tax into a combination of these accounts. When you choose the register type, you can view the transactions posted into any one of these three accounts defined for the Tax Code(s) selected. For more information, see: Tax Reporting Ledger: page 9 – 2.

Tax Class: Specify which taxed transactions to include. Values include Input, Output, or All. The default value is Input for Payables responsibilities, Output for Receivables Responsibilities, and All for submissions from General Ledger.

Summary Level: Select the level of detail for the report. Choose Transaction Level, Transaction Line Level, or Transaction Distribution Level.

Product: Choose to include transactions for a specific Oracle Applications product. The default values are AR when submitted from Oracle Receivables, AP when submitted from Oracle Payables, and ALL when submitted from Oracle General Ledger.

GL Date Low/High: Enter the range of GL dates for which you want to report. The default values for GL Date Low and High parameters are the start and end dates of the most recent accounting period.

Transaction Date Low/High: Select the transaction date range for the period to review. The transaction dates for each class of transaction is defined as follows:

- For invoices, credit memos, debit memos, and adjustments, the date of the transaction.
- For discounts and receipt applications, the application date of the associated cash receipt.
- For Miscellaneous Cash transactions, the date of the receipt.

Tax Transaction Type Low/High: Enter a range of VAT transaction types to include in the report, or select from the list of values.

Tax Type Low/High: Enter a range of Tax Types of the tax code range.

Tax Code Low/High: Enter a range of tax codes to include in the report.

Currency Code Low/High: Select the range of currencies to include in the report. Transactions in currencies other than those within the range you select will not be included. If Show Functional Amounts is Yes, this parameter shows only the functional currency for this set of books. The list of values is only enabled when Show Functional Amounts is set to No.

Transfer to GL: You can report on Transferred, Not Transferred, or All transactions.

AR Exemption Status: To include only transactions that reference a specific exemption, enter an exemption status. This parameter applies only to Receivables transactions.

Transaction Number: To include a specific transaction, enter a transaction number. The list of values for this field depends on the Transaction Class you entered.

Transaction Class: To include only transactions with a specific class, enter a transaction class. For example, choose Invoice, Credit Memo, or Payment.

Matrix Report Flag: Use matrix reporting to group tax amounts on a single line. You can use matrix reporting if you entered a Summary Level of either Transaction Level or Transaction Line Level. Use matrix reporting when you have transactions with:

- Two or more output taxes
- One or more input taxes, with a split between recoverable and nonrecoverable amounts

The report always groups data by tax code. If you choose a Summary Level of Transaction Level and an item with 10 transaction lines (each with the same tax code) is included, the report shows just one record in the extract. However, if the invoice has two different tax codes, the report shows two different records in the extract.

Use the Transaction Line Level report to show Item Line details including Inventory Item, Quantity, and optionally the Natural Accounts of the Taxable/Tax postings. For Input Tax reports, choose Transaction Line Level. The Item and Quantity information is taken from the matched purchase order if it is available. If the matched purchase order is not available, the report leaves these fields blank.

Third Party Reporting Level: If you choose *Supplier*, Receivables does not extract merchant information for expense-report invoices at the Transaction or Transaction Distributed summary level. If you choose *Merchant*, Receivables extracts merchant information for expense-report invoices at all summary levels.

Include Accounting Segments. Enter *Yes* to extract and display accounting flexfield information. The default value is *No*.

See Also

Tax Reporting Ledger: page 9 – 2

Attribute Sets

The two predefined attribute sets you can use with the Financial Tax Register are shown below. Use DEFAULT to report on Receivables and General Ledger transactions. Use ATTRSET2 to report on Payables transactions.

Figure 7 – 5 DEFAULT Attribute Set

Tax Register Layout[132 Char] (DEFAULT Attribute Set)								
Vision Operations (USA) Financial Tax Register				29-SEP-1999 18:12:13			Page 1	
Reporting Level: Set of Books								
Reporting Context: Vision Operations								
Register Type: Tax Register								
Tax Class: Output								
Summary Level: Transaction Level								
Product: Oracle Receivables								
GL Date Low: 01-AUG-1999								
GL Date High: 31-AUG-1999								
Transaction Date Low:								
Transaction Date High:								
Tax Code Low:								
Tax Code High:								
Currency Code Low:								
Currency Code High:								
Posting Status: All								
AR Exemption Status:								
Transaction Number:								
Transaction Class:								
Tax Type Low:								
Tax Type High:								
Matrix Report: No								
Functional Currency: USD								
Company: 01								
Tax Class: Output								
Tax Code: 10%								
Batch Source: 111								
Tax								
Transaction Number	Transaction Class	Related Transaction	Transaction Date	Billing Partner Name	Registration Number	Taxable Amount	Tax Amount	
APR282	Invoice		06-MAY-1999	Business World -1	11111	100.00	10.00	
APR283	Invoice		06-MAY-1999	Business World -1	33333	100.00	10.00	
d-789	Invoice		06-MAY-1999	American Telephon	88888	100.00	10.00	
i22	Invoice		06-MAY-1999	AT&T Universal Ca	999999	6,600.00	660.00	
i23	Invoice		06-MAY-1999	AT&T Universal Ca	999999	7,700.00	770.00	
DC114	Invoice		02-May-1999	AT&T Universal Ca	999999	22,000.00	2,200.00	
DC118	Invoice		02-May-1999	Computer Service	123987	22,000.00	2,200.00	
DCCP114	Invoice		02-May-1999	AT&T Universal Ca	999999	22,000.00	2,200.00	
DCCP115	Credit Memo	22t67	02-May-1999	AT&T Universal Ca	999999	<2,000.00>	<200.00>	
kminv345	Invoice		11-May-1999	American Telephon	888888	1,000.00	100.00	
Totals for Company						81,600.00	8,160.00	

Figure 7 – 6 ATTRSET2 Attribute Set

Tax Register with Tax Recovery Layout [132 Char] (ATTRSET2 Attribute Set)								
Vision Operations (USA)			Financial Tax Register			29-SEP-1999 17:15:56 Page 1 / 1		
Reporting Level: Set of Books Reporting Context: Vision Operations Register Type: Tax Register Tax Class: Input Summary Level: Transaction Level Product: Oracle Payables GL Date Low: 01-SEP-1999 GL Date High: 31-DEC-2001 Transaction Date Low: Transaction Date High: Tax Code Low: Tax Code High: Currency Code Low: Currency Code High: Posting Status: ALL AR Exemption Status: Transaction Number: Transaction Class: Tax Type Low: Tax Type High: Matrix Report: No								
Functional Currency: USD Company: 01 Tax Class: Input Tax Code: 10% Batch Source: 111								
	Tax							
Transaction Number	Transaction Class	Related Transaction	Transaction Date	Billing Partner Name	Registration Number	Taxable Amount	Recoverable Tax Amount	Non Recoverable Tax Amount
fpsep08-02	Invoice		08-SEP-1999	American Telepho		100.00		10.00
kksep08-01	Invoice		08-SEP-1999	American Telepho		300.00	20.00	10.00
fpsep08-02	Invoice		08-SEP-1999	American Telepho		100.00		10.00
kksep08-01	Invoice		08-SEP-1999	American Telepho		300.00		30.00
0811jay02	Invoice		11-AUG-1999	Jay Supplier		45.00		4.50
kksep08-01	Invoice		08-SEP-1999	American Telepho		300.00		30.00
fpsep08-02	Invoice		08-SEP-1999	American Telepho		100.00		10.00
kminv0520-1	Invoice		20-MAY-1999	GE Capital		200.00	10.00	10.00
kminv0520-1	Invoice		20-MAY-1999	GE Capital		400.00	20.00	20.00
Omar-W20	Invoice		19-MAY-1999	Advanced Network	FR123456789	60.00		6.00
Omar-W21	Invoice		19-MAY-1999	Advanced Network	FR123456789	40.00		4.00
Totals for Company						1,945.00	50.00	144.50

CHAPTER

8

Open Interfaces

This chapter describes the Sales Tax Rate Interface you can use to load sales tax records into your application from a feeder system. It also provides information about the Tax Vendor Extension, which lets you integrate external tax calculation programs with Oracle Applications.

Importing Address Validation Data and Sales Tax Rates

The Sales Tax Rate Interface lets you load sales tax records into your application from your sales tax feeder system. You can use the Sales Tax Rate Interface program to load new locations and tax rates from an interface area into Receivables. This program lets you load one or more tax rates for the same location which cover different date ranges and postal codes. The records that you load into Receivables through the Sales Tax Rate Interface program update your existing sales tax rates with the most current tax rates for each location.

You can then use this new tax information to create invoices manually, import invoices into Receivables using the AutoInvoice program, and validate new customer addresses that you enter.

Note: Oracle Order Management also uses the Sales Tax Rate Interface.

Adjust Tax Rate Dates

The Sales Tax Rate Interface program can adjust the active date range of existing tax rates as new tax rates are loaded into Receivables.

Load Multiple Tax Locations and Rates

The Sales Tax Rate Interface program allows you to load all of your locations and tax rates into Receivables at one time rather than enter each one manually. You can also load rates for sales tax rate overrides. You can immediately use this new tax information to create invoices manually, import invoices into Receivables using the AutoInvoice program, and validate new customer addresses that you enter.

Maintain Up to Date Tax Rate Information

Use the Sales Tax Rate Interface program to ensure that you have the most current sales tax information in Receivables. You can submit this program periodically to update your existing tax rates with the most recent changes.

See Also

Overview of the Sales Tax Rate Interface: page 8 – 4

Preparing to Load Sales Tax Rates: page 8 – 5

Importing Data From Your Feeder System: page 8 – 7

Sales Tax Rate Interface Validation: page 8 – 9

Using Sales Tax Rate Interface: page 8 – 11

Running the Tax Rate Interface Program: page 8 – 13

Tax Interface Report: page 8 – 16

Sales Tax Rate Date Adjustments: page 8 – 19

Action Codes of the Sales Tax Rate Interface Program: page 8 – 22

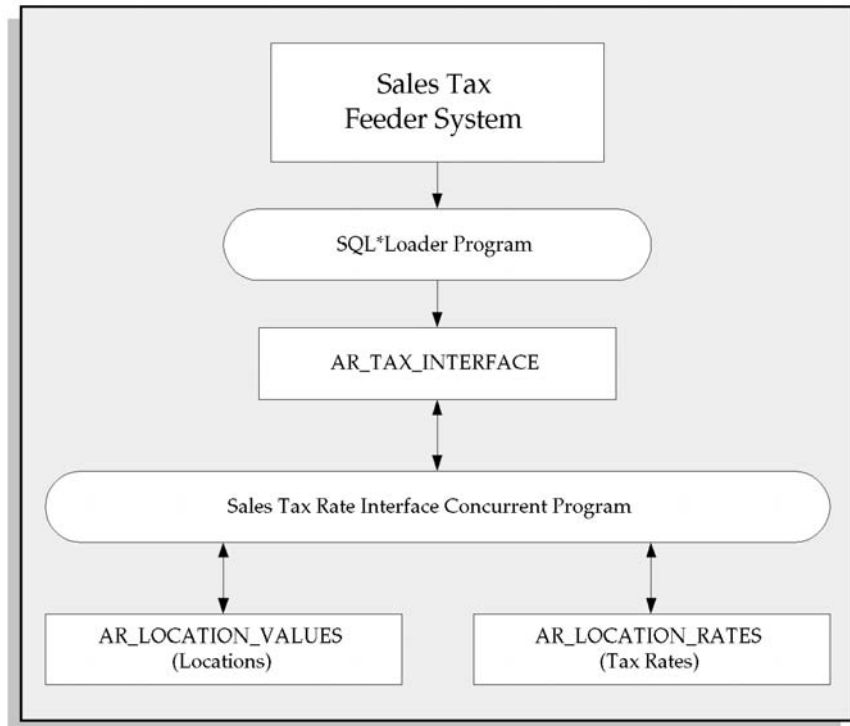
Sales Tax Rate Interface Program Updates of AR_TAX_INTERFACE
Table: page 8 – 25

Overview of Sales Tax Rate Interface

The following diagram shows how customer information is imported into the Receivables tax tables.

You should only use this program to load locations and tax rates for the country you specified as your 'Default Country' in the System Options window.

Figure 8 – 1 Sales Tax Rate Interface



For more information about the validation that Sales Tax Rate Interface performs on each column of the AR_TAX_INTERFACE table, see: Sales Tax Rate Interface Validation: page 8 – 9.

See Also

Preparing to Load Sales Tax Rates: page 8 – 5

Preparing to Load Sales Tax Rates

To ensure that the Sales Tax Rate Interface works correctly, you should complete the following steps before loading sales tax records into Receivables:

- Verify the Sales Tax Location Flexfield Structure
- Perform Backup of Sales Tax Information
- Clear Tax Interface Table
- Verify and Define Tax Table Storage Parameters

Verify the Sales Tax Location Flexfield Structure

When you use the Tax Interface program for the first time, navigate to the Key Flexfields window and verify that your Sales Tax Location Flexfield structure is frozen and compatible with the location and tax rate data that you will be loading into Receivables.

You only need to perform this step once.

Perform Backup of Sales Tax Information

Before you load sales tax data into Receivables, you should perform a backup of your location and tax rate information. This information is stored in the following tables:

- AR_LOCATION_VALUES
- AR_LOCATION_RATES
- AR_LOCATION_COMBINATIONS
- AR_SALES_TAX

You need to perform this step every time you execute the Sales Tax Rate Interface program.

Clear Tax Interface Table

Verify that the AR_TAX_INTERFACE table does not contain any records. The SQL loader control scripts aravp.ctl and arvertex.ctl will clear all existing tax rate information before loading a new set of locations and rates. You can either rely upon these scripts to clear

existing records or truncate the table AR_TAX_INTERFACE manually using the TRUNCATE command.

Note: You cannot rollback a TRUNCATE statement.

You need to perform this step every time you execute the Sales Tax Rate Interface program.

Verify and Define Tax Table Storage Parameters

You need to perform this step every time you execute the Sales Tax Rate Interface program. Verify that the AR_LOCATION_VALUES and AR_LOCATION_RATES tables into which you will load locations and tax rates have sufficient allocations of space. If you are loading sales tax data for the entire United States, then your database administrator must allocate the amount of space listed in the following table for Receivables tax interface, tax locations, and tax rates database tables.

Table	Data Storage	Index Storage
AR_TAX_INTERFACE	8 megabytes	11 megabytes
AR_LOCATION_VALUES	7 megabytes	8 megabytes
AR_LOCATION_RATES	10 megabytes	5 megabytes
TOTAL:	25 megabytes	24 megabytes

A submission of sales tax information which includes every state, county, and city in the United States will load approximately 60,000 records into the AR_TAX_INTERFACE table.

If you enter customer addresses which use every state, county, and city within the United States, Receivables creates sales tax rates to handle each of these distinct addresses. Receivables uses the table AR_LOCATION_COMBINATIONS to store each unique authority, and the table AR_SALES_TAX to store the composite sales tax rates that it generates for these authorities. In this case, your database will require the storage space listed in the following table for these database tables, in addition to the storage requirements listed in the previous table.

Table	Data Storage	Index Storage
AR_LOCATION_COMBINATIONS	7 megabytes	6 megabytes
AR_SALES_TAX	8 megabytes	5 megabytes
TOTAL:	15 megabytes	11 megabytes

See Also

Importing Data From Your Feeder System: page 8 – 7

Using Sales Tax Rate Interface: page 8 – 11

Importing Data From Your Feeder System

After you finish preparing to run the Sales Tax Rate Interface program, use a SQL*Loader script to transfer sales tax records from your sales tax feeder system into the tax interface table.

Receivables provides two SQL*Loader scripts – **arvertex.ctl** and **aravp.ctl** – as model files for loading your sales tax data into the tax interface table from your feeder system. These scripts are designed for the 'State.County.City' Sales Tax Location Flexfield structure and must be modified if you are using a different structure. The scripts reside in your ar/bin directory.

Note: These SQL*Loader control files upload current sales tax rate data only. If you need to upload historical sales tax data, you will have to customize the supplied scripts. Additionally, you should check with your Tax Vendor to ensure that they can supply you with historic sales tax rates.

The SQL*Loader scripts support several sales tax features. You can use these scripts to define sales tax locations and tax rates for each of the segments in the structure. These scripts support and will upload the following:

- multiple tax rates for a single tax location that have different effectivity dates and multiple zip code ranges

- common names (these are used, for example, for cities, and areas within cities)
- rates for sales tax rate overrides

Truncated City Names

Receivables tax windows and the list of values support up to 60 characters for each location. Your tax feeder system may support a smaller number of characters. For example, if you have a State, County and City name of Arizona, Havasupai, Havasupai Indian Reservation, and your Sales Tax feeder system only supports 25 characters for each name, the city named Havasupai Indian Reservation is truncated to "Havasupai Indian Reservat". You must update any truncated city names in the Tax Locations and Rates window to reflect the correct names. See: Tax Locations and Rates: page 6 – 7.

See Also

Running the Tax Rate Interface Program: page 8 – 13

Sales Tax Rate Interface Validation: page 8 – 9

Sales Tax Rate Interface Validation

By understanding the data in the AR_TAX_INTERFACE table, you can identify the underlying causes of invalid tax interface data. If the Sales Tax Rate Interface program identifies a record in the interface table that has invalid data, then the program will not pass this record into Receivables location and tax rate tables.

Each location that you load into the tax interface table must have a unique location ID associated with it. This unique location ID enables the Sales Tax Rate Interface program to distinguish between different locations even if the same name appears more than once in your tax data. All locations which are junior to other locations must identify their parent through the parent location ID. The Sales Tax Rate Interface program will only load a tax record into Receivables if it has a parent, unless it is a senior location.

In the example below, each location has a unique location ID. This location ID is composed of a unique identifier for the junior location, prefixed with the location ID of the parent of this location. To identify their parents, the county of Los Angeles has the location ID of California as its parent location ID, and the city of Los Angeles has the location ID of Los Angeles county as its parent location ID. The following table provides examples of the location IDs.

Record Number	Location ID	Parent Location ID	Location Value	Location Qualifier
1	11	N/A	California	State
2	1101	11	Los Angeles	County
3	110102	1101	Los Angeles	City
4	110103	N/A	Santa Monica	City
5	1104	11	Orange County	County
4	110405	1104	Santa Ana	City

Note: The Sales Tax program will not load Record 4 into Receivables because this record does not have a parent location ID and its qualifier indicates that this is not a senior location.

If a tax record that you load into the tax interface table from your sales tax feeder system includes a location without rates, then the Sales Tax Rate Interface program will load this location information. You must

assign tax rates to this location manually using the Tax Locations and Rates window in Receivables.

If the tax record that you load into the interface table has a tax account segment, Receivables will automatically default the tax account defined in the Tax Codes and Rates window for the tax code of type 'Location' as the tax account for this segment. The tax account will be populated in the AR_LOCATION_VALUES.TAX_ACCOUNT_CCID.

If no tax code of type 'Location' has been defined, Receivables will use the Tax Location Account defined in the System Options window as the default tax account for this segment.

Each location that you pass into the tax interface table must have an appropriate segment qualifier value. You assign a segment qualifier to each segment of your Sales Tax Location Flexfield structure. For example, if you are loading in the city of Los Angeles, then this location must have a segment qualifier of 'CITY'. The Sales Tax Rate Interface program will not load tax records into Receivables that do not have a segment qualifier.

Each record in the tax interface table must have a value for the CHANGE_FLAG column. This value indicates to the Sales Tax Rate Interface program whether a record is different from the most recent listing of this tax data. If this column is 'N', then the Sales Tax Rate Interface program assumes this record is unchanged. If it is 'Y', then the program assumes that this record is different from the most recent listing. You can use this column to submit the Sales Tax Rate Interface program only for tax data that has been changed since the last submission. This could reduce the time it takes to upload your Sales Tax data.

The Sales Tax Rate Interface program assigns Action Codes to each row of the Sales Tax Rate Interface table based on the results of the validation it performed for that row.

See Also

Sales Tax Rate Interface Program Updates of AR_TAX_INTERFACE Table: page 8 – 25

Using Sales Tax Rate Interface

Running Sales Tax Rate Interface

You must invoke the Sales Tax Rate Interface program from the Run Tax Rate Interface window to transfer sales tax records from the Receivables tax interface table into the Receivables tax location and tax rate tables.

Report Submission Parameters

The following table provides the parameters and possible parameter values for the interface.

Parameter	Possible Values
Review or Upload	<ul style="list-style-type: none">• Load All Data in Tax Interface• Load Changed Data Only in Tax Interface Table• Review Tax Interface Data
Print Format	<ul style="list-style-type: none">• Print All Detail• Print Summary Only• Print Warnings in Detail
Senior Location	Enter a value from the first segment of your Sales Tax Location Flexfield structure containing the sales tax rates you want to upload or review. For example, if your structure is State.County.City then you would enter the State that contained the rates you want to upload or review. If you leave this parameter null, all values are included.

Review or Upload

If you enter 'Load All Data in Tax Interface' for the Review or Upload parameter, the Sales Tax Rate Interface program loads all tax data from the tax interface table into the location and tax rates tables.

If you enter 'Load Changed Data Only in Tax Interface Table' for this parameter, the program only loads tax rows from the tax interface table that are different from the most recent data your sales tax feeder system supplied. This is the default value.



Suggestion: When uploading data, choose the default value, Load Changed Data only in Tax Interface Table. The Load All Data in Tax Interface option is similar to the default, but it also generates diagnostic information and will therefore require more system resources than the Load Changed Data Only option.

If you enter 'Review Tax Interface Data' for this parameter, the program prints the Tax Interface report without actually performing the upload to the location and tax rate tables. Use this to review the tax data in the tax interface table before or after you have submitted the Sales Tax Rate Interface program. If you use this method after invoking the Sales Tax Rate Interface program, the Tax Interface report shows the action that it performed on each row of the tax data in the tax interface table.

Choose 'Review Tax Interface Data' to review the tax rates of a particular location in the interface table before loading the records. In this case, choose 'Print All Detail' as your Print Format parameter value, and specify the senior location for which you want to review tax rates. You can then use SQL*Plus to update the tax rates for this location if they are not what you require.

Print Format

If you enter 'Print Summary Only' as your Print Format parameter, the Tax Interface report includes a summary of the actions that the Sales Tax Rate Interface program has performed on the tax data uploaded from the tax interface table. This summary includes each action code that the Sales Tax Rate Interface program used for the upload, the action code's description, and the number of rows on which the program executed each action.

These action codes are described in detail later in the Action Codes section of this essay.

If you enter 'Print Warnings in Detail' as your Print Format parameter, the Tax Interface report includes a summarized section that lists the program's actions, and a detailed section that lists lines from the tax interface table that the program identified with a warning action code. This is the default value.

If you enter 'Print All Detail' as your Print Format parameter, the Tax Interface report includes a summarized section that lists the program's

actions, and a detailed section that lists each line that the program loaded and the action that was identified for it.

State

If you do not enter a value for the State parameter, the Sales Tax Rate Interface program lets you upload or review tax rows in the tax interface table for all states. Use the list of values to select a specific state as your senior location value to upload or review only the tax rows for a specific location. If you are using one of the predefined Sales Tax Location Flexfield structures, the first segment of that structure will be your senior location.

See Also

Running the Tax Rate Interface Program: page 8 – 13

Tax Interface Report: page 8 – 16

Running the Tax Rate Interface Program

Run the Tax Rate Interface program to upload new tax authorities and sales tax rates into the Receivables tax tables.

When you enter and update your location segment values and rate assignments using the Tax Rate Interface program, Receivables creates new compiled images of the sales tax rates for each unique overlapping combination of the location segment values that your customer ship-to addresses include. Receivables uses the postal ranges and start and end dates that you specify for each tax authority's rate assignments to create these sales tax rate records. Receivables does not create a compiled sales tax rate record until you either enter a customer ship-to address that uses your tax authority location values and their associated rate assignments, or you update the actual location segment values and their rate assignments. You can update these location segment values and their assignments through the sales tax interface program or by creating manual entries in the Tax Location Values window.

After the program has uploaded all of its records into your system, Receivables deletes these rows from the interface table. Upon completion, this program generates a report listing all of the new rates

for each taxing authority that the external tax vendor's tape loader system has brought into Receivables.



Suggestion: If you have existing tax locations and rates with narrow zip code ranges, use the Tax Locations and Rates window to delete the existing rate assignments before you run Sales Tax Rate Interface.

You submit the Tax Rate Interface program from the Run Tax Rate Interface window. You can view your completed submission of the Tax Rate Interface program as well as its status from the Concurrent Requests Summary window.

Note: You should not load sales tax information through the Tax Interface if it is for a foreign location.

You can run any report or report set that your system administrator includes for your responsibility's request security group, as well as any report set that you create using the Define Report Set window.

Note: It is possible that a report set in your request security group could contain individual reports that are not in your request security group. You can run these reports as part of that report set, but you cannot run them as individual reports. For more information, see: *Defining a Request Security Group* in the *System Administrator's Guide*.

Prerequisites

- Prepare to Load Sales Tax Rates: page 8 – 5
- Import Data From Your Feeder System: page 8 – 7

► To run the Tax Rate Interface:

1. Navigate to the Run Tax Rate Interface window.
2. Enter a request Name of Sales Tax Rate Interface.
3. Enter parameters for submitting the program.

Review or Upload: Choose to upload the tax data or print a report for review by selecting one of the following options: Load All Data in Tax Interface Table; Load Changed Data only in Tax Interface Table; Review Tax Interface Data.

Print Format: Select a printing format from the following: Print all Detail; Print Summary Only; Print Warnings in Detail.

State: Select a specific location as your state value to upload or review only the tax rows for a specific location (optional). If you do not enter a location, Receivables will include all states.

Note: For more information about these options, see: Using Sales Tax Rate Interface: page 8 – 11.

4. Choose OK.
5. To print the results of this submission, enter Print Options. Enter the number of Copies to print, a printing Style, and the Printer to use.

Note: If you do not specify Run Options or Printer Options, Receivables uses either the optional default values defined for this report or, if the report has no default values, the values defined in your profile options.
6. To save the output to a file, check the Save Output check box.
7. Choose Submit. Receivables displays a concurrent Request ID for this submission and generates the Tax Interface Report: page 8 – 16.

See Also

Sales Tax Rate Date Adjustments: page 8 – 19

Using Sales Tax Rate Interface: page 8 – 11

Tax Codes and Rates: page 6 – 2

Tax Locations and Rates: page 6 – 7

Defining Receivables System Options (*Oracle Receivables User Guide*)

Tax Interface Report

Figure 8 – 2 Tax Interface Report

Senior Segment: CA For Request: All		Tax Interface Report		Date: 17-AUG-1993 12:15 Page: 1					
Printing Option: Print Warnings in Detail		STATE: CA - California							
Action: Review Tax Interface Data		Summary for California							
Action Code	Action Description				Number of Rows				
ALREADY-EXISTS	Tax Rate Already Exists				1				
IGNORE	Ignored				1				
INSERT	New Tax Rate for Existing Location				231				
NEW-LOCATION-INSERT	New Location Created, Tax Rate information Defined				2608				
Location Number	Line Qualifier	Value	Warnings for California From Zip	To Zip	Start Date	End Date	Tax Rate	Action	
1	178421	CITY SOUTH LAKE TAHOE	96150	96150			0.00	IGNORE	
2	178618	CITY WHITEHORN	95589	95589			0.00	ALREADY-EXISTS	
Locations and Rates Defined for Warnings									
Location Number	Location		From Zip	To Zip	Start Date	End Date	Tax Rate		
1	EL DORADO-SOUTH LAKE TAHOE		95702	95708	01-JAN-1900	31-DEC-2199	0.00		
			95716	95716	01-JAN-1900	31-DEC-2199	0.00		
			95761	95761	01-JAN-1900	31-DEC-2199	0.00		
2	HUMBOLDT-WHITEHORN		96150	96158	01-JAN-1900	31-DEC-2199	0.00		
			95495	95495	01-JAN-1900	31-DEC-2199	0.00		
			95589	95589	01-JAN-1900	31-DEC-2199	0.00		
Orphan Records, Parent_Location_ID was invalid									
Line Qualifier	Location Value		From Zip	To Zip	End Date	Start Date	Tax Rate	Location Id	Parent ID
176232	CITY BORDER		99780	99780			0.00	022401056	02240
176233	CITY SLANA		99586	99586			0.00	022611037	02261

Review Sales Tax Interface Report

The Tax Interface report provides information on the tax data you have loaded into Receivables or are reviewing for an upload. The report displays each senior location on a separate page.

The Tax Interface report is automatically generated when you run the Sales Tax Rate Interface program.

This report is divided into the following sections:

- **Summary Section:** The summarized section of the Tax Interface report lists each action code that the Sales Tax Rate Interface program has used for the upload, the action code description, and the number of tax interface rows on which the program has executed each action.
- **Warning Section:** The warning section of the Tax Interface report lists every line of tax interface data that the Sales Tax Rate Interface program has identified with an action code other than 'INSERT' or 'NEW-LOCATION-INSERT'. Each row in this section lists the interface line ID, segment qualifier, location, postal code range, active date range, tax rate, and action for each row in the tax interface table that has a warning action code.

- **Locations and Rates Defined for Warnings Section:** This section of the report lists all of the locations and tax rates which are defined in Receivables for each location in the Warnings Section. This section includes the postal code and active date ranges of each of these locations' tax rates. Use this section in combination with the Warnings Section of the report to determine whether you need to take further action. If the tax rates are correct, then no further actions are necessary. If they are not, then you may need to update tax rates and locations manually in the Receivables Tax Locations and Rates window. For example, if the Warnings Section of this report includes a tax interface line with an action of 'ALREADY-EXISTS' for a tax rate, then the Locations and Rates Defined for Warning section will show a tax rate for this location with the same postal code and active date range that already exists in Receivables. No action is necessary in this case.
- **Orphan Records, Parent_Location_ID Was Invalid Section:** The final section on the Tax Interface report lists lines of tax interface data which the Sales Tax Rate Interface program has identified as not having a valid parent location ID value. All locations that are junior to other locations identify their parent location through the parent location ID. The program will not load a tax record into Receivables if it cannot identify a parent location using this ID, or if it is not a senior location. If this section of the report includes a tax interface line that is missing a Parent ID value, you must use SQL*Plus to update the line with the appropriate parent location ID, before it can be loaded into Receivables. For a review of this information, see the example in: Sales Tax Rate Interface Validation: page 8 – 9.

See Also

Running the Tax Rate Interface: page 8 – 13

Termination of the Tax Interface Report

If more than 100 Oracle errors occur during the upload of a single senior location, the program will terminate with an error message indicating that too many errors have occurred. Because the program saves after uploading the tax records of each senior location value, the Tax Interface report lists all of the tax records that the program has successfully uploaded, as well as the Oracle errors which resulted in the termination of the program. All of the remaining tax records of senior locations that the Sales Tax Rate Interface program has not processed will have a status of <NULL>.

If you resubmit the Sales Tax Rate Interface program using the same parameter values, the program only processes those tax records that satisfy these criteria and have an action code status of <NULL>. If the Tax Interface report indicates that the Oracle errors only occurred on the tax data of a specific senior location, then you should specify this location as your senior location parameter when you resubmit the Sales Tax Rate Interface program.

See Also

Running the Tax Rate Interface: page 8 – 13

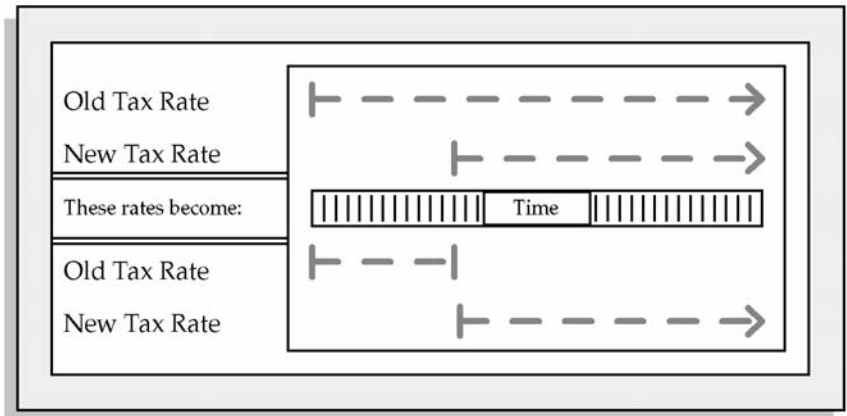
Tax Interface Report: page 8 – 16

Sales Tax Rate Date Adjustments

The Sales Tax Rate Interface program adjusts the active date ranges of existing tax rates to ensure that they do not overlap with incoming tax rates for a location. For example, if an incoming sales tax rate for a location has start and end dates that overlap the active date range of an existing rate, then the Sales Tax Rate Interface program adjusts the active date range of the existing rate so that its active period does not overlap the date range of the incoming rate.

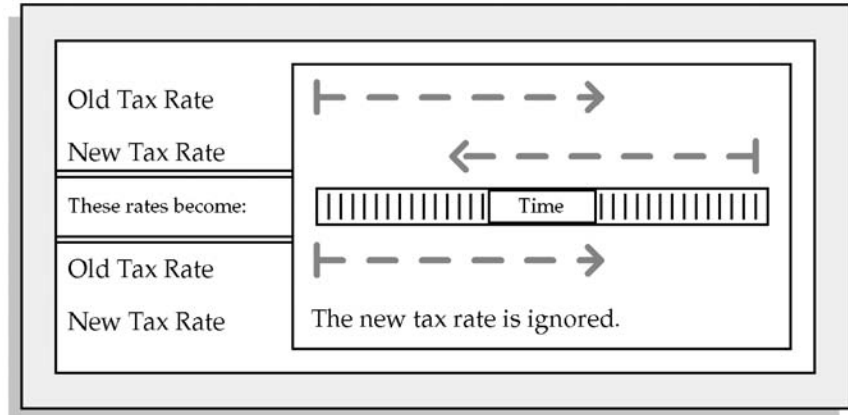
The following diagrams indicate how the Sales Tax Rate Interface program inserts new tax rates and updates the active date range of existing tax rates. Each diagram shows the action code associated with the type of rate date adjustment that the Sales Tax Rate Interface program performs.

Figure 8 – 3 UPDATE-INSERT



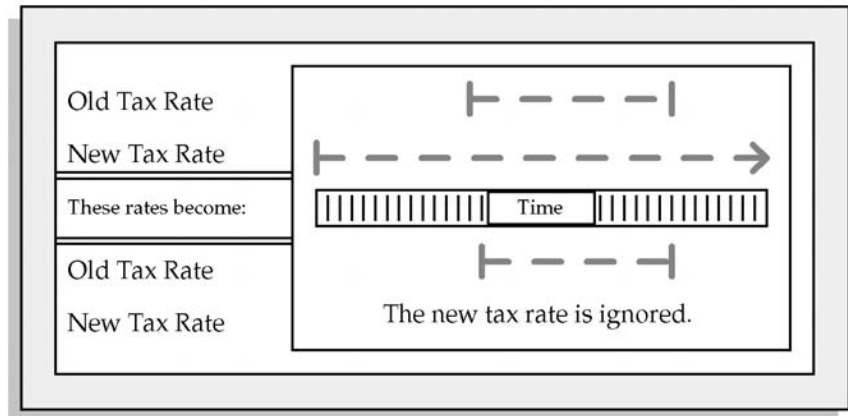
In Figure 8 – 3, when the Sales Tax Rate Interface program has assigned an action code of 'UPDATE-INSERT' to a new tax rate record, it has updated the existing tax rate by assigning it an end date immediately before the start date of the new tax rate. The program then inserts the new sales tax rate into Receivables.

Figure 8 – 4 IGNORE



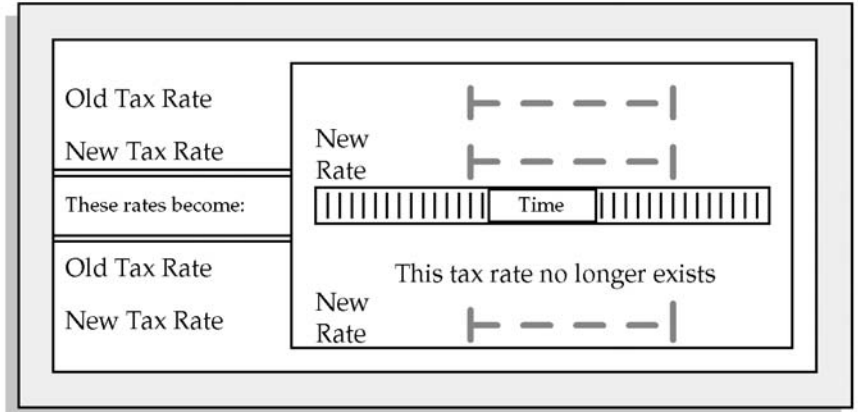
In Figure 8 – 4, when the Sales Tax Rate Interface program has assigned an action code of 'IGNORE' to a new tax rate record, it has ignored the new tax rate because it cannot determine either an end date for the existing rate, or a start date for the new rate. Therefore, the existing tax rate remains unchanged.

Figure 8 – 5 IGNORE



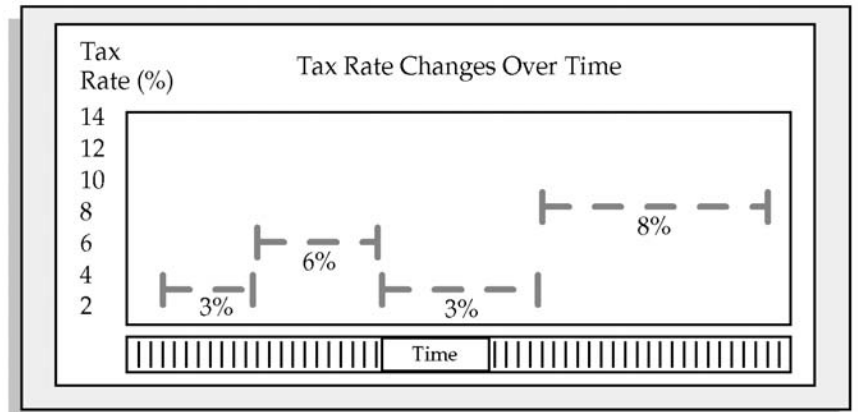
In Figure 8 – 5, when the Sales Tax Rate Interface program has assigned an action code of 'IGNORE' to a new tax rate record, it has ignored the new tax rate because it cannot determine an end date for this rate. Therefore, the existing tax rate remains unchanged.

Figure 8 – 6 RATE-ADJUST



In Figure 8 – 6, when the Sales Tax Rate Interface program has assigned an action code of 'RATE-ADJUST' to a new tax record, it has replaced an existing tax rate with a new rate for the same location and active date range. You can either accept this new rate, or update it manually through the Tax Locations and Rates window in Receivables.

Figure 8 – 7 Sales Tax Rates That Change Over Time



As you continually update your tax rates using the Sales Tax Rate Interface program, you will store different tax rates for the same location that have mutually exclusive active date ranges. Figure 8 – 7 shows how Receivables will record different tax rates for a location as you update its rates over time.

See Also

Running the Tax Rate Interface Program: page 8 – 13

Action Codes of Sales Tax Rate Interface: page 8 – 22

Action Codes of Sales Tax Rate Interface Program

The following lists include all of the possible actions that the Sales Tax Rate Interface program can perform on a row of tax data in the tax interface table.

Success Action Codes

The codes in the following table are for tax rows that the Sales Tax Rate Interface program has successfully loaded into the location or tax rate tables. These codes do not require you to take any additional actions.

Action Code	Meaning
INSERT	Inserted a new tax rate for a location that already exists
NEW-LOCATION-INSERT	Inserted new location and new tax rate information
ZIP-RANGE-UPDATED	Updated the zip code range for a location to the range provided by your tax vendor
IGNORED-NARROWER-ZIP	Two overlapping zip code ranges were found in AR_TAX_INTERFACE. Sales Tax Interface added the broader range and rejected the other.
NARROWER-ZIP-RANGE	Replaced existing zip code range with a narrower zip code range.

Warning Action Codes

You should verify that the Sales Tax Rate Interface program has performed the updates or adjustments that you require for each record with a warning action code. For example, if a row of tax data from the

tax interface table receives an action of 'RATE-ADJUST', then you should verify that the new tax rate for the location associated with this tax rate is correct. The codes in the following table are warning action codes.

Action Code	Meaning
ALREADY-EXISTS	This tax rate already exists in Receivables.
NEW-LOCATION	Inserted a new location that did not include any tax rate information. You must manually assign a tax rate to this location for Receivables to be able to create a tax line for invoices with this location. If you are only loading locations for address validation purposes, then you do not need to assign a tax rate to this location.
RATE-ADJUST	Replaced an existing tax rate with a new tax rate
UPDATE-INSERT	Inserted new tax rate information, and adjusted the active dates of existing tax rate information

Error Action Codes

The code in the following table indicates that an Oracle error has occurred during the processing of tax data by the Sales Tax Rate Interface program. The program will still produce the Tax Interface report even if an Oracle error occurs during the upload process.

Action Code	Meaning
ORACLE_ERROR	An Oracle error has occurred. The Oracle error number is listed for this error.

The action codes described in the table below indicate that either the tax data in the tax interface table is invalid, or the Sales Tax Rate Interface program did not interpret this data correctly. Although the Sales Tax Rate Interface program may assign these codes to records in

the tax interface table, these codes should not appear on the Tax Interface report in normal circumstances.

Note: These codes would, however, appear in the report if you elected to run it in review mode, immediately after using SQL Loader to load your data, but before uploading into Receivables.

Action Code	Meaning
IGNORE	The Sales Tax Rate Interface program did not upload this record.
null	This record is ready to be loaded by the Sales Tax Rate Interface program.

See Also

Running the Tax Rate Interface Program: page 8 – 13

Tax Interface Report: page 8 – 16

Sales Tax Rate Interface Program Updates of AR_TAX_INTERFACE Table: page 8 – 25

Sales Tax Rate Interface Program Updates of AR_TAX_INTERFACE Table

Below is a description of the columns in the tax interface table AR_TAX_INTERFACE that the Sales Tax Rate Interface program updates during execution. All other columns in this table remain unchanged after the initial load from your feeder system. You can review this data by running the Sales Tax Rate Interface report in Review mode. The following table lists the column name and describes the possible values for the column.

Column Name

Value

STATUS

The Sales Tax Rate Interface program populates this column with the action code that it identifies for this record.

LOCATION_SEGMENT_ID

The Sales Tax Rate Interface program populates this column with the ID of the location associated with this row. This ID column links a location in Receivables to the rows of tax interface data that relate to this location, and is a foreign key to AR_LOCATION_VALUES.LOCATION_SEGMENT_ID.

Note: If you need to reload the tax data for a month that you have previously loaded into the interface tables, you should first null the above two columns to reset the data. You can then run the sql*loader file again and reload the data for that month. If you do not null these two columns, Receivables will not reload the same month's data.

Receivables Tables

The Sales Tax Rate Interface program transfers sales tax data into the following Receivables tables:

AR_LOCATION_VALUES

AR_LOCATION_RATES

Table and Column Descriptions

AR_TAX_INTERFACE

Below is a description of the columns in the AR_TAX_INTERFACE table into which you load sales tax data using SQL*Loader.

The Sales Tax Rate Interface program transfers the sales tax rate data from AR_TAX_INTERFACE to the AR_LOCATION_VALUES and AR_LOCATION_RATES tables. These two tables store your locations and tax rates, respectively. The AR_TAX_INTERFACE table's column descriptions note the columns in the AR_LOCATION_VALUES and AR_LOCATION_RATES tables into which records are transferred. If the column description does not have a destination section, this information will not be transferred.

<u>Column Name</u>	<u>Value</u>
--------------------	--------------

REQUEST_ID

The concurrent request ID of each submission of the Sales Tax Rate Interface program. Receivables lets you submit multiple uploads of tax data concurrently. This column is not null.

INTERFACE_LINE_ID

The sequence number that uniquely identifies each tax data line. This column is not null.

CREATED_BY

The ID of the Oracle Application Object Library user who has loaded this tax data record into this table. This column is not null.

CREATION_DATE

The date on which the user loaded this tax data record into this table. This column is not null.

SEGMENT_QUALIFIER

Identifies which segment this tax data record is for. 'COUNTRY', 'STATE', 'COUNTY', 'CITY', and 'PROVINCE' are examples of possible segment qualifier values. This column is not null.

Destination: AR_LOCATION_VALUES.LOCATION_
SEGMENT_QUALIFIER

RATE_TYPE

Identifies the tax rate type of this tax data record, and will always be 'SALES'. This column is not null.

LOCATION_ID

The ID (or Geo-code) for this location. This ID number must be unique for every location. This number is composed of a unique identifier for the location prefixed by the parent location ID. This column is not null.

LOCATION_VALUE

The actual location. 'CA' is an example of a location for the segment of 'STATE'.

Destination: AR_LOCATION_VALUES.LOCATION_
SEGMENT_VALUE

LOCATION_DESCRIPTION

The description of the location. For a location of 'CA', the description is 'California'.

Destination: AR_LOCATION_VALUES.LOCATION_
SEGMENT_DESCRIPTION

PARENT_LOCATION_ID

The ID of the location that is directly senior to this record. This value is a foreign key to the LOCATION_ID column in the tax interface table.

FROM_POSTAL_CODE

The starting postal code for the postal code range of this tax rate. If this column is null, Receivables uses the value that you have defined for the Postal Code Range: From field in the System Options window for this column. This value is stored in the column `AR_SYSTEM_PARAMETERS.FROM_POSTAL_CODE`.

Destination: `AR_LOCATION_RATES.FROM_POSTAL_CODE`

TO_POSTAL_CODE

The ending postal code for the postal code range of this tax rate. If this column is null, Receivables uses the value that you have defined for the Postal Code Range: To field in the System Options window for this column. This value is stored in the column `AR_SYSTEM_PARAMETERS.TO_POSTAL_CODE`.

Destination: `AR_LOCATION_RATES.TO_POSTAL_CODE`

START_DATE

The start date of a tax rate for this location. If this column is null, then Receivables uses the value '01-JAN-1900 00:00:00' for this column.

Destination: `AR_LOCATION_RATES.START_DATE`

END_DATE

The end date of a tax rate for this location. If this column is null, then Receivables uses the value '31-DEC-2199 23:59:59' for this column.

Destination: `AR_LOCATION_RATES.END_DATE`

TAX_RATE

The tax rate for this location.

Destination: `AR_LOCATION_RATES.TAX_RATES`

CHANGE_FLAG

A flag that indicates whether this tax record is different from the previous listing of this data. Set this column to 'Y' if this record has

been changed, 'N' if it has not, and 'U' if it is unknown whether this tax record has changed. This column is not null.

See Also

Sales Tax Rate Interface: page 8 – 2

Running the Tax Rate Interface Program: page 8 – 13

Tax Interface Report: page 8 – 16

Implementing the Tax Vendor Extension

Receivables provides a *Tax Vendor Extension* to integrate external tax calculation programs with Oracle Applications. This Extension lets you provide for complex tax calculation needs while retaining the full power of Receivables to create and store all other tax data.

The Tax Extension is called whenever a tax rate is calculated by the Receivables *Tax Engine*. When implemented, the Tax Extension will return a tax rate or amount from the vendor program. Receivables will use this information to create the appropriate tax line(s) and related accounting information.

Receivables lets you implement either the Taxware Sales/Use Tax System or the Vertex Quantum tax vendor extension. Depending on the tax vendor you select, refer to one of the following implementation guides: *Integrating Oracle Receivables with Taxware Sales/Use Tax System, Release 11* or *Integrating Oracle Receivables with Vertex Quantum, Release 11*.

Note: If your Receivables installation uses multiple organizations (multi-org), the profile option Tax: Use Tax Vendor lets your system administrator control which users can call an installed third party application for tax calculations. The default value is Yes; this indicates that a user can call a third party application to calculate tax. See: Overview of Receivables Profile Options in the *Oracle Receivables User Guide*.

Available Parameters for PL/SQL Stored Procedures

When defining a tax code in Oracle Receivables, you can specify PL/SQL as the taxable basis and enter the name of a PL/SQL stored procedure to calculate tax rates and amounts. Receivables automatically calls this stored procedure when you assign this tax code to a transaction. PL/SQL programmers can use the database structure TAX_INFO_REC to view input parameters and set output parameters for each tax calculation.

The structure ARP_TAX.TAX_INFO_REC is the communications area for the tax extension ARP_TAX_VENDOR.CALCULATE. This structure passes information selected from the database views. The tax extension then calculates the tax and passes back all of the necessary output parameters through the same structure.

For more information about PL/SQL stored procedures and customizing Oracle Applications, contact your system administrator.



Warning: The parameters in ARP_TAX.TAX_INFO_REC are subject to change in subsequent releases of Oracle Applications. If you customize Oracle Applications to integrate your own PL/SQL tax calculations, you should review and test your custom code after each upgrade.

The following table lists the available parameters for the PL/SQL stored procedures.

Member	Data Type	Parameter Type	Null Allowed	Related View Column
amount_includes_tax_flag	varchar2	input	no	AMOUNT_INCLUDES_TAX_FLAG
audit_flag	varchar2	input	no	AUDIT_FLAG
bill_to_customer_name	varchar2	input	yes	BILL_TO_CUSTOMER_NAME
bill_to_customer_number	number	input	yes	BILL_TO_CUSTOMER_NUMBER
bill_to_cust_id	number	input	no	BILL_TO_CUSTOMER_ID
bill_to_location_id	number	input	yes	BILL_TO_LOCATION_CCID
bill_to_postal_code	varchar	input	yes	BILL_TO_POSTAL_CODE
bill_to_site_use_id	number	input	yes	BILL_TO_SITE_USE_ID
calculate_tax	varchar2	input	yes	TAXABLE_FLAG

Member	Data Type	Parameter Type	Null Allowed	Related View Column
company_code	varchar2	input	yes	COMPANY_CODE
credit_memo_flag	boolean	input	no	(True if credit memo)
customer_trx_charge_line_id	number	input	yes	CUSTOMER_TRX_CHARGE_LINE_ID
customer_trx_id	number	input	yes	TRX_HEADER_ID
customer_trx_line_id	number	input	yes	TRX_LINE_ID
default_ussgl_transaction_code	varchar2	input	yes	USSGL_TRANSACTION_CODE
division_code	varchar2	input	yes	DIVISION_CODE
extended_amount	number	input	yes	EXTENDED_AMOUNT
fob_point	varchar2	input	yes	FOB_CODE
gl_date	date	input	yes	GL_DATE
inventory_item_id	number	input	yes	INVENTORY_ITEM_ID
invoicing_rule_id	number	input	yes	INVOICING_RULE_ID
item_exception_rate_id	number	input/output	yes	TAX_EXCEPTION_ID
link_to_cust_trx_line_id	number	input	yes	TRX_LINK_TO_CUST_TRX_LINE_ID
memo_line_id	number	input	yes	MEMO_LINE_ID
minimum_accountable_unit	number	input/output	yes	MINIMUM_ACCOUNTABLE_UNIT
part_no	varchar2	input	yes	PART_NUMBER
payment_terms_discount_percent	varchar2	input	yes	PAYMENT_TERMS_DISCOUNT_PERCENT
payment_term_id	number	input	yes	PAYMENT_TERM_ID
poa_code	varchar2	input	yes	POA_ADDRESS_CODE
poa_id	number	input	yes	POA_ID
poo_code	varchar2	input	yes	POO_ADDRESS_CODE
poo_id	number	input	yes	POO_ID

Member	Data Type	Parameter Type	Null Allowed	Related View Column
precision	number	input/output	yes	PRECISION
previous_customer_trx_id	number	input	yes	PREVIOUS_TRX_HEADER_ID
previous_customer_trx_line_id	number	input	yes	PREVIOUS_TRX_LINE_ID
previous_trx_number	number	input	yes	PREVIOUS_TRX_NUMBER
qualifier	varchar2	input	no	LOCATION_QUALIFIER
ship_from_code	varchar2	input	yes	SHIP_FROM_ADDRESS_CODE
ship_from_warehouse_id	number	input	yes	SHIP_FROM_WAREHOUSE_ID
ship_to_code	varchar2	input	yes	SHIP_TO_ADDRESS_CODE
ship_to_customer_name	varchar2	input	yes	SHIP_TO_CUSTOMER_NAME
ship_to_customer_number	number	input	yes	SHIP_TO_CUSTOMER_NUMBER
ship_to_cust_id	number	input	yes	SHIP_TO_CUSTOMER_ID
ship_to_location_id	number	input	yes	SHIP_TO_LOCATION_CCID
ship_to_postal_code	varchar2	input	yes	SHIP_TO_POSTAL_CODE
ship_to_site_use_id	number	input	yes	SHIP_TO_SITE_USE_ID
status	number	output	yes	(Default return code)
taxable_amount	number	output	no	TAXABLE_AMOUNT
taxable_basis	varchar2	input	yes	TAXABLE_BASIS
taxed_quantity	number	input	yes	TAXED_QUANTITY
tax_amount	number	input/output	yes	TAX_AMOUNT
tax_calculation_plsql_block	varchar2	input	yes	TAX_CALCULATION_PLSQL_BLOCK
tax_code	varchar2	input/output	yes	TAX_CODE
tax_control	varchar2	input/output	yes	TAX_EXEMPT_FLAG
tax_exemption_id	number	input/output	yes	VAT_TAX_ID
tax_header_level_flag	varchar2	input	yes	TAX_HEADER_LEVEL_FLAG

Member	Data Type	Parameter Type	Null Allowed	Related View Column
tax_line_number	number	input	yes	TAX_LINE_NUMBER
tax_rate	number	input/output	yes	TAX_RATE
tax_rounding_rule	varchar2	input	yes	TAX_ROUNDING_RULE
tax_vendor_return_code	varchar2	output	no	(Return code from tax vendor)
trx_currency_code	varchar2	input	yes	CURRENCY_CODE
trx_date	date	input	yes	TRX_DATE
trx_exchange_rate	number	input	yes	EXCHANGE_RATE
trx_line_type	varchar2	input	yes	TRX_LINE_TYPE
trx_number	number	input	yes	TRX_NUMBER
trx_type_id	number	input	yes	TRX_TYPE_ID
userf1-10	varchar2	input	yes	ATTRIBUTE1-10
usern1-10	number	input	yes	NUMERIC_ATTRIBUTE1-10
vat_tax_id	number	input/output	yes	VAT_TAX_ID
vdctrl_exempt	varchar2	input	yes	VENDOR_CONTROL_EXEMPTIONS
xmpt_cert_no	varchar2	input/output	yes	TAX_EXEMPT_NUMBER
xmpt_percent	number	input/output	yes	TAX_EXEMPT_PERCENT
xmpt_reason	varchar2	input/output	yes	TAX_EXEMPT_REASON

Note: The taxable_amount output parameter is required and must be set by the PL/SQL program before returning control to the tax module. Additionally, the program must also set either the tax_amount or the tax_rate parameter. For more information, refer to the example below.

Example PL/SQL Formula

Following is an example of a PL/SQL formula to set the tax rate, tax amount, and taxable amount parameters.

```
create or replace procedure mytaxcalc as
begin
  -- Stored procedure example for user tax calculation.
  --
  -- The following example shows a constant rate
  -- tax calculation but highlights how Oracle rounds
  -- the returned amounts.
  --
  -- Set the Tax rate
arp_tax.tax_info_rec.tax_rate := 4.21231;
  --
  -- Set the Tax Amount. Oracle rounds the calculation as
  -- needed.
arp_tax.tax_info_rec.tax_amount:=
arp_tax.tax_info_rec.extended_amount *
arp_tax.tax_info_rec.tax_rate / 100;
  --
  -- Set the Taxable Amount. This number will be used
  -- in reporting.
arp_tax.tax_info_rec.taxable_amount :=
arp_tax.tax_info_rec.extended_amount;
end;
.
/
show errors procedure mytaxcalc;
```

See Also

Tax Codes and Rates: page 6 – 2

CHAPTER

9

Tax Reporting Ledger

This chapter describes the Tax Reporting Ledger, an Oracle Applications feature you can use to review all tax information in Oracle Receivables, Oracle Payables, and Oracle General Ledger.

Tax Reporting Ledger

The Tax Reporting Ledger provides a single reporting solution for the complex global tax requirements on sales and purchases and enables you to summarize tax information from Oracle Receivables, Oracle Payables, and Oracle General Ledger. In Release 11i of Oracle Applications, taxable transactions are accounted for in the base products following the country-specific rules that you define. The Tax Reporting Ledger consists of the tax information recorded in each of these products.

Note: The Tax Reporting Ledger only supports multi-org environments.

The *Tax Extract* copies the accounting information from each application and stores it in an interface table. You can then use any reporting tool such as RXi and Application Desktop Integrator (ADI) to specify which fields of the Tax Reporting Ledger to include and then print the report in a format that meets your needs.

The Tax Reporting Ledger supports the following reports:

- Deferred Output Tax Register
- Excise & Quantity-based Taxes
- Recoverable and Non-Recoverable Tax Registers
- Single Cross Product Tax Register
- Standard Input and Output Tax Registers

Tax Reporting

In most jurisdictions, tax reports must include certain information and be presented at different levels of summarization. Oracle Applications support this requirement with the Tax Journal reports, Tax Audit reports, and Tax Summary reports. The Tax Reporting Ledger includes tax accounting for:

- Receivables Invoices, Credit Memos, and Debit Memos
- Receivables Line, Tax, and Invoice Adjustments
- Receivables Payment Applications for Deferred Tax
- Receivables Earned and Unearned Discounts
- Receivables Finance Charges
- Receivables Miscellaneous Receipts & Payments
- Payables Invoices & Credit Memos

- Payables Prepayments
- Global Descriptive Flexfields
- General Ledger Manual Journal Entries

Tax Extract

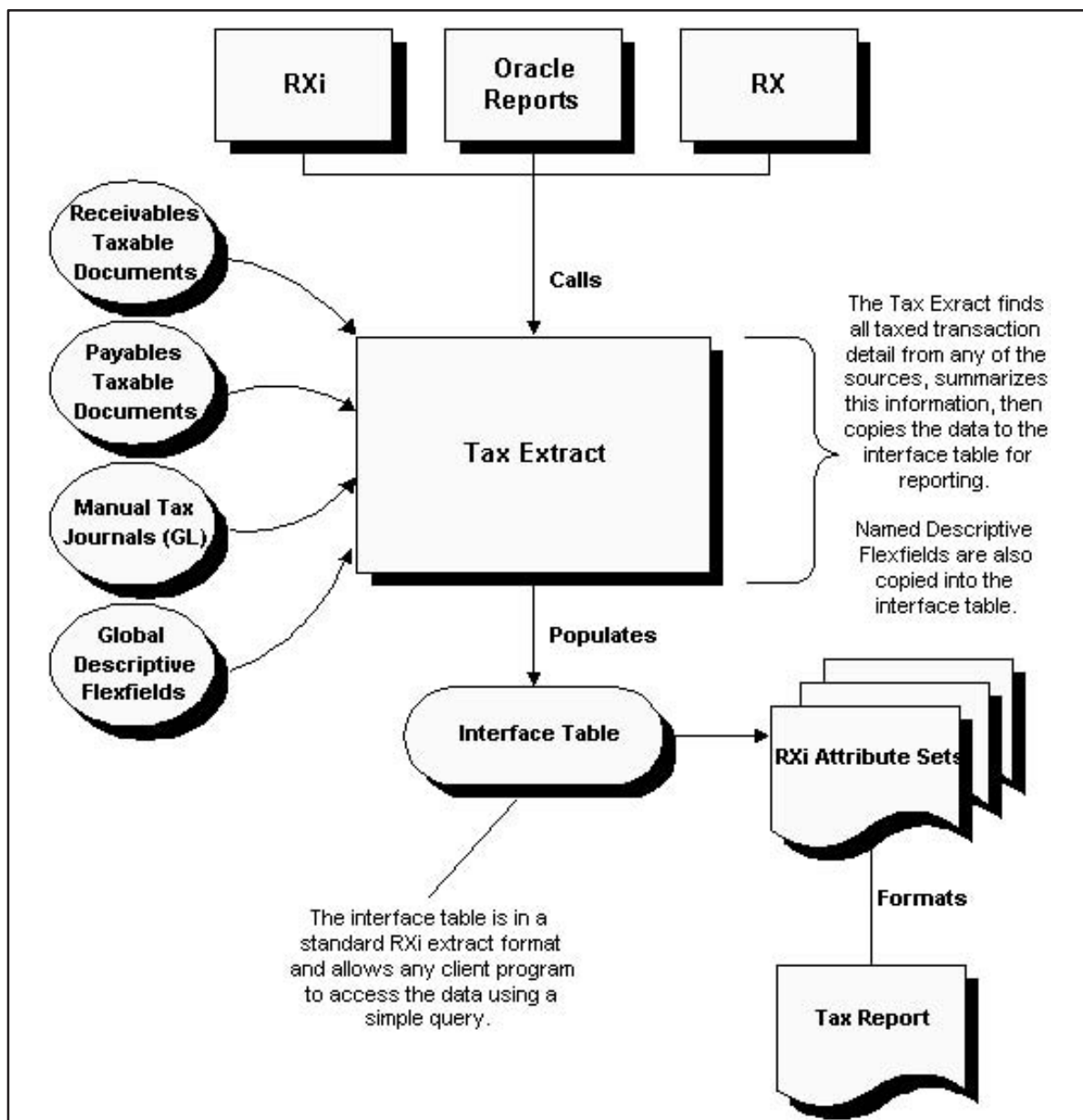
The Tax Extract draws information from each application and stores the data in an interface table. This information can easily be taken from multiple tables using RXi, Oracle Reports, or any client program. Output from the Tax Extract is designed to look as close to a simple tax report as possible.

The Tax Extract copies the original data and does not perform complex calculation or derivations of taxable or tax amounts. Each record of the extract table includes both taxable and tax amounts and shows that information grouped by the transaction number and tax code of each transaction. The Tax Extract can be called from several sources, including Oracle Reports and RX and RXi-enabled concurrent programs. The following reports are available:

- Financial Tax Register
- RX Only: Financial Tax Register

Figure 9 – 1 shows how the Tax Extract collects tax information from Oracle Applications and integrates with external programs to format your tax reports.

Figure 9 – 1 How the Tax Extract Collects Tax Information



Tax Reporting Ledger Columns

The Tax Reporting Ledger lets you select the columns to include in your report. For more information, see: Tax Reporting Ledger Column Descriptions: page 9 – 26.

Note: The columns for tax exemptions are only populated for Receivables Invoice, Debit Memo, and Credit Memo transactions where a customer or item exemption certificate has been assigned to the original transaction. These certificates are typically used in US state and local tax reporting.

Register Types

The Tax Register and the RX Only: Financial Tax Register include a Register Type parameter. Three registers are available:

- **Interim Tax Register:** Use this register to manage your deferred tax accounting entries for Receivables transactions and cash applications applied against invoices. This report is not yet available in Oracle Payables.
- **Tax Register:** Use this register to manage your accounting entries for invoice lines that reference standard tax codes and cash applications against invoice lines with deferred tax codes. This report manages your tax liability from your standard and collected output tax accounts. The Tax Register shows both partial and fully recoverable input taxes. Input tax transactions that are fully not recoverable appear only in the Non–Recoverable Tax Register (see below).
- **Non–Recoverable Tax Register:** This register shows your partial and fully non–recoverable input taxes. Receivables transactions involving earned discounts, unearned discounts, finance charges, and receivable adjustments may make accounting entries to this report as identified by the tax code of the referenced invoice or Receivables Activity.

Example 1 – Interim Tax Register vs. Tax Register

This example shows the difference between the Interim Tax Register and the Tax Register. Interim Taxes are only supported in Oracle Receivables, they are not yet supported in Oracle Payables.

The example Receivables invoice, Inv-Test1, contains this information:

- Line 1 for \$600.00 net plus 10% Tax
- Line 2 for \$400.00 net plus 20% Deferred Tax

This table shows the accounting entries for this example invoice:

Account	Debit	Credit
Receivable	1140.00	
Revenue (Tax Code 10%)		600.00
Tax (Tax Code 10%)		60.00
Revenue (Tax Code 20%)		400.00
Interim Tax (Tax Code 20%)		80.00

When you apply a partial payment of \$570.00 to this invoice, the cash application, CR-Test1, reduces the open receivable and moves half of the deferred tax that was originally recorded on the invoice to a collected tax account. This table shows the accounting entries that are created from the partial payment:

Account	Debit	Credit
Cash	570.00	
Tax (Tax Code 20%) (Half of the Deferred Tax)	40.00	
Receivable		570.00
Tax (Tax Code 20%) (Tax due to the government)		40.00

The output from the two Tax Registers (in which both transactions are within the period range entered for the report) is shown below.

This first example shows the output from the Interim Tax Register @10%:

Interim Tax Register @10%

Transaction Number	Transaction Class	Taxable Amount	Tax Amount
No Records Found	No Records Found	No Records Found	No Records Found

This example shows the output from the Interim Tax Register @20%:

Interim Tax Register @20%

Transaction Number	Transaction Class	Taxable Amount	Tax Amount
Inv-Test1	Invoice	400.00	80.00
Cr-Test1	Cash Application	(200.00)	(40.00)

This example shows the output from the Tax Register @10%:

Tax Register @10%

Transaction Number	Transaction Class	Taxable Amount	Tax Amount
Inv-Test1	Invoice	600.00	60.00

This example shows the output from the Tax Register @20%:

Tax Register @20%

Transaction Number	Transaction Class	Taxable Amount	Tax Amount
CR-Test1	Cash Application	200.00	40.00

As these examples illustrate, the Interim Tax Register shows only those account postings for deferred tax, including the invoice and cash application. The Tax Register shows all standard tax transactions as well as all cash applications to a deferred tax invoice.

Note: Using Oracle Receivables you can apply, reverse and reapply cash. Each time you perform these tasks, the original document sequence name and number of the cash receipt identifies the application.

Example 2 – Output Taxes: Non-Recoverable Tax Register vs. Tax Register

This example shows the difference between the Non-Recoverable Tax Register and the Tax Register, using the example Receivables invoice, Inv-Test2.

This table shows the accounting entries for this example invoice, Inv-Test2:

Account	Debit	Credit
Receivable	1140.00	
Revenue (Tax Code 10%)		600.00
Tax (Tax Code 10%)		60.00
Revenue (Tax Code 20%)		400.00
Tax (Tax Code 20%)		80.00

An adjustment for (100.00) is made against the invoice, reducing the receivable to \$1040.00. This adjustment is accounted for using the Receivables Activity option settings as described in this table:

Receivables Activity Option	Setting
GL Account Source	Revenue on Invoice
Tax Code Source	Invoice
Recoverable?	Yes

This table shows the accounting entries that are created as a result of this adjustment, ADJ-1:

Account	Debit	Credit
Revenue (Tax Code 10%)	52.63	
Revenue (Tax Code 20%)	35.09	
Tax (Tax Code 10%)	5.26	
Tax (Tax Code 20%)	7.02	
Receivable		100.00

A second adjustment is made to invoice INV-Test2 for 200.00. This adjustment is accounted for using the Receivables Activity option settings as described in this table:

Receivables Activity Option	Setting
GL Account Source	Revenue on Invoice
Tax Code Source	Invoice
Recoverable?	No

This table shows the accounting entries that are created as a result of this adjustment, ADJ-2:

Account	Debit	Credit
Revenue (Tax Code 10%)	105.26	
Revenue (Tax Code 20%)	70.18	
Tax (Tax Code 10%) (non-recoverable tax)	10.52	
Tax (Tax Code 20%) (non-recoverable tax)	14.04	
Receivable		200.00

Using the accounting entries that were created in this example, the Tax Register and the Non-Recoverable Tax Register appear as shown below.

This first example shows the output from the Tax Register @10%:

Tax Register @10%

Transaction Number	Transaction Class	Taxable Amount	Tax Amount
Inv-Test2	Invoice	600.00	60.00
ADJ-1	Adjustment	(52.63)	(5.26)

This example shows the output from the Tax Register @20%:

Tax Register @20%

Transaction Number	Transaction Class	Taxable Amount	Tax Amount
Inv-Test2	Invoice	400.00	80.00
ADJ-1	Adjustment	(35.09)	(7.02)

This example shows the output from the Non-Recoverable Tax Register @10%:

Non-Recoverable Tax Register @10%

Transaction Number	Transaction Class	Taxable Amount	Tax Amount
ADJ-2	Adjustment	(105.26)	(10.52)

This example shows the output from the Non-Recoverable Tax Register @20%:

Non-Recoverable Tax Register @20%

Transaction Number	Transaction Class	Taxable Amount	Tax Amount
ADJ-2	Adjustment	(70.18)	(14.04)

Example 3 – Oracle Payables Non-Recoverable Tax Register vs. Recoverable Tax Register

The following example shows how the Tax Registers appear when two Payables invoices have either fully recoverable or partial/non-recoverable Taxes.

This example includes two Oracle Payables invoices: AP-Inv-Test3 and AP-Inv-Test4.

The example Payables invoice, AP-Inv-Test3, contains this information:

- Line 1 for \$600.00 net is taxed at 10%; tax is recoverable
- Line 2 for \$400.00 net is taxed at 20%; 40% is non-recoverable

This table shows the accounting entries for this example invoice:

Account	Debit	Credit
Expense (Tax Code 10%)	600.00	
Tax (Tax Code 10%) (fully recoverable tax)	60.00	
Expense (Tax Code 20%)	400.00	
Expense (Tax Code 20%) (40% of \$80 is non-recoverable tax)	32.00	
Tax (Tax Code 20%) (60% of \$80 is recoverable tax)	48.00	
Liability		1140.00

The example Payables invoice, AP-Inv-Test4, contains this information:

- Line 1 for \$600.00 net is taxed at 10%; tax is non-recoverable
- Line 2 for \$400.00 net is taxed at 20%; tax is non-recoverable

This table shows the accounting entries for this example invoice:

Account	Debit	Credit
Expense (Tax Code 10%)	600.00	
Expense (Tax Code 10%) (non-recoverable tax)	60.00	
Expense (Tax Code 20%)	400.00	
Expense (Tax Code 20%) (non-recoverable tax)	80.00	
Liability		1140.00

The Tax Registers for these invoices appear as shown below.

This first example shows the output from the Input Tax Register @10%:

Input Tax Register @10%

Transaction Number	Transaction Class	Taxable Amount	Recoverable Tax Amount	Non-Recoverable Tax Amount
AP-Inv-Test3	Invoice	600.00	60.00	0.00

This example shows the output from the Input Tax Register @20%:

Input Tax Register @20%

Transaction Number	Transaction Class	Taxable Amount	Recoverable Tax Amount	Non-Recoverable Tax Amount
AP-Inv-Test3	Invoice	400.00	48.00	32.00

This example shows the output from the Non-Recoverable Input Tax Register @10%:

Non-Recoverable Input Tax Register @10%

Transaction Number	Transaction Class	Taxable Amount	Recoverable Tax Amount	Non-Recoverable Tax Amount
AP-Inv-Test4	Invoice	600.00	0.00	60.00

This example shows the output from the Non-Recoverable Input Tax Register @20%:

Non-Recoverable Input Tax Register @20%

Transaction Number	Transaction Class	Taxable Amount	Recoverable Tax Amount	Non-Recoverable Tax Amount
AP-Inv-Test3	Invoice	400.00	48.00	32.00
AP-Inv-Test4	Invoice	400.00	0.00	80.00

Example 4 – Prepayment Transactions, Tax is Exclusive

This example shows the content of the Tax Register when you create prepayments.

The prepayment that is established, Inv-Test10, contains an invoice line for \$500.00 plus tax at 10%, and tax is recoverable.

This table shows the accounting entries for this example invoice:

Account	Debit	Credit
Prepaid Asset or Expense (Tax Code 10%) (asset or expense is half paid)	500.00	
Tax (Tax Code 10%) (Tax on asset or expense is fully paid)	50.00	
Liability (prepaid with tax)		550.00

This table shows the accounting entries when you pay the prepayment invoice, Inv-Test10:

Account	Debit	Credit
Liability	550.00	
Cash		550.00

The Tax Register for this prepayment appears as shown below:

Tax Register @10%

Transaction Number	Transaction Class	Taxable Amount	Recoverable Tax Amount	Non-Recoverable Tax Amount
Inv-Test10	Invoice (prepayment)	500.00	50.00	0.00

Another example of a prepayment is shown below. In this case, the invoice is for a total that includes a prepayment.

The prepayment that is established, Inv-Test20, contains an invoice line for an item that was purchased for \$1,000 with \$500.00 prepaid applied and taxed at 10%.

This table shows the accounting entries for this example invoice:

Account	Debit	Credit
Asset or Expense (Tax Code 10%) (Invoiced amount)	1000.00	
Tax (Tax Code 10%) (Tax on balance of invoiced amount)	50.00	
Liability (For balance of invoiced amount)		550.00
Prepaid Asset or Expense (Reverse prepaid asset or expense)		500.00

The Tax Register for this prepayment appears as shown below:

Tax Register @10%

Transaction Number	Transaction Class	Taxable Amount	Recoverable Tax Amount	Non-Recoverable Tax Amount
Inv-Test20	Invoice	500.00	50.00	0.00

Example 5 – Tax Calculation of Offset Taxes

This example shows how the Tax Register displays offset taxes in Oracle Payables.

The example invoice, Inv-Test30, contains an invoice line for \$1,000 that is taxed at 10% with a 10% offset tax.

This table shows the accounting entries for this example invoice:

Account	Debit	Credit
Expense (Tax Code 10%) (Net amount \$600 taxed @10%)	1000.00	
Output Tax (Tax Code 10%)	100.00	
Liability		1000.00
Input Tax (Tax Code 10%)		100.00

The Tax Registers for this invoice appear as shown below.

This example shows the output from the Output Tax Register @10%:

Output Tax Register @10%

Transaction Number	Transaction Class	Taxable Amount	Recoverable Tax Amount	Non-Recoverable Tax Amount
Inv-Test30	Invoice	1000.00	100.00	0.00

This example shows the output from the Input Tax Register @10%:

Input Tax Register @10%

Transaction Number	Transaction Class	Taxable Amount	Recoverable Tax Amount	Non-Recoverable Tax Amount
Inv-Test30	Invoice	1000.00	100.00	0.00

Example 6 – Tax Calculation for GL Entries

This example shows how the Tax Register displays entries created in Oracle General Ledger.

The General Ledger transaction, Inv-Test60, contains a debit amount for \$1,000 that is taxed at 10% and is fully recoverable.

This table shows the accounting entries for this sample entry:

Account	Debit	Credit
Expense (Tax Code 10%) (Net amount)	1000.00	
Tax (Tax Code 10%)	100.00	
Liability		1100.00

The Tax Register appears as shown below:

Tax Register @10%

Transaction Number	Transaction Class	Taxable Amount	Tax Amount
Inv-Test60	General Ledger	1000.00	100.00

Example 7 – Tax Calculation with a Quantity-Based Tax Code

This example shows how the Tax Register displays entries created in Oracle Receivables when you create transactions using a quantity-based Tax Code.

The example invoice, AR-Inv-TestQ1, contains an invoice line for 200 boxes for \$4,000 that is taxed at \$5 per box.

This table shows the accounting entries for this example invoice:

Account	Debit	Credit
Receivable	5000.00	
Revenue		4000.00
Tax @ \$5/box		1000.00

The Tax Register for this invoice appears as shown below:

Tax Register @\$5/box

Transaction Number	Transaction Class	Taxable Quantity	Taxable Quantity UOM Code	Tax Amount
AR-Inv-TestQ1	Invoice	200.00	Box	1000.00

See Also

Multiple Organization Reporting: page 9 – 18

Tax Reporting Ledger Column Descriptions: page 9 – 26

Financial Tax Register: page 7 – 25

Multiple Organization Reporting

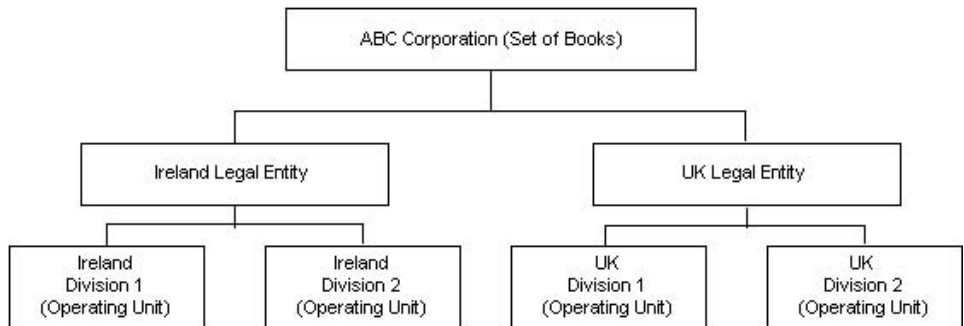
If you implemented the Oracle Applications Multiple Organizations feature (multi-org), you can use the Tax Reporting Ledger to create reports across multiple organizations. Use the Reporting Level and Reporting Context report parameters to determine the information to include in your report.

For more information about the Reporting Level and Reporting Context parameters, see: Financial Tax Register: page 7 – 25.

Example 1 – Reporting Level is set to Set of Books

If you set the Reporting Level to Set of Books, the Reporting Context parameter defaults to the Set of Books. The report then contains data for all operating units in the Set of Books hierarchy.

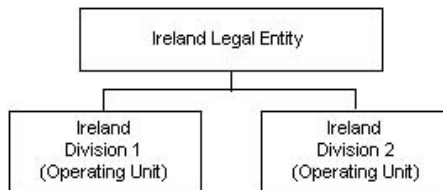
This illustration shows that the ABC corporation set of books has two legal entities: Ireland and the UK. The Ireland legal entity has two operating units: Ireland Division 1 and Ireland Division 2. The UK legal entity also has two operating units: UK Division 1 and UK Division 2.



Example 2 – Reporting Level is set to Legal Entity

If you set the Reporting Level to Legal Entity, the Reporting Context parameter defaults to Legal Entities and only legal entities appear in the list of values. The report then contains data for all operating units within the legal entity you specify.

This illustration shows that the Ireland legal entity contains two operating units: Ireland Division 1 and Ireland Division 2.



Example 3 – Reporting Level is set to Operating Unit

If you set the Reporting Level to Operating Unit, the Reporting Context parameter defaults to Operating Units and only operating units appear

in the list of values. The report then contains data for only the operating unit you specify.

This illustration shows that the Ireland Division 1 is the operating unit.

Ireland Division 1 (Operating Unit)

Cross-Product Reporting

You can also use the Tax Reporting Ledger to create cross-product reports that include information in Oracle Receivables, Oracle Payables, and Oracle General Ledger. To include tax information for each of these products, enter ALL for the Product reporting parameter.

You can also report across operating units and products. Oracle uses standard security rules to control which data to include in your report. These controls include:

- The profile option MO: Top Reporting Level
- Your Operating Unit
- Your Set of Books

For example, you submit a single concurrent request for the Financial Tax Register using the following parameters:

Reporting Level: Set of Books (the profile option MO: Top Reporting Level determines the top reporting level for your responsibility)

Reporting Context: ABC Corporation

Tax Class: All

Product: All

The result is a single report across all three Oracle Applications products for all Operating Units that fall within the 'ABC Corporation' set of books. You control the reporting level and products using the parameters listed above and Oracle automatically links Payables, Receivables, and General ledger together based on the setup of your organization hierarchy.

Example 1 – Reporting Level is set to Set of Books

To create a cross-product report at the Set of Books level for the ABC Corporation set of books, define the user, responsibility, and profile options as illustrated in this table:

User Name	User Responsibility	MO: Top Reporting Level	MO: Operating Unit
Tax User	Ireland Division 1 AP	Set of Books	Ireland Division 1
Tax User	Ireland Division 1 AR	Set of Books	Ireland Division 1
Tax User	Ireland Division 1 GL	Set of Books	Ireland Division 1
Tax User	Ireland Division 2 AP	Set of Books	Ireland Division 2
Tax User	Ireland Division 2 AR	Set of Books	Ireland Division 2
Tax User	Ireland Division 2 GL	Set of Books	Ireland Division 2
Tax User	UK Division 1 AP	Set of Books	UK Division 1
Tax User	UK Division 1 AR	Set of Books	UK Division 1
Tax User	UK Division 1 GL	Set of Books	UK Division 1
Tax User	UK Division 2 AP	Set of Books	UK Division 2
Tax User	UK Division 2 AR	Set of Books	UK Division 2
Tax User	UK Division 2 GL	Set of Books	UK Division 2

Example 2 – Reporting Level is set to Legal Entity

To create a cross-product report at the Legal Entity level for the ABC Corporation set of books, define the user, responsibility, and profile options as illustrated in this table:

User Name	User Responsibility	MO: Top Reporting Level	MO: Operating Unit
Tax User	Ireland Division 1 AP	Set of Books or Legal Entity	Ireland Division 1
Tax User	Ireland Division 1 AR	Set of Books or Legal Entity	Ireland Division 1
Tax User	Ireland Division 1 GL	Set of Books or Legal Entity	Ireland Division 1
Tax User	Ireland Division 2 AP	Set of Books or Legal Entity	Ireland Division 2
Tax User	Ireland Division 2 AR	Set of Books or Legal Entity	Ireland Division 2
Tax User	Ireland Division 2 GL	Set of Books or Legal Entity	Ireland Division 2

Example 3 – Reporting Level is set to Operating Unit

To create a cross-product report at the Operating Unit level for the ABC Corporation set of books, define the user, responsibility, and profile options as illustrated in this table:

User Name	User Responsibility	MO: Top Reporting Level	MO: Operating Unit
Tax User	Ireland Division 1 AP	Set of Books, Legal Entity, or Operating Unit	Ireland Division 1
Tax User	Ireland Division 1 AR	Set of Books, Legal Entity, or Operating Unit	Ireland Division 1
Tax User	Ireland Division 1 GL	Set of Books, Legal Entity, or Operating Unit	Ireland Division 1

Matrix Reporting

Use Matrix Reporting to show a single line in the Tax Reporting Ledger for two or more tax amounts. Matrix Reporting can be used to support countries with multiple taxes (for example, Canada) or to provide a breakdown of input taxes, showing both recoverable and non-recoverable tax amounts on the same report line. The display order of Matrix Reporting depends on the display order that you enter into the Tax Groups window

If Matrix Reporting is enabled, the Tax Reporting ledger groups either of the following into a single line:

- Up to Four Output Taxes
- Up to Two Input Taxes, each with a split between Recoverable and Non-Recoverable amounts.

In situations where an invoice is taxed with different tax groups, or different tax codes used within the group, then two or more records in the Tax Reporting Ledger will automatically be built. The Tax Reporting Ledger will always report the Recoverable tax first and then the Non-Recoverable tax amount. A column called "TAX#_RECOVERABLE_FLAG" separately reports any one of the available sets of Tax attributes as either Recoverable, Non-Recoverable or Null (not applicable).

Matrix Reporting does not run if you include three or more tax codes in a tax group in Payables or five or more tax codes in a tax group in Receivables.

Example of Matrix Reporting with Multiple Taxes

This example shows an Oracle Receivables invoice with three taxable lines with multiple taxes.

Transaction Number ES001

Line Number	Line Amount	Tax Group	Tax Code	Tax Rate	Tax Amount
1	100.00	ESSTD	ES16	16%	16.00
			RDE7	7%	7.00
2	300.00	ESRD	ES8	8%	24.00
			RDE4	4%	12.00
3	500.00	ESSTD	ES16	16%	80.00
			RDE7	7%	35.00

Line Amount Total: \$900.00

Tax Amount Total: \$174.00

Invoice Total: \$1074.00

Using the data in this example, you create a report using matrix reporting, with a summary level of Transaction. The following information is shown in the Tax Reporting Ledger:

Tax Reporting Ledger, Matrix Report

Transaction Number	Tax Group	Taxable Amount	Tax 1 Code	Tax 1 Amount	Tax 2 Code	Tax 2 Amount
ES001	ESSTD	600.00	ES16	96.00	RDE7	42.00
ES001	ESRED	300.00	ES8	24.00	RDE4	12.00

This report would be repeated for each company.

The table below shows how the report appears when you create it with the Matrix Reporting flag set to No.

Tax Reporting Ledger

Tax Code	Transaction Number	Transaction Class	Taxable Amount	Tax Group	Tax Amount
ES16	ES001	Invoice	100.00	ESSTD	16.00
ES16	ES001	Invoice	500.00	ESSTD	80.00
RDE7	ES001	Invoice	100.00	RDE7	7.00
RDE7	ES001	Invoice	500.00	RDE7	35.00
ES8	ES001	Invoice	300.00	ESRED	24.00
RDE4	ES001	Invoice	300.00	ESRED	12.00

Total Taxable Amount for Company: \$1800.00

Total Tax Amount for Company: \$174.00

See Also

Financial Tax Register: page 7 – 25

Tax Reporting Ledger Column Descriptions: page 9 – 26

Tax Reporting Ledger: page 9 – 2

Tax Reporting Ledger Column Descriptions

The Tax Reporting Ledger lets you select your reporting columns from a single reporting view. The view AR_TAX_EXTRACT_ITF_V unites data from many sources and provides a single, consistent reference to the taxed transactions in your subledgers. Since this reporting view is large, the columns in the view have been grouped together for ease of use. The column groupings are shown below.

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

Each group of columns shows at which level the column is available (i.e., Summarization Level, Transaction Header Level, Transaction Line Level, or Transaction Distribution Level) and whether the column is

available in Oracle Receivables (AR), Oracle Payables (AP), and Oracle General Ledger (GL).

Note: The following tables list the attribute names for the attribute set "DEFAULT," but you can change them when copying or updating your own attribute sets using RXi. To include ID, Standard Who, or globalization flexfield columns in your attribute sets, navigate to the Register Columns window by selecting the Columns option from the Tools menu.

Extract Columns

The Extract columns maintain system and "Row Who" information necessary for running the Tax Reporting Ledger. Each time that the Tax Reporting Ledger is populated, the request ID of the concurrent program submission is used to identify the set of report lines that belong to that submission. The Extract columns are available at all summarization levels and are described in this table:

Attribute Name	Column Name	Description	Application
Extract Union Clause Code	EXTRACT_UNION_CLAUSE_CODE	Internal column used for tuning of view AR_TAX_EXTRACT_ITF.V	AR, AP, GL
Extract Request Id	REQUEST_ID	Concurrent Request ID of the Concurrent Program or Report that populates the Interface table	AR, AP, GL
Extract Created By	CREATED_BY	Concurrent Request Created By	AR, AP, GL
Extract Creation Date	CREATION_DATE	Concurrent Request Created Date	AR, AP, GL
Extract Last Update By	LAST_UPDATED_BY	Concurrent Request Updated By	AR, AP, GL
Extract Last Update Date	LAST_UPDATE_DATE	Concurrent Request Update Date	AR, AP, GL
Reporting Set of Books ID	SET_OF_BOOKS_ID	Internal identifier for the Set of Books	AR, AP, GL
Reporting Chart of Accounts ID	CHART_OF_ACCOUNTS_ID	Internal identifier for the Chart of Accounts	AR, AP, GL
Extract Line ID	EXTRACT_LINE_ID	Internal unique identifier for this record	AR, AP, GL

Attribute Name	Column Name	Description	Application
Extract Source Ledger	EXTRACT_SOURCE_LEDGER	Identifies the Source Ledger for this ledger line. Can be AP,AR or GL.	AR, AP, GL
Extract Report Line Number	EXTRACT_REPORT_LINE_NUMBER	A sequential line number for each record of the Tax Ledger	AR, AP, GL

Reporting Entity

Reporting Entity has been included for legacy support only. New implementations should use the Legal Entity implementation for "Who am I" reporting. The Reporting Entity columns are available at all summarization levels and are described in this table:

Attribute Name	Column Name	Description	Application
Reporting Entity ID	REPORTING_ENTITY_ID	Identification of the Reporting Entity	AR, AP, GL
Reporting Entity Tax Registration Number	REPORTING_ENTITY_TAX_REG_NO	Tax Registration Number of the Reporting Entity	AR, AP, GL
Reporting Entity Name	REPORTING_ENTITY_NAME	The name of the Reporting Entity	AR, AP, GL

Reporting Context

These columns identify the reporting context, including name, level, and address. The reporting context is defined in Oracle Payables and is associated with the balancing segment of either the Receivable or Liability account. The Reporting Context columns are available at all summarization levels and are described in this table:

Attribute Name	Column Name	Description	Application
Reporting Context Tax Registration Number	REPORTING_CONTEXT_TAX_REG_NO	The Tax Registration number taken from the Additional Organization Window for the Legal Entity	AR, AP, GL
Reporting Context Level Code	REPORTING_CONTEXT_LVL_CODE	Internal Lookup code for the displayed field Reporting Context Level.	AR, AP, GL
Reporting Context Level	REPORTING_CONTEXT_LVL_MEANING	One of "Operating Unit", "Legal Entity" or "Set of Books". The Reporting Context Level will be taken from the submission parameters.	AR, AP, GL
Reporting Context Name	REPORTING_CONTEXT_NAME	The Reporting Context Name used in standard Cross Organization Reporting. The Reporting Context name will be taken from the submission parameter Reporting Context Name and will be for one of "Operating Unit", "Legal Entity" or "Set of Books".	AR, AP, GL

Legal Entity

The Legal Entity columns provide the name, tax registration number, and address information for the Legal Entity. The Legal Entity is defined using Oracle's Organization windows and the multiple organizations implementation. Use the Legal Entity to implement the "Who am I" that is required during tax reporting. The Legal Entity columns are available at all summarization levels and are described in this table:

Attribute Name	Column Name	Description	Application
Legal Entity Tax Registration Number	LEGAL_ENTITY_TAX_REG_NO	The Tax Registration number for the Legal Entity as setup using the Additional Organization information for the Legal Entity business purpose of the Organization.	AR, AP, GL
Legal Entity Org ID	LEGAL_ENTITY_ORG_ID	The Internal identifier for the Legal Entity associated with this transaction.	AR, AP, GL
Legal Entity Name	LEGAL_ENTITY_NAME	The name of the Legal Entity	AR, AP, GL
Legal Entity Location ID	LEGAL_ENTITY_LOCATION_ID	The internal ID used to identify the HR_LOCATIONS record for the address of the Legal Entity reporting this transaction	AR, AP, GL
Legal Entity City	LEGAL_ENTITY_CITY	The City field of the address of the Legal Entity reporting this transaction	AR, AP, GL
Legal Entity County	LEGAL_ENTITY_COUNTY	The County field of the address of the Legal Entity reporting this transaction	AR, AP, GL
Legal Entity State	LEGAL_ENTITY_STATE	The State field of the address of the Legal Entity reporting this transaction	AR, AP, GL
Legal Entity Province	LEGAL_ENTITY_PROVINCE	The Province field of the address of the Legal Entity reporting this transaction	AR, AP, GL
Legal Entity Address 1	LEGAL_ENTITY_ADDRESS1	Address Line 1 of the Legal Entity reporting this transaction	AR, AP, GL
Legal Entity Address 2	LEGAL_ENTITY_ADDRESS2	Address Line 2 of the Legal Entity reporting this transaction	AR, AP, GL
Legal Entity Address 3	LEGAL_ENTITY_ADDRESS3	Address Line 3 of the Legal Entity reporting this transaction	AR, AP, GL
Legal Entity Country	LEGAL_ENTITY_COUNTRY	The Country Code of the Address for the Legal Entity reporting this transaction	AR, AP, GL

Attribute Name	Column Name	Description	Application
Legal Entity Postal Code	LEGAL_ENTITY_POSTAL_CODE	The Postal Code field of the Address for the Legal entity reporting this transaction	AR, AP, GL
Legal Entity Telephone Number	LEGAL_ENTITY_TELEPHONE_NUMBER	The Telephone number field of the Address for the Legal entity reporting this transaction	AR, AP, GL

Transaction Header Level

The Transaction Header Level columns, which are common across all sources, are available at all summarization levels and are described in this table:

Attribute Name	Column Name	Description	Application
Trans Rounding Flag Code	TRX_ROUNDING_FLAG_CODE	Flag to indicate whether the transaction amounts include amounts from reconciliation entry	AR
Trans Rounding Flag Meaning	TRX_ROUNDING_FLAG_MEANING	Translated meaning of TRX_ROUNDING_FLAG_CODE	AR
Trans ID	TRX_ID	The Internal ID used with TRX_CLASS_CODE and REPORTING_SOURCE_LEDGER to identify the original transaction	AR, AP, GL
Transaction Number	TRX_NUMBER	The Transaction Number as reported in the Tax Register. This can be the Invoice Number, Credit Memo Number, or Prepayment Number (depending upon the source of the transaction)	AR, AP, GL
Trans Description	TRX_DESCRIPTION	A description of the Transaction	AR, AP, GL
Trans Document Sequence ID	TRX_DOC_SEQUENCE_ID	The Internal ID of the sequence name used in the taxed transaction	AR, AP, GL
Trans Document Sequence Name	TRX_DOC_SEQUENCE_NAME	The name of the sequence used in the taxed transaction	AR, AP, GL
Trans Document Sequence Value	TRX_DOC_SEQUENCE_VALUE	The value of the document sequence number field	AR, AP, GL
Transaction Date	TRX_DATE	The Transaction date of the transaction	AR, AP, GL
Trans Class Code	TRX_CLASS_CODE	Internal lookup code for the Transaction Class used by developers to identify the original document.	AR, AP, GL

Attribute Name	Column Name	Description	Application
Transaction Class	TRX_CLASS_MEANING	The Printed Trx Class; can be Invoice, Credit Memo, Debit Memo, Prepayment, Earned Discount, or Un-earned Discount	AR, AP, GL
Trans Type ID	TRX_TYPE_ID	The Internal identifier used to control the Receivable Transaction Type of the original Invoice, Debit Memo or Credit Memo.	AR, AP
Trans Type	TRX_TYPE_MEANING	The Receivable Transaction Type assigned to the transaction	AR, AP
Trans Applied From Trans Header Table	TRX_APPLIED_FROM_HEADER_TABLE	Internal Table Name	AR, AP
Trans Applied From Trans Header ID	TRX_APPLIED_FROM_TRX_HEADER_ID	Internal Unique Identifier	AR, AP
Trans Applied From Trans Class Code	TRX_APPLIED_FROM_CLASS_CODE	The internal lookup code used to control the applied from document class.	AR, AP
Trans Applied From Trans Class	TRX_APPLIED_FROM_CLASS_MEANING	The displayed transaction class for the applied from document. For an earned or unearned discount this would be the cash receipt number.	AR, AP
Trans Applied From Trans Number	TRX_APPLIED_FROM_TRX_NUMBER	The cash receipt number for receipt applications, earned and unearned discounts	AR, AP
Trans Applied To Trans Header Table	TRX_APPLIED_TO_TRX_HDR_TABLE	The Internal table name used to store the Applied From Document	AR, AP
Trans Applied To Trans Header ID	TRX_APPLIED_TO_TRX_HEADER_ID	The Internal ID used to identify the Applied From Document Name	AR, AP
Related Transaction	TRX_APPLIED_TO_TRX_NUMBER	The Transaction Number to which this document is applied. For a Credit Memo, Cash Receipt, Earned or Un-earned Discount this is the Invoice Number.	AR, AP

Attribute Name	Column Name	Description	Application
Trans Applied To Trans Class Code	TRX_APPLIED_TO_CLASS_CODE	The internal lookup code used to identify the Transaction Class of the Applied To document	AR, AP
Trans Applied to Trans Class	TRX_APPLIED_TO_CLASS_MEANING	The displayed transaction class of the applied to document. For a Credit Memo, Cash Receipt, Earned or Un-earned discount this is the Invoice Number	AR, AP
Trans Type De- scription	TRX_TYPE_DESCRIPTION	The description of the Receivable Transaction type that assigned to this transaction.	AR, AP
Trans User Desc Flex Category Trans User Desc Flex Attribute 1-10	TRX_HEADER_CATEGORY TRX_HEADER_ATTRIBUTE1-10	User Descriptive flexfield – Attribute Category. User Descriptive flexfield – 1 through 10.	Available in AR, AP, GL for Attributes1 – 10.
Trans User Desc Flex Attribute11- 15	TRX_HEADER_ATTRIBUTE11-15	User Descriptive flexfield – 11 through 15.	Available in AR, AP for Attributes11 – 15.
Trans Terms Date	TRX_DUE_DATE	The Payment Due Date of the Invoice/Term.	AR, AP
Trans Shipping Date	TRX_SHIPPING_DATE	The Shipping or Receipt Date identified at the Invoice Header	AR, AP
Trans Communi- cated Date	TRX_COMMUNICATED_DATE	The date Printed/Received of the Transaction	AR, AP, GL
Trans Currency Code	TRX_CURRENCY_CODE	The Entered Currency Code of the Transaction Header	AR, AP, GL
Trans Currency Conversion Type	TRX_CURRENCY_CONVERSION_TYPE	The Currency Conversion Type of the Transaction	AR, AP, GL
Trans Currency Conversion Date	TRX_CURRENCY_CONVERSION_DATE	The Currency Conversion date of the Transaction	AR, AP, GL
Trans Currency Conversion Rate	TRX_CURRENCY_CONVERSION_RATE	The Currency Conversion rate of the Transaction	AR, AP, GL

Attribute Name	Column Name	Description	Application
Trans Control Account Flexfield	TRX_CONTROL_ACCOUNT_FLEXFIELD	The accounting flexfield of the Receivables or Payables control account. In General Ledger this is the accounting flexfield of the accounting line that offsets the tax line.	AR, AP, GL
Company	TRX_CONTROL_ACCOUNT_BS_VALUE	The balancing segment or company value taken from the Transaction Control Account Flexfield. This is usually the company code associated with the transaction's balancing segment.	AR, AP, GL
Trans Control Balancing Segment Desc	TRX_CONTROL_ACCOUNT_BS_DESC	The description associated with the Transaction Control Balancing Segment flexfield segment value. This is usually the company name associated with the transaction's balancing segment.	AR, AP, GL

Billing

The Billing columns provide trading partner information and the name and address for billing functions. These columns are available at all summarization levels and are described in this table:

Attribute Name	Column Name	Description	Application
Billing Partner ID	BILLING_TRADING_PARTNER_ID	The Internal Identifier of the Trading Partner (Customer or Supplier) that is used to bill or pay this transaction.	AR, AP
Billing Partner Site ID	BILLING_TP_SITE_ID	The internal identifier of the Trading Partner Site (Customer Site or Supplier Site) that is used to bill or pay this transaction	AR, AP
Billing Partner Number	BILLING_TP_NUMBER	The Customer or Supplier Number	AR, AP, GL
Tax Registration Number	BILLING_TP_TAX_REG_NUM	The Tax Registration Number of the Trading Partner that is either Billing or Paying this transaction	AR, AP, GL

Attribute Name	Column Name	Description	Application
Billing Partner Taxpayer ID	BILLING_TP_TAXPAYER_ID	The Taxpayer ID of the Billing or Paying/Trading Partner	AR, AP
Billing Partner Site Name	BILLING_TP_SITE_NAME	The name given to the Billing or Paying/Trading Partner site	AR, AP
Billing Partner Site Alternate Name	BILLING_TP_SITE_NAME_ALT	The alternate name given to the Billing or Paying/Trading Partner site	
Billing Partner Site Tax Registration Number	BILLING_TP_SITE_TAX_REG_NUM	The Tax Registration Number for the Billing/Paying Trading Partner	AR, AP
Billing Partner Income Tax Reporting Flag	BILLING_TP_TAX_REPORTING_FLAG	Identifies whether this site is used for Income Tax Reporting	AR, AP
Billing Partner Name	BILLING_TP_NAME	Trading Partner Name. For Receivables, this is the Bill to Customer Name, for Payables this is the Supplier Name.	AR, AP, GL
Billing Partner Alternate Name	BILLING_TP_NAME_ALT	Alternative or phonetic name of the Trading Partner	AR, AP
Billing Partner S.I.C. Code	BILLING_TP_SIC_CODE	SIC Code of Trading Partner	AR, AP
Billing Partner Address ID	BILLING_TP_ADDRESS_ID	The Internal ID of the Customer Address or Supplier Site	AR, AP
Billing Partner City	BILLING_TP_CITY	City field of the billing trading partner address	AR, AP
Billing Partner County	BILLING_TP_COUNTY	County field of the billing trading partner address	AR, AP
Billing Partner State	BILLING_TP_STATE	State field of the billing trading partner address	AR, AP
Billing Partner Province	BILLING_TP_PROVINCE	Province field of the billing trading partner address	AR, AP
Billing Partner Address 1	BILLING_TP_ADDRESS1	Address line1 of the billing trading partner address	AR, AP
Billing Partner Address 2	BILLING_TP_ADDRESS2	Address line 2 of the billing trading partner address	AR, AP

Attribute Name	Column Name	Description	Application
Billing Partner Address 3	BILLING_TP_ADDRESS3	Address line 3 of the billing trading partner address	AR, AP
Billing Partner Address Alternate Lines	BILLING_TP_ADDRESS_LINES_ALT	The alternate address lines of the billing trading partner	AR, AP
Billing Partner Country	BILLING_TP_COUNTRY	Country field of the billing trading partner address	AR, AP
Billing Partner Postal Code	BILLING_TP_POSTAL_CODE	Postal Code field of the billing trading partner address	AR, AP

Shipping

These columns provide the name and address for the shipping function in Oracle Payables; however, no shipping information is recorded. The Shipping columns are available at all summarization levels and are described in this table:

Attribute Name	Column Name	Description	Application
Shipping Partner ID	SHIPPING_TRADING_PARTNER_ID	The Ship to Customer Internal ID, used only for Receivable Transactions	AR
Shipping Partner Site ID	SHIPPING_TP_SITE_ID	The Ship to Customer Site Internal ID, used only for Receivable Transactions	AR
Shipping Partner Number	SHIPPING_TP_NUMBER	The Ship to Customer Name, used only for Receivable Transactions	AR
Shipping Partner Tax Registration Number	SHIPPING_TP_TAX_REG_NUM	The Tax Registration number of the Ship To Customer, used only for Receivable Transactions	AR
Shipping Partner Taxpayer ID	SHIPPING_TP_TAXPAYER_ID	The Taxpayer ID of the Ship To Customer, used only for Receivable Transactions	AR
Shipping Partner Site Name	SHIPPING_TP_SITE_NAME	The Site Name of the Shipping trading partner	AR
Shipping Partner Site Alternate Name	SHIPPING_TP_SITE_NAME_ALT	The alternate name given to the Shipping or Paying/ Trading Partner site	

Attribute Name	Column Name	Description	Application
Shipping Partner Site Tax Registration Number	SHIP-PING_TP_SITE_TAX_REG_NUM	The Tax Registration Number of the Ship to Customer site, used only for Receivable Transactions	AR
Shipping Partner Name	SHIPPING_TP_NAME	The Ship To Customer Site Name, used only for Receivable Transactions	AR
Shipping Partner Alternate Name	SHIPPING_TP_NAME_ALT	The alternative or phonetic name of the Ship To Customer Name, used only for Receivable Transactions	AR
Shipping Partner S.I.C. Code	SHIPPING_TP_SIC_CODE	The SIC code of the Ship to Customer, used only for Receivable Transactions	AR
Shipping Partner Address ID	SHIPPING_TP_ADDRESS_ID	The internal identifier of the Ship to Customer Address, used only for Receivable Transactions	AR
Shipping Partner City	SHIPPING_TP_CITY	The City field of the Ship to customer address, used only for Receivable Transactions	AR, AP
Shipping Partner County	SHIPPING_TP_COUNTY	The County field of the Ship to customer address, used only for Receivable Transactions	AR, AP
Shipping Partner State	SHIPPING_TP_STATE	The State field of the Ship to customer address, used only for Receivable Transactions	AR, AP
Shipping Partner Province	SHIPPING_TP_PROVINCE	The Province field of the Ship to customer address, used only for Receivable Transactions	AR
Shipping Partner Address 1	SHIPPING_TP_ADDRESS1	The Address line 1 of the Ship to customer address, used only for Receivable Transactions	AR, AP
Shipping Partner Address 2	SHIPPING_TP_ADDRESS2	The Address line 2 of the ship-to customer address, used only for Receivable Transactions	AR, AP
Shipping Partner Address 3	SHIPPING_TP_ADDRESS3	The Address line 3 of the Ship to customer address, used only for Receivable Transactions	AR, AP

Attribute Name	Column Name	Description	Application
Shipping Partner Address Alternate Lines	SHIPPING_TP_ADDRESS_LINES_ALT	The alternate address lines of the shipping trading partner	AR
Shipping Partner Country	SHIPPING_TP_COUNTRY	The Country field of the Ship to customer address, used only for Receivable Transactions	AR, AP
Shipping Partner Postal Code	SHIPPING_TP_POSTAL_CODE	The Postal Code field of the ship-to customer address, used only for Receivable Transactions	AR, AP

Banking

Trading partner columns, which provide the name and address for banking functions, are available at all summarization levels and are described in this table:

Attribute Name	Column Name	Description	Application
Banking Partner Name	BANKING_TP_NAME	The Bank Name of the remittance bank account, only populated for Miscellaneous Payments and Miscellaneous Receipts in Oracle Receivables	AR
Banking Partner Taxpayer ID	BANKING_TP_TAXPAYER_ID	The Taxpayer ID field of the remittance bank account, only populated for Miscellaneous Payments and Miscellaneous Receipts in Oracle Receivables	AR

Receivables Transaction

These columns, which provide Oracle Receivables–specific header level transaction information, are available at all summarization levels and are described in this table:

Attribute Name	Column Name	Description	Application
AR Trans Batch Source Name	AR_TRX_BATCH_SOURCE_NAME	The Receivables Batch Source name used to create the original Transaction, used only for Receivable Transactions	AR
AR Trans Batch Source ID	AR_TRX_BATCH_SOURCE_ID	The Internal identifier of the Receivables Batch Source name used to create the original Transaction, used only for Receivable Transaction	AR
AR Trans S.I.C. Code	AR_TRX_SIC_CODE	The SIC Code of the Receivables Transaction Header	AR
AR Trans FOB Point	AR_TRX_FOB_POINT	The FOB (Terms of Delivery) of the Receivables Transaction Header	AR

Attribute Name	Column Name	Description	Application
AR Trans WayBill Number	AR_TRX_WAYBILL_NUMBER	The Waybill number of the Receivables Transaction Header	AR
AR Trans Posting Status	AR_TRX_POSTING_STATUS	The posting status of the Receivables Transaction Header	AR
AR Trans Purchase Order Number	AR_TRX_PURCHASE_ORDER	The Purchase Order Number, recorded on the Receivables Transaction Header	AR
AR Trans Purchase Order Revision	AR_TRX_PURCHASE_ORDER_REVISION	The Purchase Order Revision, recorded on the Receivables Transaction Header	AR
AR Trans Sales Order	AR_TRX_SALES_ORDER	The Sales Order Number, recorded on the Receivables Transaction Header	AR
AR Trans Sales Order Source	AR_TRX_SALES_ORDER_SOURCE	The Sales Order Source, recorded on the Receivables Transaction Header	AR
AR Trans Sales Order Revision	AR_TRX_SALES_ORDER_REVISION	The Sales Order Revision, recorded on the Receivables Transaction Header	AR
AR Trans Sales Order Date	AR_TRX_SALES_ORDER_DATE	The Sales Order Date, recorded on the Receivables Transaction Header	AR

Taxable Amounts

These columns provide the taxable amount for this tax ledger line and are available at all summarization levels.

Note: The taxable amount for the Recoverable tax is held in Taxable1 and the taxable amount for the Nonrecoverable tax is held in Taxable2. If the invoice had a second tax code, the Recoverable tax for the Recoverable tax is held in Taxable3 and the taxable amount for the Nonrecoverable tax is held in Taxable4.

Note: In Oracle Receivables, the matrix columns are used when a Tax Group with multiple tax codes is assigned to a transaction. If there is an exemption, the taxable amount is the amount *after* applying the exemption. Additionally, when the report is run at the transaction line, multiple lines with same tax code are added together.

The Taxable Amount columns are described in this table:

Attribute Name	Column Name	Description	Application
Taxable Amount Entered Debit	TAXABLE_ENTERED_DR	The sum of DR Taxable amounts recorded for this ledger line	AR, AP, GL
Taxable Amount Entered Credit	TAXABLE_ENTERED_CR	The sum of CR Taxable amounts recorded for this ledger line	AR, AP, GL
Taxable Amount Entered Currency	TAXABLE_ENTERED_AMOUNT	For Output Tax codes this is TAXABLE_ENTERED_CR – TAXABLE_ENTERED_DR. For Input Tax Codes this is TAXABLE_ENTERED_DR – TAXABLE_ENTERED_CR	AR, AP, GL
Taxable Amount Debit	TAXABLE_ACCOUNTED_DR	The sum of DR Taxable amounts recorded for this ledger line	AR, AP, GL
Taxable Amount Credit	TAXABLE_ACCOUNTED_CR	The sum of CR Taxable amounts recorded for this ledger line	AR, AP, GL

Attribute Name	Column Name	Description	Application
Taxable Amount	TAXABLE_ACCOUNTED_AMOUNT	For Output Tax codes this is TAXABLE_AC-COUNTED_CR – TAX-ABLE_ACCOUNTED_DR. For Input Tax Codes this is TAXABLE_AC-COUNTED_DR – TAX-ABLE_ACCOUNTED_CR	AR, AP, GL
Taxable1 Amount Entered Debit	TAXABLE1_ENTERED_DR	The sum of DR Taxable amounts recorded for this ledger line	AR, AP
Taxable1 Amount Entered Credit	TAXABLE1_ENTERED_CR	The sum of CR Taxable amounts recorded for this ledger line	AR, AP
Taxable1 Amount Entered Currency	TAXABLE1_ENTERED_AMOUNT	For Output Tax codes this is TAXABLE_ENTERED_CR – TAXABLE_ENTERED_DR. For Input Tax Codes this is: TAXABLE_ENTERED_DR – TAXABLE_ENTERED_CR	AR, AP
Taxable1 Amount Accounted Debit	TAXABLE1_ACCOUNTED_DR	The sum of DR Taxable amounts recorded for this ledger line	AR, AP
Taxable1 Amount Accounted Credit	TAXABLE1_ACCOUNTED_CR	The sum of CR Taxable amounts recorded for this ledger line	AR, AP
Taxable1 Amount Accounted	TAXABLE1_ACCOUNTED_AMOUNT	For Output Tax codes this is TAXABLE_AC-COUNTED_CR – TAX-ABLE_ACCOUNTED_DR. For Input Tax Codes this is TAXABLE_AC-COUNTED_DR – TAX-ABLE_ACCOUNTED_CR	AR, AP
Taxable2 Amount Entered Debit	TAXABLE2_ENTERED_DR	The sum of DR Taxable amounts recorded for this ledger line	AR, AP
Taxable2 Amount Entered Credit	TAXABLE2_ENTERED_CR	The sum of CR Taxable amounts recorded for this ledger line	AR, AP

Attribute Name	Column Name	Description	Application
Taxable2 Amount Entered Currency	TAXABLE2_ENTERED_AMOUNT	For Output Tax codes this is TAXABLE_ENTERED_CR – TAXABLE_ENTERED_DR. For Input Tax Codes this is TAXABLE_ENTERED_DR – TAXABLE_ENTERED_CR	AR, AP
Taxable2 Amount Accounted Debit	TAXABLE2_ACCOUNTED_DR	The sum of DR Taxable amounts recorded for this ledger line	AR, AP
Taxable2 Amount Accounted Credit	TAXABLE2_ACCOUNTED_CR	The sum of CR Taxable amounts recorded for this ledger line	AR, AP
Taxable2 Amount Accounted	TAXABLE2_ACCOUNTED_AMOUNT	For Output Tax codes this is TAXABLE_AC-COUNTED_CR – TAX-ABLE_ACCOUNTED_DR. For Input Tax Codes this is TAXABLE_AC-COUNTED_DR – TAX-ABLE_ACCOUNTED_CR	AR, AP
Taxable3 Amount Entered Debit	TAXABLE3_ENTERED_DR	The sum of DR Taxable amounts recorded for this ledger line	AR, AP
Taxable3 Amount Entered Credit	TAXABLE3_ENTERED_CR	The sum of CR Taxable amounts recorded for this ledger line	AR, AP
Taxable3 Amount Entered Currency	TAXABLE3_ENTERED_AMOUNT	For Output Tax codes this is TAXABLE_ENTERED_CR – TAXABLE_ENTERED_DR. For Input Tax Codes this is TAXABLE_ENTERED_DR – TAXABLE_ENTERED_CR	AR, AP
Taxable3 Amount Accounted Debit	TAXABLE3_ACCOUNTED_DR	The sum of DR Taxable amounts recorded for this ledger line	AR, AP
Taxable3 Amount Accounted Credit	TAXABLE3_ACCOUNTED_CR	The sum of CR Taxable amounts recorded for this ledger line	AR, AP

Attribute Name	Column Name	Description	Application
Taxable3 Amount Accounted	TAXABLE3_ACCOUNTED_AMOUNT	<p>For Output Tax codes this is TAXABLE_AC-COUNTED_CR – TAX-ABLE_ACCOUNTED_DR.</p> <p>For Input Tax Codes this is TAXABLE_AC-COUNTED_DR – TAX-ABLE_ACCOUNTED_CR</p>	AR, AP
Taxable4 Amount Entered Debit	TAXABLE4_ENTERED_DR	The sum of DR Taxable amounts recorded for this ledger line	AR, AP
Taxable4 Amount Entered Credit	TAXABLE4_ENTERED_CR	The sum of CR Taxable amounts recorded for this ledger line	AR, AP
Taxable4 Amount Entered Currency	TAXABLE4_ENTERED_AMOUNT	<p>For Output Tax codes this is TAXABLE_ENTERED_CR – TAXABLE_ENTERED_DR.</p> <p>For Input Tax Codes this is TAXABLE_ENTERED_DR – TAXABLE_ENTERED_CR</p>	AR, AP
Taxable4 Amount Accounted Debit	TAXABLE4_ACCOUNTED_DR	The sum of DR Taxable amounts recorded for this ledger line	AR, AP
Taxable4 Amount Accounted Credit	TAXABLE4_ACCOUNTED_CR	The sum of CR Taxable amounts recorded for this ledger line	AR, AP
Taxable4 Amount Accounted	TAXABLE4_ACCOUNTED_AMOUNT	<p>For Output Tax codes this is TAXABLE_AC-COUNTED_CR – TAX-ABLE_ACCOUNTED_DR.</p> <p>For Input Tax Codes this is TAXABLE_AC-COUNTED_DR – TAX-ABLE_ACCOUNTED_CR</p>	AR, AP

Taxable Line Fields

The taxable line fields provide transaction line-level information. These columns are available at the transaction line level and are described in this table:

Attribute Name	Column Name	Description	Application
Taxable Amount Accounted Credit	TAXABLE_ACCOUNTED_CR	Credit taxable amount in the functional currency.	AR, AP
Taxable Amount Accounted Debit	TAXABLE_ACCOUNTED_DR	Debit taxable amount in the functional currency.	AR, AP
Taxable Amount Entered Currency	TAXABLE_ENTERED_AMOUNT	Total taxable amount in the entered currency of the transaction.	AR, AP
Taxable Amount Entered Credit	TAXABLE_ENTERED_CR	Credit taxable amount in the entered currency.	AR, AP
Taxable Amount Entered Debit	TAXABLE_ENTERED_DR	Debit taxable amount in the entered currency of the transaction.	AR, AP
Taxable Line Number	TAXABLE_LINE_NUMBER	The Line number of the Taxable Line. This is only available for Line and Distribution level reporting. Otherwise this column is null.	AR, AP, GL
Taxable Line Source Table	TAXABLE_LINE_SOURCE_TABLE	Identifies the Taxable Source Table name, this column is only available for Line and Distribution reports. Requested by Latin America to allow extensible reporting of the GDF and other attributes of the taxable line.	AR, AP
Taxable Line Source ID	TAXABLE_LINE_SOURCE_ID	Identified the Row within the Taxable Source Table, this column is only available for Line and Distribution level reports.	AR

Attribute Name	Column Name	Description	Application
Taxable Line Description	TAXABLE_LINE_DESCRIPTION	The Line Description used to document the original Taxable document line, this column is only available for Line and Distribution level reports. For Receivable Invoices the value comes from the Invoice Line table. For Payables Invoices the value comes from the Distribution Item Description.	AR, AP, GL
Taxable Inventory Item ID	TAXABLE_LINE_ITEM_ID	The internal ID of the inventory item used on this invoice line. For Receivable Invoices the value comes from the Invoice Line table.	AR
Taxable Inventory Item Flexfield	TAXABLE_LINE_ITEM_FLEXFIELD	The Description of the inventory item used on this invoice line. For Receivable Invoices, the value comes from the Invoice Line table.	AR
Taxable Inventory Item Desc	TAXABLE_ITEM_DESCRIPTION	The Description of the inventory item used on this invoice line. For Receivable Invoices the value comes from the Invoice Line table. Available in Line and Distribution level reports only.	AR
Taxable Line Type Code	TAXABLE_LINE_TYPE_CODE	The Internal lookup code for the Receivables or Payables Line Type of the Taxable document line, only available for Line and Distribution level reports.	AR, AP
Taxable Line Type	TAXABLE_LINE_TYPE_MEANING	The Taxable Line Type of the Receivables or Payables line, only available for Line and Distribution level reports.	AR
Taxable Quantity	TAXABLE_QUANTITY	The quantity of the invoice line.	AR, AP
Taxable Quantity UOM Code	TAXABLE_QUANTITY_UOM_CODE	Abbreviated unit of measure code.	AR, AP
Taxable Quantity UOM Meaning	TAXABLE_QUANTITY_UOM_MEANING	Unit of measure description	AR, AP

Tax Amounts

The Tax Amounts columns provide the tax amount that is stored in the database. When the report is run at the transaction line level, the report sums multiple lines with same tax code. These columns are available at all summarization levels.

Note: For partially recoverable tax in Oracle Payables, the Recoverable tax is held in Tax1 and the Nonrecoverable tax is held in Tax2. If the invoice had a second tax code, the Recoverable tax for the second tax code is held in Tax3 and the Nonrecoverable tax for the second tax code is held in Tax4.

Note: In Oracle Receivables, the matrix columns are used when a Tax Group with multiple tax codes is assigned to a transaction.

The Tax Amounts columns are described in this table:

Attribute Name	Column Name	Description	Application
Tax Amount Entered Debit	TAX_ENTERED_DR	The sum of DR amounts of tax recorded for this ledger line	AR, AP, GL
Tax Amount Entered Credit	TAX_ENTERED_CR	The sum of CR amounts of tax recorded for this ledger line	AR, AP, GL
Tax Amount Entered Currency	TAX_ENTERED_AMOUNT	For Output tax codes this is TAX_ENTERED_CR – TAX_ENTERED_DR For Input tax codes this is TAX_ENTERED_DR – TAX_ENTERED_CR	AR, AP, GL
Tax Amount Debit	TAX_ACCOUNTED_DR	The sum of accounted DR amounts, in the functional or reporting currency, of this ledger line	AR, AP, GL
Tax Amount Credit	TAX_ACCOUNTED_CR	The sum of accounted CR amounts, in the functional or reporting currency, of this ledger line	AR, AP, GL
Tax Amount	TAX_ACCOUNTED_AMOUNT	For Output tax codes this is TAX_ENTERED_CR – TAX_ENTERED_DR For Input tax Codes this is TAX_ENTERED_DR – TAX_ENTERED_CR	AR, AP, GL

Attribute Name	Column Name	Description	Application
Tax1 Amount Entered Debit	TAX1_ENTERED_DR	The sum of DR amounts of tax recorded for this ledger line	AR, AP
Tax1 Amount Entered Credit	TAX1_ENTERED_CR	The sum of CR amounts of tax recorded for this ledger line	AR, AP
Tax1 Amount Entered Currency	TAX1_ENTERED_AMOUNT	For Output tax codes this is TAX_ENTERED_CR – TAX_ENTERED_DR. For Input tax codes this is TAX_ENTERED_DR – TAX_ENTERED_CR	AR, AP
Tax1 Amount Accounted Debit	TAX1_ACCOUNTED_DR	The sum of accounted DR amounts, in the functional or reporting currency, of this ledger line	AR, AP
Tax1 Amount Accounted Credit	TAX1_ACCOUNTED_CR	The sum of accounted CR amounts, in the functional or reporting currency, of this ledger line	AR, AP
Tax1 Amount Accounted	TAX1_ACCOUNTED_AMOUNT	For Output tax codes this is TAX_ENTERED_CR – TAX_ENTERED_DR For Input tax codes this is TAX_ENTERED_DR – TAX_ENTERED_CR	AR, AP
Tax2 Amount Entered Debit	TAX2_ENTERED_DR	The sum of DR amounts of Tax recorded for this ledger line	AR, AP
Tax2 Amount Entered Credit	TAX2_ENTERED_CR	The sum of CR amounts of Tax recorded for this ledger line	AR, AP
Tax2 Amount Entered Currency	TAX2_ENTERED_AMOUNT	For Output tax codes this is TAX_ENTERED_CR – TAX_ENTERED_DR For Input tax codes this is TAX_ENTERED_DR – TAX_ENTERED_CR	AR, AP
Tax2 Amount Accounted Debit	TAX2_ACCOUNTED_DR	The sum of accounted DR amounts, in the functional or reporting currency, of this ledger line	AR, AP

Attribute Name	Column Name	Description	Application
Tax2 Amount Accounted Credit	TAX2_ACCOUNTED_CR	The sum of accounted CR amounts, in the functional or reporting currency, of this ledger line	AR, AP
Tax2 Amount Accounted	TAX2_ACCOUNTED_AMOUNT	For Output tax codes this is TAX_ENTERED_CR – TAX_ENTERED_DR For Input tax codes this is TAX_ENTERED_DR – TAX_ENTERED_CR	AR, AP
Tax3 Amount Entered Debit	TAX3_ENTERED_DR	The sum of DR amounts of tax recorded for this ledger line	AR, AP
Tax3 Amount Entered Credit	TAX3_ENTERED_CR	The sum of CR amounts of tax recorded for this ledger line	AR, AP
Tax3 Amount Entered Currency	TAX3_ENTERED_AMOUNT	For Output tax codes this is TAX_ENTERED_CR – TAX_ENTERED_DR For Input tax codes this is TAX_ENTERED_DR – TAX_ENTERED_CR	AR, AP
Tax3 Amount Accounted Debit	TAX3_ACCOUNTED_DR	The sum of accounted DR amounts, in the functional or reporting currency, of this ledger line	AR, AP
Tax3 Amount Accounted Credit	TAX3_ACCOUNTED_CR	The sum of accounted CR amounts, in the functional or reporting currency, of this ledger line	AR, AP
Tax3 Amount Accounted	TAX3_ACCOUNTED_AMOUNT	For Output tax codes this is TAX_ENTERED_CR – TAX_ENTERED_DR For Input tax codes this is TAX_ENTERED_DR – TAX_ENTERED_CR	AR, AP
Tax4 Amount Entered Debit	TAX4_ENTERED_DR	The sum of DR amounts of tax recorded for this ledger line	AR, AP
Tax4 Amount Entered Credit	TAX4_ENTERED_CR	The sum of CR amounts of tax recorded for this ledger line	AR, AP

Attribute Name	Column Name	Description	Application
Tax4 Amount Entered Currency	TAX4_ENTERED_AMOUNT	For Output tax codes this is TAX_ENTERED_CR – TAX_ENTERED_DR For Input tax codes this is TAX_ENTERED_DR – TAX_ENTERED_CR	AR, AP
Tax4 Amount Accounted Debit	TAX4_ACCOUNTED_DR	The sum of accounted DR amounts, in the functional or reporting currency, of this ledger line	AR, AP
Tax4 Amount Accounted Credit	TAX4_ACCOUNTED_CR	The sum of accounted CR amounts, in the functional or reporting currency, of this ledger line	AR, AP
Tax4 Amount Accounted	TAX4_ACCOUNTED_AMOUNT	For Output tax codes this is TAX_ENTERED_CR – TAX_ENTERED_DR For Input tax codes this is TAX_ENTERED_DR – TAX_ENTERED_CR	AR, AP

Tax Line

The Tax Line columns provide tax amounts, tax codes and rates, and other attributes taken from the document line of type Tax. These columns are available at all summarization levels and are described in this table:

Attribute Name	Column Name	Description	Application
Tax Line Number	TAX_LINE_NUMBER	The Line number, within the Tax Reporting Ledger, for groups or multiple taxes on an invoice. Using the Line number to identify that a given tax code is part of a multiple tax group. This is available in Transaction Line level and Distribution Line level reporting; otherwise, this column is null.	AR, AP
Tax Line Tax Code ID	TAX_CODE_ID	The Internal ID of either the Input or Output Tax code used on this transaction	AR, AP, GL
Tax Line Tax Class Code	TAX_CODE_TAX_CLASS_CODE	Either I or O, used internally to identify the Tax Code Class as one of Input or Output. This information is already available using Tax Line Tax Code Register Type	AR, AP, GL
Tax Class	TAX_CODE_TAX_CLASS_MEANING	The displayed Tax Code Class (Input, Output)	AR, AP, GL
Tax Code	TAX_CODE	The Tax Code used on this transaction	AR, AP, GL
Tax Line Tax Code Rate	TAX_CODE_RATE	The tax rate setup for this tax code, this rate may not be the effective tax rate of the transaction line if limits or exceptions are applied	AR, AP, GL
Tax Line Effective Tax Rate	TAX_LINE_EFFECTIVE_TAX_RATE	The effective tax rate for this transaction line	AR, AP
Tax Line Tax Code VAT Trans Type Code	TAX_CODE_VAT_TRX_TYPE_CODE	The VAT Transaction Type internal lookup code for this Tax Code	AR, AP, GL
Tax Line Tax Code VAT Trans Type	TAX_CODE_VAT_TRX_TYPE_MEANING	The VAT Transaction Type displayed value for this Tax Code	AR, AP, GL
Tax Line Tax Code VAT Trans Type Desc	TAX_CODE_VAT_TRX_TYPE_DESC	The VAT Transaction Type description for this Tax Code	
Tax Line Tax Code Register Type Code	TAX_CODE_REGISTER_TYPE_CODE	The internal lookup code for the Tax Register for this Tax Register Line.	AR, AP, GL

Attribute Name	Column Name	Description	Application
Tax Line Tax Code Register Type	TAX_CODE_REGISTER_TYPE_MEANING	The displayed value for the Tax Register for this Tax Register Line. Can be one of: Interim Input Tax Register Input Tax Register Output Tax Register Nonrecoverable Input Tax Register Nonrecoverable Output Tax Register	AR, AP, GL
Tax Line Tax Code Type Code	TAX_CODE_TYPE_CODE	The internal lookup code of the Tax Type for this Tax Code. Used to provide summary totals by regimes of tax and is based on the extensible lookup AR: TAX_TYPE.	AR, AP, GL
Tax Line Tax Code Type	TAX_CODE_TYPE_MEANING	The displayed value of the Tax Type for this Tax Code. Used to provide summary totals by regimes of tax.	AR, AP, GL
Tax Code	TAX_CODE_NAME	The Printed Tax Name for this Tax Code.	AR, AP, GL
Tax Line Tax Code Description	TAX_CODE_DESCRIPTION	The Description for this Tax Code	AR, AP, GL
AP Tax Line Tax Recovery Flag	AP_TAX_RECOVERABLE_FLAG	Recoverable Flag	AP
Tax1 Line Number	TAX1_LINE_NUMBER	The Line number, within the Tax Reporting Ledger, for groups or multiple taxes on an invoice. This is available in Transaction Line level and Distribution Line level reporting; otherwise this column is null.	AR
Tax1 Line Tax Code ID	TAX1_CODE_ID	The Internal ID of either the Input or Output tax code used on this transaction	AR, AP

Attribute Name	Column Name	Description	Application
Tax1 Line Tax Class Code	TAX1_CODE_TAX_CLASS_CODE	Either I or O, used internally to identify the Tax Code Class as one either Input or Output This information is already available using Tax Line Tax Code Register Type	AR, AP, GL
Tax1 Line Tax Class	TAX1_CODE_TAX_CLASS_MEANING	The displayed Tax Code Class (Input, Output)	AR, AP, GL
Tax1 Line Tax Code	TAX1_CODE	The Tax Code used on this transaction	AR, AP
Tax1 Line Tax Code Rate	TAX1_CODE_RATE	The tax rate setup for this tax code. This rate may not be the effective tax rate of the transaction line if limits or exceptions are applied	AR, AP
Tax1 Line Effective Tax Rate	TAX1_LINE_EFFECTIVE_TAX_RATE	The effective tax rate for this transaction line	AR, AP
Tax1 Line Tax Code VAT Trans Type Code	TAX1_CODE_VAT_TRX_TYPE_CODE	The VAT Transaction Type internal lookup code for this Tax Code	AR, AP
Tax1 Line Tax Code VAT Trans Type	TAX1_CODE_VAT_TRX_TYPE_MEANING	The VAT Transaction Type displayed value for this Tax Code	AR, AP
Tax1 Line Tax Code VAT Trans Type Desc	TAX1_CODE_VAT_TRX_TYPE_DESC	The VAT Transaction Type description for this Tax Code	
Tax1 Line Tax Code Register Type Code	TAX1_CODE_REG_TYPE_CODE	The internal lookup code for the Tax Register for this Tax Register Line.	AR, AP
Tax1 Line Tax Code Register Type	TAX1_CODE_REG_TYPE_MEANING	The displayed value for the Tax Register for this Tax Register Line. Can be one of: Interim Input Tax Register Input Tax Register Output Tax Register Nonrecoverable Input Tax Register Nonrecoverable Output Tax Register	AR, AP

Attribute Name	Column Name	Description	Application
Tax1 Line Tax Code Type Code	TAX1_CODE_TYPE_CODE	The internal lookup code of the Tax Type for this Tax Code. Used to provide summary totals by regimes of tax and is based on the extensible lookup AR: TAX_TYPE.	AR, AP
Tax1 Line Tax Code Type	TAX1_CODE_TYPE_MEANING	The displayed value for the Tax Type for this Tax Code. Used to provide summary totals by regimes of Tax.	AR, AP
Tax1 Line Tax Code Name	TAX1_CODE_NAME	The Printed Tax Name of this Tax Code.	AR, AP
Tax1 Line Tax Code Description	TAX1_CODE_DESCRIPTION	The Description of this Tax Code	AR, AP
Tax1 Line Recoverable Flag	TAX1_RECOVERABLE_FLAG	Recoverable Flag	AP
Tax2 Line Number	TAX2_LINE_NUMBER	The Line number, within the Tax Reporting Ledger, for groups or multiple taxes on an invoice. This is available in Transaction Line level and Distribution Line level reporting otherwise this column is null.	AR
Tax2 Line Tax Code ID	TAX2_CODE_ID	The Internal ID of either the Input or Output Tax code used on this transaction	AR, AP
Tax2 Line Tax Class Code	TAX2_CODE_TAX_CLASS_CODE	Either I or O, used internally to identify the Tax Code Class as one of Input or Output This information is already available using Tax Line Tax Code Register Type	AR, AP, GL
Tax2 Line Tax Class	TAX2_CODE_TAX_CLASS_MEANING	The displayed Tax Code Class (Input, Output)	AR, AP, GL
Tax2 Line Tax Code	TAX2_CODE	The Tax Code used on this transaction	AR, AP
Tax2 Line Tax Code Rate	TAX2_CODE_RATE	The tax rate setup for this tax code. This rate may not be the effective tax rate of the transaction line if limits or exceptions are applied	AR, AP

Attribute Name	Column Name	Description	Application
Tax2 Line Effective Tax Rate	TAX2_LINE_EFFECTIVE_TAX_RATE	The effective tax rate for this transaction line	AR, AP
Tax2 Line Tax Code VAT Trans Type Code	TAX2_CODE_VAT_TRX_TYPE_CODE	The VAT Transaction Type internal lookup code for this Tax Code	AR, AP
Tax2 Line Tax Code VAT Trans Type	TAX2_CODE_VAT_TRX_TYPE_MEANING	The VAT Transaction Type displayed value for this Tax Code	AR, AP
Tax2 Line Tax Code VAT Trans Type Desc	TAX2_CODE_VAT_TRX_TYPE_DESC	The VAT Transaction Type description for this Tax Code	
Tax2 Line Tax Code Register Type Code	TAX2_CODE_REG_TYPE_CODE	The internal lookup code for the Tax Register for this Tax Register Line.	AR, AP
Tax2 Line Tax Code Register Type	TAX2_CODE_REG_TYPE_MEANING	The displayed value for the Tax Register for this Tax Register Line. Can be one of: Interim Input Tax Register Input Tax Register Output Tax Register Nonrecoverable Input Tax Register Nonrecoverable Output Tax Register	AR, AP
Tax2 Line Tax Code Type Code	TAX2_CODE_TYPE_CODE	The internal lookup code of the Tax Type for this Tax Code. Used to provide summary totals by regimes of tax and is based on the extensible lookup AR: TAX_TYPE.	AR, AP
Tax2 Line Tax Code Type	TAX2_CODE_TYPE_MEANING	The displayed value for the Tax Type for this Tax Code. Used to provide summary totals by regimes of Tax.	AR, AP
Tax2 Line Tax Code Name	TAX2_CODE_NAME	The Printed Tax Name for this Tax Code.	AR, AP
Tax2 Line Tax Code Description	TAX2_CODE_DESCRIPTION	The Description for this Tax Code	AR, AP

Attribute Name	Column Name	Description	Application
Tax2 Line Recoverable Flag	TAX2_RECOVERABLE_FLAG	Recoverable Flag	AP
Tax3 Line Tax Code ID	TAX3_CODE_ID	The Internal ID of either the Input or Output Tax code used on this transaction	AR, AP
Tax3 Line Tax Class Code	TAX3_CODE_TAX_CLASS_CODE	Either I or O, used internally to identify the Tax Code Class as one of Input or Output This information is already available using Tax Line Tax Code Register Type	AR, AP, GL
Tax3 Line Tax Class	TAX3_CODE_TAX_CLASS_MEANING	The displayed Tax Code Class (Input, Output)	AR, AP, GL
Tax3 Line Tax Code	TAX3_CODE	The Tax Code used on this transaction	AR, AP
Tax3 Line Tax Code Rate	TAX3_CODE_RATE	The tax rate setup for this tax code. This rate might not be the effective tax rate of the transaction line if limits or exceptions are applied.	AR, AP
Tax3 Line Effective Tax Rate	TAX3_LINE_EFFECTIVE_TAX_RATE	The effective tax rate for this transaction line	AR, AP
Tax3 Line Tax Code VAT Trans Type Code	TAX3_CODE_VAT_TRX_TYPE_CODE	The VAT Transaction Type internal lookup code for this Tax Code	AR, AP
Tax3 Line Tax Code VAT Trans Type	TAX3_CODE_VAT_TRX_TYPE_MEANING	The VAT Transaction Type displayed value for this Tax Code	AR, AP
Tax3 Line Tax Code VAT Trans Type Desc	TAX3_CODE_VAT_TRX_TYPE_DESC	The VAT Transaction Type description for this Tax Code	
Tax3 Line Tax Code Register Type Code	TAX3_CODE_REG_TYPE_CODE	The internal lookup code for the Tax Register for this Tax Register Line.	AR, AP

Attribute Name	Column Name	Description	Application
Tax3 Line Tax Code Register Type	TAX3_CODE_REG_TYPE_MEANING	The displayed value for the Tax Register for this Tax Register Line. Can be one of: Interim Input Tax Register Input Tax Register Output Tax Register Nonrecoverable Input Tax Register Nonrecoverable Output Tax Register	AR, AP
Tax3 Line Tax Code Type Code	TAX3_CODE_TYPE_CODE	The internal lookup code of the Tax Type for this Tax Code. Used to provide summary totals by regimes of tax and is based on the extensible lookup AR: TAX_TYPE.	AR, AP
Tax3 Line Tax Code Type	TAX3_CODE_TYPE_MEANING	The displayed value for the Tax Type for this Tax Code. Used to provide summary totals by regimes of Tax.	AR, AP
Tax3 Line Tax Code Name	TAX3_CODE_NAME	The Printed Tax Name for this Tax Code.	AR, AP
Tax3 Line Tax Code Description	TAX3_CODE_DESCRIPTION	The Description for this Tax Code	AR, AP
Tax3 Line Recoverable Flag	TAX3_RECOVERABLE_FLAG	Recoverable Flag	AP
Tax3 Line Number	TAX3_LINE_NUMBER	The Line number, within the Tax Reporting Ledger, for groups or multiple taxes on an invoice. This is available in Transaction Line level and Distribution Line level reporting; otherwise this column is null.	AR
Tax4 Line Tax Code ID	TAX4_CODE_ID	The Internal ID of either the Input or Output Tax code used on this transaction	AR, AP

Attribute Name	Column Name	Description	Application
Tax4 Line Tax Class Code	TAX4_CODE_TAX_CLASS_CODE	Either I or O, used internally to identify the Tax Code Class as one of Input or Output This information is already available using Tax Line Tax Code Register Type	AR, AP, GL
Tax4 Line Tax Class	TAX4_CODE_TAX_CLASS_MEANING	The displayed Tax Code Class (Input, Output)	AR, AP, GL
Tax4 Line Tax Code	TAX4_CODE	The Tax Code used on this transaction	AR, AP
Tax4 Line Tax Code Rate	TAX4_CODE_RATE	The tax rate setup for this tax code. This rate may not be the effective tax rate of the transaction line if limits or exceptions are applied.	AR, AP
Tax4 Line Effective Tax Rate	TAX4_LINE_EFFECTIVE_TAX_RATE	The effective tax rate for this transaction line	AR, AP
Tax4 Line Tax Code VAT Trans Type Code	TAX4_CODE_VAT_TRX_TYPE_CODE	The VAT Transaction Type internal lookup code for this Tax Code	AR, AP
Tax4 Line Tax Code VAT Trans Type	TAX4_CODE_VAT_TRX_TYPE_MEANING	The VAT Transaction Type displayed value for this Tax Code	AR, AP
Tax4 Line Tax Code VAT Trans Type Desc	TAX4_CODE_VAT_TRX_TYPE_DESC	The VAT Transaction Type description for this Tax Code	
Tax4 Line Tax Code Register Type Code	TAX4_CODE_REG_TYPE_CODE	The internal lookup code for the Tax Register for this Tax Register Line.	AR, AP
Tax4 Line Tax Code Register Type	TAX4_CODE_REG_TYPE_MEANING	The displayed value for the Tax Register for this Tax Register Line. Can be one of: Interim Input Tax Register Input Tax Register Output Tax Register Nonrecoverable Input Tax Register Nonrecoverable Output Tax Register	AR, AP

Attribute Name	Column Name	Description	Application
Tax4 Line Tax Code Type Code	TAX4_CODE_TYPE_CODE	The internal lookup code of the Tax Type for this Tax Code. Used to provide summary totals by regimes of tax and is based on the extensible lookup AR: TAX_TYPE.	AR, AP
Tax4 Line Tax Code Type	TAX4_CODE_TYPE_MEANING	The displayed value for the Tax Type for this Tax Code. Used to provide summary totals by regimes of Tax.	AR, AP
Tax4 Line Tax Code Name	TAX4_CODE_NAME	The Printed Tax Name of this Tax Code.	AR, AP
Tax4 Line Tax Code Description	TAX4_CODE_DESCRIPTION	The Description of this Tax Code	AR, AP
Tax4 Recoverable Flag	TAX4_RECOVERABLE_FLAG	Recoverable Flag	AP
Tax4 Line Number	TAX4_LINE_NUMBER	The Line number, within the Tax Reporting Ledger, for groups or multiple taxes on an invoice. This is available in Transaction Line level and Distribution Line level reporting; otherwise, this column is null.	AR

Total Amounts

The total amount is the sum of the taxable and tax amounts. These columns are available at all summarization levels and are described in this table:

Attribute Name	Column Name	Description	Application
Total Amount Entered Debit	TOTAL_ENTERED_DR	Total of TAX_ENTERED_DR and TAXABLE_ENTERED_DR	AR, AP, GL
Total Amount Entered Credit	TOTAL_ENTERED_CR	Total of TAX_ENTERED_CR and TAXABLE_ENTERED_CR	AR, AP, GL
Total Amount Entered Currency	TOTAL_ENTERED_AMOUNT	Total of TAX_ENTERED_AMOUNT and TAXABLE_ENTERED_AMOUNT	AR, AP, GL
Total Amount Accounted Debit	TOTAL_ACCOUNTED_DR	Total of TAX_ACCOUNTED_DR and TAXABLE_ACCOUNTED_DR	AR, AP, GL
Total Amount Accounted Credit	TOTAL_ACCOUNTED_CR	Total of TAX_ACCOUNTED_CR and TAXABLE_ACCOUNTED_CR	AR, AP, GL
Total Amount Accounted	TOTAL_ACCOUNTED_AMOUNT	Total of TAX_ACCOUNTED_AMOUNT and TAXABLE_ACCOUNTED_AMOUNT	AR, AP, GL

Payables Tax Line

These columns, which provide Payables-specific attributes from the tax document line, are available at the line and distribution line levels and are described in this table:

Attribute Name	Column Name	Description	Application
AP Receipt Date	AP_TRANS_START_EXPENSE_DATE	Date when incurred expense started. Use expense reporting.	AP
AP Tax Line Tax Recovery Rate	AP_TAX_RECOVERY_RATE	Records the tax recovery rate for the Taxable amount on this Tax Reporting Line	AP
AP Tax Line Merchant Document Number	AP_TAXABLE_MERCHANT_DOC_NO	The Merchant Document Number recorded on the Payables expense report	AP
AP Tax Line Merchant Name	AP_TAXABLE_MERCHANT_NAME	The Merchant Name recorded on the Payables expense report	AP
AP Tax Line Merchant Reference	AP_TAXABLE_MERCHANT_REFERENCE	The Merchant Reference recorded on the Payables expense report	AP
AP Tax Line Merchant Tax Registration Num	AP_TAXABLE_MERCHANT_TAX_REG_NO	The Merchant Tax Registration Number recorded on the Payables expense report	AP
AP Tax Line Merchant Taxpayer ID	AP_TAXABLE_MERCHANT_TAXPAYER_ID	The Taxpayer ID recorded on the Payables expense report	AP
AP Tax Line Country of Supply	AP_TAXABLE_COUNTRY_OF_SUPPLY	The first Country of Supply recorded on the Payables Taxable Distribution line. If this taxable amount records multiple values for Country of Supply only the first is shown	AP
AP Tax Line Accounting Event IDn	AP_AE_ACCOUNTING_EVENT_ID	The Payables Accounting Event, used internally	AP
AP Tax Line Offset Tax Code ID	AP_TAX_OFFSET_TAX_CODE_ID	The Payables Offset Tax Code ID, used internally	AP

Receivables Tax Line

These columns, which provide Receivables-specific attributes from the Tax Document Line, are available only at the transaction line and distribution levels and are described in this table:

Attribute Name	Column Name	Description	Application
AR Exempt Accounted Amount	EXEMPT_ACCTD_AMOUNT	Exempt amount in functional currency	AR
AR Taxable & Exempt Accounted Amount	TAXABLE_EXEMPT_TOT_ACCTD_AMT	Sum of exempt and taxable amounts in functional currency	AR
AR Tax Line Tax Exemption ID	TAX_EXEMPTION_ID	The Receivable Tax Exemption ID that was used in the calculation of the effective tax rate	AR
AR Tax Line Tax Exception ID	TAX_EXCEPTION_ID	The Receivable Tax Exception ID that was used in the calculation of the effective tax rate	AR
AR Tax Line Tax Exempt Number	TAX_EXEMPT_NUMBER	The Receivable Tax Exemption Number that was used in the calculation of the effective tax rate	AR
AR Tax Line Tax Exempt Reason Code	TAX_EXEMPT_REASON_CODE	The Receivable Tax Exemption Reason lookup code used internally in the calculation of the effective tax rate	AR
AR Tax Line Tax Exempt Reason	TAX_EXEMPT_REASON_MEANING	The displayed field for Tax Exemption Reason used in the calculation of the effective tax rate	AR
AR Exempt Entered Amount	EXEMPT_ENTERED_AMOUNT	The sum of the Receivable Exempt amount of the invoice line(s)	AR
AR Taxable & Exempt Entered Amount	TAXABLE_EXEMPT_TOT_ENTERED_AMT	The sum of the Receivable Taxable + Exempt amounts for the invoice line(s)	AR
AR Tax Line Tax Exception Reason Code	TAX_EXCEPTION_REASON_CODE	The Receivable Tax Exception Reason lookup code used internally in the calculation of the effective tax rate	AR
AR Tax Line Tax Exception Reason	TAX_EXCEPTION_REASON_MEANING	The displayed field for Tax Exception Reason	AR

Transaction Line User Descriptive Flexfield

These columns provide the User Descriptive flexfield values for the transaction line. These columns are available at the transaction line and distribution line levels in Oracle Receivables. These columns are available only at the distribution line level in Oracle Payables. The columns are described in this table:

Attribute Name	Column Name	Description	Application
Tax Line User Desc Flex Category	TAX_LINE_USER_CATEGORY	Included in the group by criteria when adding taxable/tax lines.	AR, AP, GL
Tax Line User Desc Flex Attribute 1-15	TAX_LINE_USER_ATTRIBUTE1-15	Included in the group by criteria when adding taxable/tax lines.	AR, AP, GL

Accounting

The Accounting columns, which provide accounting details for either taxable or tax accounting entries, are available only at the transaction distribution level and are described in this table:

Attribute Name	Column Name	Description	Application
Acct Distribution ID	AE_ACCTG_DIST_ID	Internal identifier for accounting distribution line	AR, AP
Acct Event ID	AE_EVENT_ID	The internal ID of the accounting event	AP
Acct Event Type Code	AE_EVENT_TYPE_CODE	The accounting event type lookup code. Examples include Invoice creation, Invoice Adjustment, Payment Creation, and Payment Adjustment.	AP
Acct Event Type	AE_EVENT_TYPE_MEANING	The displayed accounting event type. Examples include Invoice creation, Invoice Adjustment, Payment Creation, and Payment Adjustment.	AP
Acct Event Number	AE_EVENT_NUMBER	The number of the accounting event within the document (for example, 1, 2.)	AP

Attribute Name	Column Name	Description	Application
Acct Event Status Code	AE_EVENT_STATUS_CODE	The lookup code for the status of the accounting event. Examples include Error and Accounted. The Tax Extract will only collect Accounted Taxed Transactions.	AP
Acct Event Status	AE_EVENT_STATUS_MEANING	For example: Error, Accounted.	AP
Acct Event Source Table	AE_SOURCE_TABLE	The table alias of the transaction table that is the source for this accounting event (for example, CR for AR_CASH_RECEIPTS)	AP
Acct Event Source ID	AE_SOURCE_ID	The ID of the transaction table that is the source for this accounting event e.g. 100002 for the value of INVOICE_ID	AP
Acct Event Header ID	AE_HEADER_ID	Internal ID	AP
Acct Event Category Code	AE_CATEGORY_CODE	The lookup code of the category of the accounting entry in the subledger	AP
Acct Event Category	AE_CATEGORY_MEANING	The displayed Accounting Event of the Subledger Accounting Entry	AP
Acct Cross Currency Flag	AH_CROSS_CURRENCY_FLAG	Indicates whether this is a cross currency accounting entry (there are accounting lines with different entered currencies)	AP
Acct Period Name	AH_PERIOD_NAME	The accounting period for the accounting entry	AR, AP
Acct Date	AH_ACCOUNTING_DATE	The accounting date for the accounting entry (this value defaults from accounting event)	AR, AP
Acct GL Transfer Flag	AH_GL_TRANSFER_FLAG	Indicates whether transfer to GL has occurred.	AR, AP

Attribute Name	Column Name	Description	Application
Acct GL Transfer Run ID	AH_GL_TRANSFER_RUN_ID	This is a unique internal value assigned to a set of accounting entries that are transferred to general ledger in one transfer request. If the entry has not been transferred, this column has a value of -1.	AP
Acct Header Description	AH_HEADER_DESCRIPTION	Accounting Entry Header Description	AP
Acct Line ID	AL_LINE_ID	Internal identifier for the accounting line	AR, AP
Acct Line Header ID	AL_HEADER_ID	Internal identifier for the accounting header	AR, AP
Acct Line Number	AL_LINE_NUMBER	Sequential number for accounting line within the accounting entry (for example: 1, 2, 3, 4)	AP
Acct Line Type Code	AL_LINE_TYPE_CODE	The internal lookup code for the line type of the accounting line (for example, Liability, Charge, IPV, Exchange Rate Variance Gain, Exchange Rate Variance Loss, Tax, Freight, Cash, or Discount).	AP
Acct Line Type	AL_LINE_TYPE_MEANING	The displayed line type of the accounting line (for example: Liability, Charge, IPV, Exchange Rate Variance Gain, Exchange Rate Variance Loss, Tax, Freight, Cash, or Discount)	AP
Acct Line Code Combination ID	AL_ACCOUNT_CCID	Code Combination ID	AR, AP, GL
Acct Line Account Flexfield	AL_ACCOUNT_FLEXFIELD	The Accounting Flexfield concatenated segments (for example, "01-100-1000-1000")	AR, AP, GL
Acct Line Account Description	AL_ACCOUNT_DESCRIPTION	The Accounting Flexfield concatenated segment descriptions	AR, AP, GL

Attribute Name	Column Name	Description	Application
Acct Line Source Table	AL_SOURCE_TABLE	The alias of the source entity the accounting line is linked to (for example, CRH for AR_CASH_RECEIPT_) HISTORY	AR, AP
Acct Line Source ID	AL_SOURCE_ID	The ID of the source entity (for example, Invoice ID , Invoice distribution ID.)	AR, AP
Acct Line Description	AL_DESCRIPTION	Accounting Entry Line Description	AR, AP
Acct Line Statistical Amount	AL_STAT_AMOUNT	If statistical amounts are enabled in your system, enter that amount in this column. This can be used for barrels of oil or any related numeric value. AP Source – ra_distributions.stat_amount GL Source – gl_lines.stat_amount AR Source – null	AR, AP
Acct Line Error Code	AL_ERROR_CODE	Holds the error that occurred for the accounting line while creating the accounting entry.	AP
Acct Line GL Transfer Code	AL_GL_TRANSFER_CODE	Holds the error that occurred for the accounting line while transferring to GL	AP
Acct Line Sub ledger Document Sequence ID	AL_SL_DOC_SEQUENCE_ID	The Internal ID of the Document Sequence Number, if applicable.	AP
Acct Line Sub Ledger Document Sequence Name	AL_SL_DOC_SEQUENCE_NAME	The displayed Document Sequence Name, if applicable.	AP
Acct Line Sub Ledger Document Sequence Value	AL_SL_DOC_SEQUENCE_VALUE	The value of the Document Sequence Name	AP
Acct line Organization ID	AL_ORG_ID	Operating Unit of the originating organization for this accounting line.	AR, AP
Acct Line Organization Code	AL_ORG_CODE	Organization Short Name of the originating organization for this accounting line	AR, AP

Attribute Name	Column Name	Description	Application
Acct Line Organization Name	AL_ORG_NAME	Organization Name of the originating organization for this accounting line	AR, AP
Acct Line Third Party ID	AL_THIRD_PARTY_ID	Vendor ID or Customer ID. (only applicable to AP and AR)	AP
Acct Line Third Party Sub ID	AL_THIRD_PARTY_SUB_ID	Vendor Site ID or Customer Site ID (only applicable to AP and AR)	AR, AP
Trans Control Account Balancing Segment	TRX_ARAP_BALANCING_SEGMENT	<p>The Balancing Segment value for each Transaction Class. This is the Liability account for AP Invoices, AP Prepayments and AP Credit Memos and the Receivable account for AR Invoices, credit/debit memos, discounts, and cash applications.</p> <p>For GL Manual journals this is the account of the opposite sign to the Tax entry.</p> <p>This might be implemented as the "Company" field of any tax audit report.</p>	AR, AP
Trans Control Account Natural Account	TRX_ARAP_NATURAL_ACCOUNT	<p>The Natural Account Segment value for each Transaction Class. This is the Liability account for AP Invoices, AP Prepayments and AP Credit Memos and the Receivable account for AR Invoices, credit/debit memos, discounts, and cash applications.</p> <p>For GL Manual journals this is the account of the opposite sign to the Tax entry. This might be implemented as either the "Receivable" or "Payable" account of any tax audit report.</p>	AR, AP
Taxable Balancing Segment	TRX_TAXABLE_BALANCING_SEGMENT	The comma separated balancing segments of the accounting flexfields that were posted as part of the Taxable accounting lines.	AR, AP

Attribute Name	Column Name	Description	Application
Taxable Natural Account	TRX_TAXABLE_NATURAL_ACCOUNT	The comma separated Natural account segment values of the accounting flexfields that were posted as part of the Taxable lines.	AR, AP
Tax Line Balancing Segment	TRX_TAX_BALANCING_SEGMENT	The comma separated balancing segment values of the accounting flexfields that were posted as part of the Tax accounting lines.	AR, AP
Tax Line Natural Account	TRX_TAX_NATURAL_ACCOUNT	The comma separated Natural Account segment values of the accounting flexfields that were posted as part of the Tax accounting lines.	AR, AP

Discounts

Tax Reporting Ledger extracts tax discount information:

- from the AP accounting engine, when the Payables option 'Exclude Tax From Discount Calculation' is not enabled, and the Payables option 'Discount Distribution Method' is set to 'Prorate Tax' or 'Prorate Expense'.
- from the AX accounting engine, when the Payables option 'Discount Distribution Method' is set to 'Prorate Tax' or 'Prorate Expense'.

Tax Reporting Ledger does not perform proration for tax/taxable discounts. Because of this, in certain cases the tax discounts cannot be separated for item/tax lines.

Note: To ensure consistency in extracting tax discount information, do not change the settings for the Payables options 'Exclude Tax From Discount Calculation', 'Discount Distribution Method', and 'Automatic Offset Method' from the time you enter transactions until you finish running the Tax Reporting Ledger.

Tax Reporting Ledger does not report Recoverable and Non-Recoverable Taxable Discount separately, but does report the entire Taxable Discount amount.

Taxable columns provide the taxable amounts for the tax ledger line, and are available at all summarization levels. This table describes these columns:

Attribute Name	Column Name	Description	Application
Taxable Entered Disc Amt	TAXABLE_ENTERED_DISC_AMT	Taxable amount of the discount, in the transaction currency.	AP
Taxable Accounted Disc Amt	TAXABLE_ACCOUNTED_DISC_AMT	Taxable amount of the discount, in the functional currency.	AP

Tax columns provide the tax amounts for the tax ledger line, and are available at all summarization levels. This table describes these columns:

Attribute Name	Column Name	Description	Application
Tax1 Entered Disc Amt	TAX1_ENTERED_DISC_AMT	Recoverable portion of the tax discount amount, in the transaction currency.	AP
Tax1 Accounted Disc Amt	TAX1_ACCOUNTED_DISC_AMT	Recoverable portion of the tax discount amount, in the functional currency.	AP
Tax2 Entered Disc Amt	TAX2_ENTERED_DISC_AMT	Non-Recoverable portion of the tax discount amount, in the transaction currency.	AP
Tax2 Accounted Disc Amt	TAX2_ACCOUNTED_DISC_AMT	Non-Recoverable portion of the tax discount amount, in the functional currency.	AP
Tax3 Entered Disc Amt	TAX3_ENTERED_DISC_AMT	Recoverable portion of the tax discount amount, in the transaction currency. If Matrix Report Flag is set to 'Y', then the column is used for tax groups.	AP
Tax3 Accounted Disc Amt	TAX3_ACCOUNTED_DISC_AMT	Recoverable portion of the tax discount amount, in the functional currency. If Matrix Report Flag is set to 'Y', then the column is used for tax groups.	AP

Attribute Name	Column Name	Description	Application
Tax4 Entered Disc Amt	TAX4_ENTERED_DISC_AMT	Non-Recoverable portion of the tax discount amount, in the transaction currency. If Matrix Report Flag is set to 'Y', then the column is used for tax groups.	AP
Tax4 Accounted Disc Amt	TAX4_ACCOUNTED_DISC_AMT	Non-Recoverable portion of the tax discount amount, in the functional currency. If Matrix Report Flag is set to 'Y', then the column is used for tax groups.	AP

Note: If Matrix Report Flag = 'Y', Tax Group discounts with two tax codes (for example, as used in Canada) are reported in a single line, with recoverable and non-recoverable portions of the first tax code populated in the columns Tax1 Entered Disc Amt and Tax2 Entered Disc Amt respectively and recoverable and non-recoverable portions of the second tax code populated in the columns Tax3 Entered Disc Amt and Tax4 Entered Disc Amt respectively.

Miscellaneous

The Miscellaneous columns are available at all summarization levels and are described in this table:

Attribute Name	Column Name	Description	Application
Organization Name	ORGANIZATION_NAME	The name of the General Ledger set of books for this transaction.	AR, AP, GL
Functional Currency	FUNCTIONAL_CURRENCY_CODE	The functional currency code for this set of books.	AR, AP, GL
Reporting Set of Books Name	REPORTING_SOB_NAME	The name of the General Ledger set of books.	AR, AP, GL

See Also

Financial Tax Register: page 7 – 25

Tax Reporting Ledger: page 9 – 2

Global Descriptive Flexfields: page 9 – 73

Global Descriptive Flexfields

Oracle Applications store certain pieces of country or region-specific information using Global Descriptive Flexfields (GDFs). This information is then extracted from the Global Flexfields into the Tax Reporting Ledger. This enables countries who have implemented tax information in GDFs to include this information in country-specific formats.

The naming convention for a table is done by concatenating each of the table name abbreviations with either “_ATT1–15” or “CATEGORY”. For example: “GDF_AP_REP_ENTITY_ATT1”.

The table below shows the Global Descriptive Flexfield tables that the Tax Reporting Ledger uses.

Table Name	Abbreviation
AP_REPORTING_ENTITIES	GDF_AP_REP_ENTITIES
AR_SYSTEM_PARAMETERS	GFF_AR_SYSTEM_PARAMS
HR_LOCATIONS	GDF_HR_LOCATIONS
HR_ORGANIZATION_UNITS	GDF_HR_ORG_UNITS
AP_INVOICES	GDF_AP_INVOICES
AP_INVOICE_DISTRIBUTIONS	GDF_AP_INV_DIST
AP_CHECKS	GDF_AP_CHECKS
PO_VENDORS_ALL (Shipping)	GDF_PO_VENDORS
PO_VENDOR_SITES_ALL (Shipping)	GDF_PO_VENDOR_SITES
RA_CUSTOMERS (Shipping)	GDF_RA_CUSTOMERS_BILL
RA_ADDRESSES (Shipping)	GDF_RA_ADDRESSES_BILL
RA_CUSTOMERS (Shipping)	GDF_RA_CUSTOMERS_SHIP
RA_ADDRESSES (Shipping)	GDF_RA_ADDRESSES_SHIP
AP_TAX_CODES_ALL	GDF_AP_TAX_CODES
AR_VAT_TAX	GDF_AR_TAX_CODES
RA_CUSTOMER_TRX	GDF_RA_CUST_TRX
RA_CUSTOMER_TRX_LINES	GDF_RA_CUST_TRX_LINES
RA_CUST_TRX_TYPES	GDF_RA_CUST_TRX_TYPES

Table Name	Abbreviation
AR_RECEIPT_CLASSES	GDF_AR_RECPT_CLASSES
RA_BATCH_SOURCES	GDF_RA_BATCH_SOURCES

See Also

Financial Tax Register: page 7 – 25

Tax Reporting Ledger: page 9 – 2

Tax Reporting Ledger Column Descriptions: page 9 – 26

CHAPTER

10

Calculating Tax

This chapter describes how Oracle Receivables calculates either value added tax (VAT) or sales tax using the system and profile options that you define. It also explains how the system uses tax codes, tax groups, inclusive tax, tax exceptions, and tax exemptions.

Calculating Tax

Receivables gives you the flexibility to implement tax solutions for Value Added Tax (VAT) or Sales Tax systems. When calculating VAT, tax codes are assigned to customers, sites, and inventory items. These tax codes are then used to control which VAT rate is applied to each invoice. When calculating Sales Tax, the Customers ship-to address and any predefined exceptions are used to control which Sales Tax rate to apply to the invoice. Both methods will take into account any customer and item exemptions you have defined.

Following are some of the major features of the Receivables tax engine.

Calculate Tax Based on Location

Receivables can calculate tax based on different components of your customers shipping addresses for all addresses in your home country. To calculate sales tax, you choose a Sales Tax Location Flexfield structure that includes the components you want Receivables to use when calculating tax. For example, in the United States sales tax is usually calculated by adding the tax rates assigned to the shipping state, county, and city.

Calculate Tax Based on Codes

Receivables can also calculate tax based on tax rates you assign to user definable codes. These tax codes can then be assigned to specific items, customers, and customer sites. For example, in many parts of Europe, tax depends on the item and is called Value Added Tax (VAT). Tax codes can also be used in a location-based tax system.

Calculate Tax Based on Revenue Account

You can set up your system to derive your tax code from the 'Account' segment of your Revenue account. If you set up your system this way, Receivables will use this tax code as the default when you enter or import transactions. You can also set up your system to ensure that the default tax code is always derived from your Revenue account.

Calculate Tax Externally

Receivables can integrate external tax calculation programs using the Tax Vendor Extension. This lets you provide for complex tax calculation needs while retaining the full power of Receivables to create and store all other tax data.

Compound Tax

Receivables lets you create compound tax charges during invoice entry and import if the Compound Taxes system option is set to Yes. You can assign precedence numbers to indicate which tax line you want Receivables to compound.

Credit Tax

When you credit a transaction that was previously taxed, Receivables will automatically credit the original taxed amount, so you do not need to consider any change in tax rates which may have occurred in the interim.

Calculate Multiple Tax Rates

Receivables lets you assign multiple tax rates and tax accounts to each invoice line. You might want to distribute your tax amounts to different accounts for reporting purposes.

Create Tax Groups

Define tax groups to apply multiple taxes to a transaction or line item. Within each tax group, you can include one or more tax codes that Receivables applies based on the transaction's Ship To location.

Create Tax Exemptions

Tax exemptions let you fully or partially exempt specific customers or items from tax. You can use exemptions in either a VAT or location based tax system.

You can define exemptions either at the customer or item level, or specify them at the regional levels. For example, you could create an exemption for a customer such that the customer is always exempt from tax or is exempt only in the state of California.

Create Tax Exceptions

Tax exceptions are special tax rates that are assigned to items being shipped to specific addresses. Tax exceptions are only used when you are calculating location-based tax (that is, your Location Flexfield Structure is State.County.City). You can create an exception for specific items and shipping destinations.

Inclusive Tax

Receivables lets you enter and display transaction lines either inclusive or exclusive of tax. Tax *inclusive* indicates that the line amount for an item includes the tax for this item. Tax *exclusive* indicates that tax is *not* included in the line amount for this item. You can define both tax inclusive and exclusive tax codes in the Tax Codes and Rates window.

See Also

Defining a Sales Tax Location Flexfield Structure: page 10 – 41

Tax Codes and Rates: page 6 – 2

Implementing the Tax Vendor Extension: page 8 – 30

Tax Groups: page 6 – 20

Integrating Receivables Applications Tax Information Using Sales Tax Rate Interface: page 8 – 2

Tax Exemptions: page 6 – 16

Tax Rate Exceptions: page 6 – 26

Importing Tax Lines (*Oracle Receivables User Guide*)

US Sales Tax Reconciliation: page 3 – 24

Tax Inclusive: page 10 – 28

Overview of Calculating Tax

The following flowcharts show the hierarchy Receivables uses to calculate tax. Use the flowchart titled 'Tax Method = Sales Tax' if you are using a Sales or location-based tax system. Use the flowchart titled 'Tax Method = Value Added Tax' if you are using a VAT or tax code-based system.

When using either the Sales Tax or Value Added Tax (VAT) method, Receivables uses the Ship-To address on your invoice to determine whether it has rates available for the components of the Sales Tax Location flexfield. If a Ship-To address does not exist for a transaction or if a tax code is not assigned to the Ship-To address, Receivables derives tax from the Bill-To information. For example, if a transaction has a Ship-To customer, but no Ship-To address, Receivables uses the Bill-To information along with the appropriate hierarchy to determine the tax.



Attention: You will notice that there is a table associated with each tax hierarchy. They show which system options you can set to let you skip certain levels of the hierarchy when determining your tax. For more information, see: *Setting Up Tax: An Overview*: page 10 – 10.

This table shows you the Tax Defaulting system options for Sales Tax.

Tax Defaulting System Options	Hierarchy
Enforce Tax from Revenue Account	No
Customer Site	1
Customer	2
Product	3
Revenue Account	No
System Options	No
Tax Code	Null (display only)

This table shows you the Exception Rates system options for Sales Tax.

Exception Rates System Options	Value
Use Customer Exemptions	Yes
Use Item Exemptions	Yes
Use Item Tax Rate Exceptions	Yes

Figure 10 – 1 Calculating Tax – Sales Tax Method

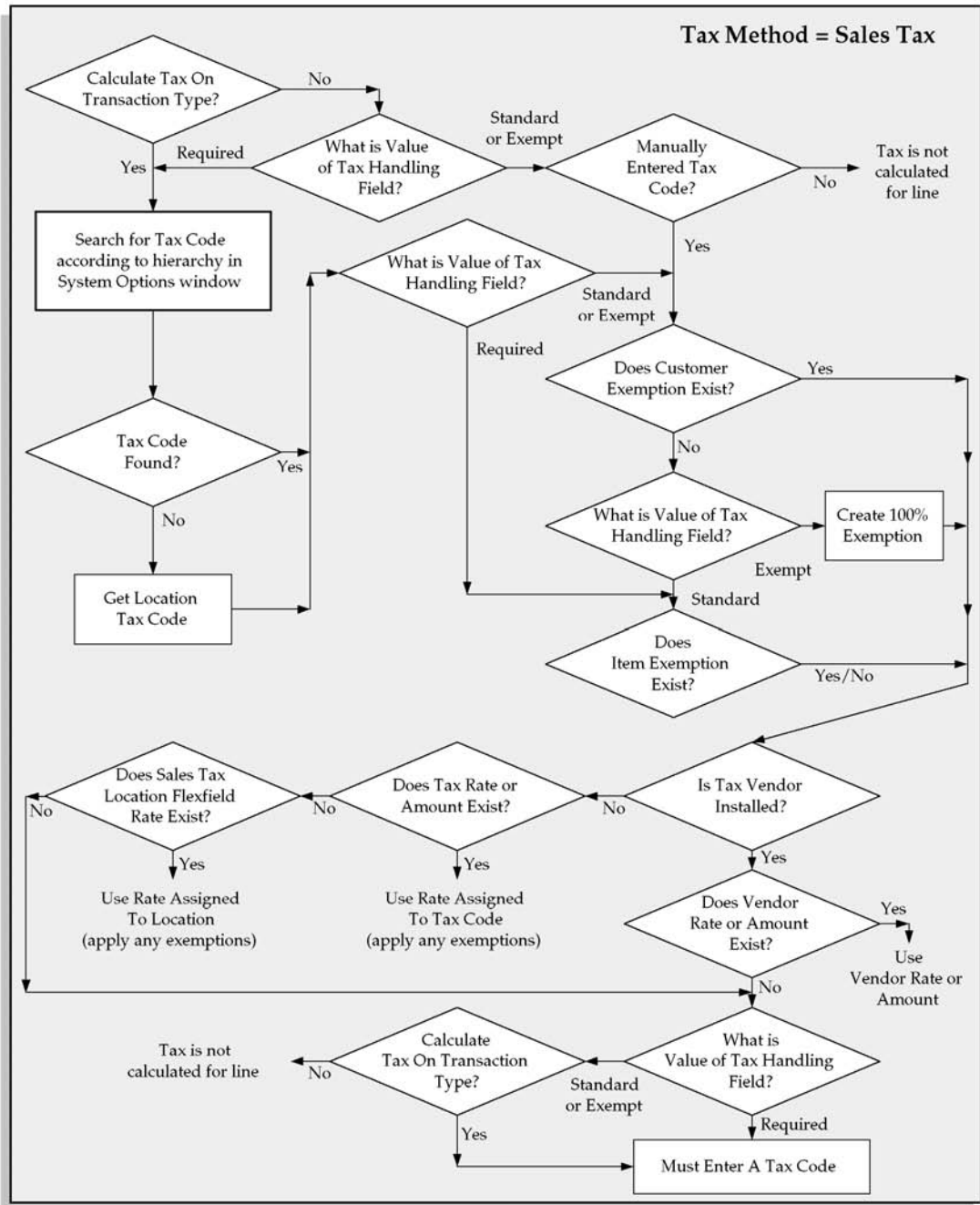
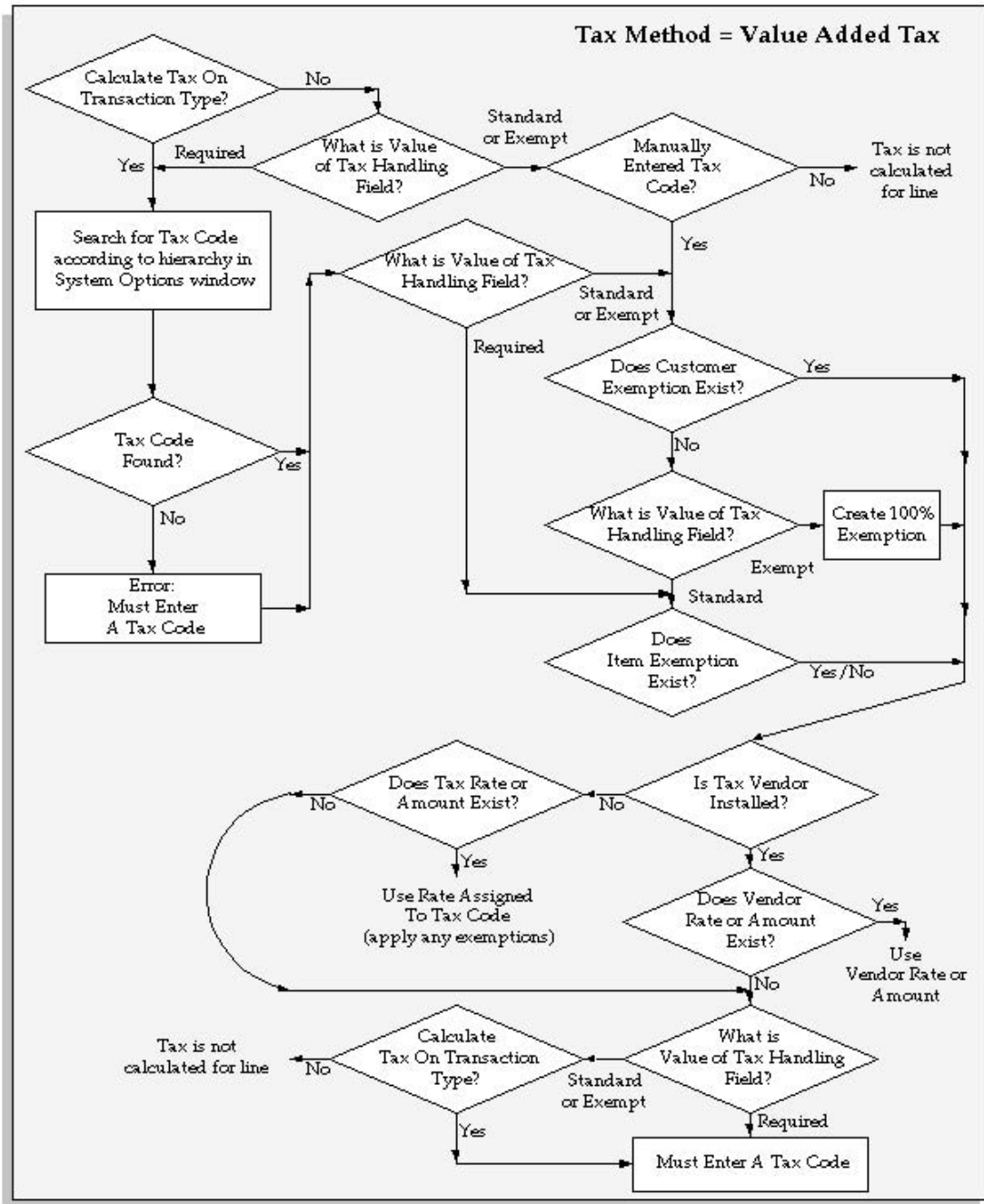


Figure 10 – 2 Calculating Tax – VAT Method



This table shows you the Tax Defaulting system options for VAT.

Tax Defaulting System Options	Hierarchy
Enforce Tax from Revenue Account	No, unless you implement Account Method VAT. See: Setup Steps for Value Added Tax: page 2 – 7
Customer Site	1
Customer	2
Product	3
Revenue Account	No, unless you implement Account Method VAT. See: Setup Steps for Value Added Tax: page 2 – 7
System Options	No, unless you implement Account Method VAT. See: Setup Steps for Value Added Tax: page 2 – 7
Tax Code	Enter your standard rate of VAT

This table shows you the Exception Rates system options for VAT.

Exception Rates System Options	Value
Use Customer Exemptions	Yes
Use Exemptions	Yes
Use Item Tax Rate Exceptions	No

See Also

Setting Up Tax: An Overview: page 10 – 10

Calculating Tax: page 10 – 18

Tax Reports: page 7 – 2

Defining a Sales Tax Location Flexfield Structure: page 10 – 41

Setting Up Tax: An Overview

This section discusses the options you can set up to determine how Receivables calculates tax. For a step-by-step guide to setting up Receivables for a VAT or Sales Tax system, see: *Implementing Value Added Tax*: page 2 – 2 and *Implementing US Sales Tax*: page 3 – 2. For information about setting up Receivables for a Canadian sales tax system, see: *Implementing Canadian Sales Tax*: page 4 – 2.

Disabling Tax

You can disable the calculation and accounting of tax within Receivables, Oracle Order Management, and Oracle Sales by setting the Tax Calculation flag for your transaction type to No.

Note: If you manually enter a tax code on a line for a transaction with this transaction type, then Receivables ignores the Tax Calculation flag on the transaction type and calculates tax for the transaction line.

See: *Transaction Types*: page 10 – 16.

System Options

Tax Method

Receivables calculates tax differently depending on the tax method you choose. You can choose either 'VAT' or 'Sales Tax'. To see how tax is calculated for each method, refer to the tax calculation flowcharts in *Overview of Calculating Tax*: page 10 – 5.

System Level Tax Code

If your tax method is 'VAT,' you can enter a default tax code in the System Options window. Receivables will use this value, or the tax code defined at the item, customer, or customer site level, according to the tax hierarchy that you define. For more information, see: *Tax System Options* in the *Oracle Receivables User Guide* and the tax flowcharts in *Overview of Calculating Tax*: page 10 – 5.

Tax Location Flexfield Structure

Receivables uses your Sales Tax Location Flexfield structure to determine your sales tax rates and to validate your customer addresses. Receivables can calculate tax based on different components of your

customers shipping addresses for all addresses in your home country. For example, in the United States sales tax is usually calculated by adding the tax rates assigned to the shipping state, county, and city. If your business is in the US, you would then choose a Location Flexfield Structure of 'State.County.City'.

For more information, refer to the 'Sales Tax Location Flexfield Structure' and 'Address Validation vs. Sales Tax Calculation' sections in Calculating Tax: page 10 – 18.

Tax Defaults and Rules

You can control how Receivables determines the default tax code or Tax Group for your transactions by specifying a defaulting hierarchy in the System Options window. In a VAT system, you would typically set up your system to derive the tax code first from the customer site, then the customer, the item, and finally the system options level, stopping when one is found. In a US Sales Tax system, you might choose to only derive tax codes from the customer and customer site levels for your export transactions.

You can also set up Receivables to derive a tax code from the Account segment of your Revenue account and, depending upon your tax compliance requirements, optionally enforce this relationship when entering transactions.

Calculate Tax on Credit Memos during AutoInvoice

Choose whether to automatically calculate tax on credit memos imported using AutoInvoice. By default, Receivables uses the payment applications and the line, tax, and freight amounts to calculate tax. If this system option is selected, then tax for each credit memo is calculated without taking into account the outstanding balances. This flexibility is required for installations that support partial payments and is useful for implementations that integrate third party tax ledgers using the Tax Vendor Extension.

Note: This system option affects only applied credit memos, not on-account credit memos.

For more information, see: Tax System Options in the *Oracle Receivables User Guide*.

Use Item Tax Rate Exceptions

You can prevent Receivables from looking at exception rates by not checking this check box. Exception rates are only used when your

Location Flexfield Structure is State.County.City and this box is checked. For more information, see: Item Exceptions: page 10 – 24 in the Calculating Tax essay.

Use Customer and Product Exemptions

You can prevent Receivables from looking at customer and product exemptions by not enabling these options. For more information, see: Item and Customer Exemptions: page 10 – 25 in the Calculating Tax essay.



Suggestion: If you never use either customer tax codes, customer site tax codes, tax exceptions, or tax exemptions, we suggest you set the appropriate system options to 'No', as this may improve the performance of the Receivables tax engine. You can disable these options in the Tax tabbed region of the System Options window.

Tax Rounding

You can specify how you want Receivables to calculate your tax amounts by entering Tax Rounding system options. You can choose to round tax calculations at the line or header level, specify a rounding rule, a minimum accountable unit, and the number of decimal places to display. You specify your tax rounding options in the Rounding Options region of the System Options window.

Note: For Oracle eBusiness Suite applications other than Oracle Receivables, only line level tax calculation is fully supported. Header level tax calculation may work on a limited basis only, when header level tax calculation is selected.

Tax Accounting

You can set up Receivables to calculate tax on adjustments, discounts, finance charges, and miscellaneous transactions. Receivables automatically accounts for the tax using the accounting information you define for your Receivables Activities and tax codes. For each activity, Receivables automatically creates entries in the revenue, expense, and non-recoverable tax accounts that you specify and creates all associated payment schedules.

You can also set up Receivables to use deferred tax, an accounting method in which the tax is deferred until payment for goods or services is received, rather than when the transaction is created.

See: Tax Accounting: page 5 – 2.

Profile Options

For additional information about setting profile options for Tax, see: Overview of Receivables User Profile Options (*Oracle Receivables User Guide*).

For information about creating a log file with debugging information for tax, see: Profile Options in Oracle Application Object Library, *Oracle Applications System Administrator's Guide*.

Tax: Allow Ad Hoc Tax Changes

Choose whether you can update rates and amounts assigned to tax codes in the Lines window of the Transaction workbench. This is only applicable to tax codes defined in the Tax Codes and Rates window (of type 'Sales' or 'VAT') that have the Ad Hoc flag set to Yes. Ad hoc changes are not permitted for tax codes of type 'Location'.

This profile option has no default value; a null value is equivalent to No.

Tax: Allow Manual Tax Lines

Choose whether to prevent the entry of manual tax lines in the Transactions window. You might want to restrict this, for example, if you have an outside tax vendor installed and the vendor manages tax audits. Additionally, if this profile is set to No, Receivables does not let you delete system-generated tax lines. However, you can navigate to the Tax window to review system-generated lines.

This profile option has no default value; a null value is equivalent to Yes.

Tax: Allow Override of Customer Exemptions

Choose whether to override the standard tax calculations during invoice entry and import. By setting this profile option to Yes, you can access the Tax Handling field in the Lines window and specify how you want to handle exemptions for each of your transaction lines.

Enter 'Standard' if you want Receivables to use whatever tax rates, exceptions, and exemptions assigned to that customer or site to calculate tax for this transaction line.

Enter 'Exempt' to force tax exemptions on your transaction lines. To force tax exemptions, the system option Use Customer Exemptions must be set to Yes. You can reference an exemption that has already been defined or create an 'Unapproved' exemption. This option also lets you override standard tax when importing invoices via AutoInvoice. 'Unapproved' exemptions are created for Sales Order, Receivables

Invoice, or via AutoInvoice only when the Sales Order or Transaction Date falls within a defined period.

Enter 'Require' in the Tax Handling field to require tax on your transaction lines.

This profile option has no default value; a null value is equivalent to No.

Tax: Allow Override of Tax Code

Choose whether to prevent update of the tax code in the Lines window for automatically generated tax lines. If you override a system-derived tax code, Receivables uses the rate and amount assigned to the new tax code to determine the tax for the transaction.

This profile option has no default value; a null value is equivalent to No.

Tax: Invoice Freight as Revenue

If you are using Oracle Order Management, this profile option determines how Order Management imports freight amounts to Receivables when you run the Receivables Interface program. If this profile option is Yes, Oracle Order Management will create a transaction line for the freight amount identified in the Ship Confirm window. Set this profile option to Yes if you are integrating with Oracle Order Management and are required to tax freight amounts. If this profile option is No, Receivables will create a line item on the invoice using the inventory item name.

Tax: Inventory Item for Freight

This profile option lets Oracle Order Management identify an inventory item on a transaction line that you import into Receivables via the Receivables Interface program. The inventory item that you identify when defining this profile option must be created with a user type of 'Freight'. After you identify an inventory item for freight, you can use tax codes assigned to this inventory item or item exceptions to control the applicable tax rates and accounting for freight service. Use this profile option if you need to control the rate of tax applied to freight and you have set the profile option Tax: Invoice Freight as Revenue to Yes.

Tax: Use Tax Vendor

This profile option allows your system administrator to control which users can call an installed third party application for tax calculations. This is required in multiple organization installations in which one set of

executables is shared across many different tax compliance requirements. Choose Yes to indicate that you can call a third party application to calculate tax. A null value for this profile option is equivalent to No. See: Implementing the Tax Vendor Extension: page 8 – 30.

Tax Taxware: Service Indicator

If the Taxware Sales/Use Tax System is your tax vendor, define this profile option to define your service indicator. Taxware uses the service indicator to identify the taxability in jurisdictions where the taxability differs according to the service indicator. Choose Service, Rental, or Non-service.

This profile option has no default value; a null value is equivalent to Non-service.

Tax Taxware: Tax Selection Parameter

If the Taxware Sales/Use Tax System is your tax vendor, define this profile option to control whether jurisdiction-level jurisdiction codes should be used when calculating taxes. Choose Tax Only to calculate tax based on the ship-to address. Choose Jurisdiction and Tax to calculate tax based on the ship-to, ship-from, point of order acceptance, and point of order origin information.

This profile option has no default value; a null value is equivalent to Jurisdiction and Tax.

Tax Taxware: Tax Type

If the Taxware Sales/Use Tax System is your tax vendor, define this profile option to identify the default tax type for transactions that are passed to Taxware from Receivables. Taxware uses the tax type to determine how to calculate tax in jurisdictions in which tax calculations are different depending on the tax type. Choose Sales, Service, or Use.

This profile option has no default value; a null value is equivalent to Sales.

Tax Taxware: Use Nexpro

This profile option determines whether you use Nexpro, a function of the Taxware Sales/Use Tax System. Choose Yes if Taxware is your tax vendor; otherwise, set this profile option to No.

A null value is equivalent to No.

Tax: Use PL/SQL Vendor

This profile option determines the tax vendor to use in a multiple organization environment when multiple tax vendors are installed. Choose either Taxware or Vertex. The default value is Null.

Tax Vertex: Use Secondary Taxes

If Vertex Quantum is your tax vendor, this profile option indicates whether secondary taxes should be returned to Oracle Receivables.

This profile option has no default value; a null value is equivalent to Use Secondary Taxes. If you do not use Vertex Quantum, Receivables ignores this profile option.

Transaction Types

The value of the Tax Calculation option for your transaction type determines whether Receivables will automatically calculate tax on your transactions. If this option is set to No and you do not enter a tax code on the transaction line, then Receivables does not calculate tax on this transaction. However, you can still enter tax manually if the profile option Tax: Allow Manual Tax Lines is set to Yes.

The value of the Tax Calculation option also determines whether tax is required on an invoice. If the Tax Calculation option for your transaction type is set to Yes, then you cannot complete an invoice if each of your invoice lines does not have a tax line. If Receivables cannot automatically generate a tax line (because it cannot find an appropriate rate, for example), then you can manually enter one as long as your profile option Tax: Allow Manual Tax Lines is set to Yes.

This table illustrates how the settings for the Tax Calculation option and your tax profile options impact manual tax entry versus the tax calculation that Receivables performs.

Tax Calculation Field	Manual Tax Entry	Tax Calculation by Receivables
<p>No. Tax is not required and will not be automatically calculated.</p>	<p>If the Tax: Allow Manual Tax Lines profile option is set to Yes, then you can enter manual tax lines.</p> <p>If the tax code allows ad hoc changes and the Tax: Allow Ad Hoc Tax Changes profile option is set to Yes, then you can update tax rates and amounts.</p>	<p>If the Tax: Allow Override of Customer Exemptions profile option is set to Yes, then you can require tax by choosing Required in the Tax field of the Transaction window, or by importing the line as Required via AutoInvoice</p>
<p>Yes. Tax is required and will be automatically calculated.</p>	<p>If the Tax: Allow Manual Tax Lines profile option is set to Yes, then you can enter additional, manual tax lines.</p> <p>If the tax code allows ad hoc changes and the Tax: Allow Ad Hoc Tax Changes profile option is set to Yes, then you can update tax rates and amounts.</p> <p>If the Tax: Allow Override of Tax Codes profile option is set to Yes, then you can update tax codes.</p>	<p>If the Tax: Allow Override of Customer Exemptions profile option is set to Yes, then you can force an exemption by choosing Exempt in the Tax field of the Transaction window, or by importing the line as Exempt via AutoInvoice.</p>

See Also

Setting Up Tax: page 10 – 10

Tax System Options (*Oracle Receivables User Guide*)

Calculating Tax: page 10 – 18

Defining a Sales Tax Location Flexfield Structure: page 10 – 41

Overview of Receivables User Profile Options (*Oracle Receivables User Guide*)

Transaction Types (*Oracle Receivables User Guide*)

Calculating Tax

The following section discusses Receivables features that are related to tax processing.

Sales Tax Location Flexfield Structure

Receivables uses your Sales Tax Location Flexfield structure to determine your sales tax rates and to validate your customer addresses. Use the list of values to select a Sales Tax Location Flexfield structure in the Location Flexfield Structure field of the System Options window. The following Sales Tax Location Flexfield structures have been predefined. These structures are named according to the location segments they contain:

- **State.County.City** Recommended for US Sales Tax
This structure provides the most accurate US Sales Tax calculation.
- **No Validation – Country** Recommended for VAT
The country field of an address is always required and defaulted from either the home country defined in the system options window or the Default Country profile option. This structure is most useful for VAT systems, where locations do not need to be validated for the purposes of calculating tax.
- **State.City**
This structure can be used for US Sales Tax calculation, but may result in inaccurate taxes, as County tax rates would need to be rolled into either State or City rates.
- **City**
This structure can be used if you wish to validate just the City component of an address.
- **Province**
This structure can be used if you wish to validate just the Province component of an address.
- **Province.City**
This structure can be used in Canadian implementations for tax calculation and in some European countries for address validation.

Each segment of your Sales Tax Location Flexfield structure is dependent upon its immediate parent, except for the most senior

segment. For example, if you are using the seeded structure State.County.City, State is the most senior segment, it is the parent of County, and County is the parent of City.

You can use any of the structures listed above or create your own structure to implement sales tax. However, we recommend the State.County.City structure because it is specifically designed for a US sales tax system.

Caution: If you select State.City or any structure other than State.County.City as your Sales Tax Location Flexfield structure, be aware that this could result in inaccurate calculation of tax rates. Sales tax calculation in the US is based on the customer address with State, County, and City being the minimum requirement.

You can also define your own structure using any combination of state, county, city, province, postal code, and address. Refer to the Customizing Your Sales Tax Location Flexfield Structure section of the Calculating Tax Essay. See: Calculating Tax: page 10 – 2.



Attention: You cannot update your location flexfield structure once you have entered customer addresses or transactions.

Note: It is a recommended accounting practice to ensure that the sales tax liability owed to each state is uniquely identifiable within the General Ledger. To setup a different tax account for each state you will need to assign the tax account qualifier to the state segment, which is the default for both the State.County.City and State.City structures.

Locations

If you want to calculate sales tax, you must define locations and the associated tax rates for each segment of your Sales Tax Location Flexfield structure. For example, if one of the segments of your Sales Tax Location Flexfield structure is based on county, you must define all of your valid counties and assign tax rates to each one.

If you only want to validate your customer addresses, you must define locations for each segment of your Sales Tax Location Flexfield structure but you need not assign rates to these locations. Receivables uses these locations to validate your customer addresses.

You can either use the Tax Locations and Rates window to enter this information manually or the Sales Tax Rate Interface program to load your locations and associated tax rates from an external source. See: Tax Locations and Rates: page 6 – 7.

Authorities

Authorities are unique combinations of locations and are used to expedite the calculation of sales tax. For example, if your Sales Tax Location Flexfield structure is composed of state, county and city and you enter a customer address where state is California, county is San Mateo and city is Redwood City, Receivables creates the following authority: California–San Mateo–Redwood City.

You can enter Authorities manually, through the Tax Authority window, as long as the locations for these authorities exist. However, the more common way of creating authorities is when you enter a customer's address.

When you enter a customer's address, Receivables first checks to see if an authority already exists for this address. If an authority exists, Receivables uses the tax rates associated with each location to create a sales tax rate for the authority. If the authority exists but there are no tax rates associated with each location, the total tax rate for the authority cannot be calculated. If you try to use this authority (for example, to enter an invoice), Receivables displays a message that tax rates cannot be found for your customer's address.

If an authority does not exist, Receivables checks to see if locations exist for this address. If locations exist, Receivables creates the authority. If tax rates exist for each location, Receivables also creates the authority sales tax rate. If the locations do not exist, Receivables checks your Address Validation system option to see if it should either create the locations or display an error.

Receivables only creates authorities that exist within your home country. For example, if you set up your sales tax system to handle business in the United States and then you enter addresses in a foreign country, Receivables does not create locations, authorities, or sales tax records for these foreign locations. See: Tax Authorities: page 6 – 14.

Sales Tax Rates

Receivables calculates sales tax rates for each authority by summing all of the tax rates associated with each location included in the authority. For example, if your authority is California–San Mateo–Redwood City and California is 6%, San Mateo is 1%, and Redwood City is 1/2%, the sales tax rate for this authority is 7 1/2%. You can review these rates in the Review Sales Tax Rates window. See: Reviewing Sales Tax Rates: page 6 – 12.

If you enter tax rates in the Tax Locations and Rates window for locations that already exist and are used by authorities, Receivables creates new sales tax records for this authority.

The number of sales tax records that are created depends on the unique intersection of the date and postal code ranges that you assign to each location in your authority.

The following example demonstrates the method that Receivables uses to create sales tax records for your customer addresses. In this example, CA is the state of California, San Mateo is a county within California, and Foster City and Belmont are cities within San Mateo county. You have the following locations and rate assignments defined in Receivables, as illustrated in this table:

Segment Value	From Zip	To Zip	Start Date	End Date	Tax Rate
CA	96199	96199-9999	15-JUL-90	Null	6.25%
CA	85364	89999-9999	15-JUL-90	Null	6.25%
CA	90000	94999-9999	15-JUL-90	Null	6.25%
San Mateo	00000	99999-9999	07-JUL-88	31-DEC-90	0%
San Mateo	00000	99999-9999	01-JAN-91	31-JAN-91	2%
Foster City	94063	94065-9999	01-JAN-91	31-JAN-91	1%
Belmont	94065	94069-9999	01-JAN-90	31-JAN-91	0%

When you enter and save these locations and their rate assignments, Receivables generates the following sales tax rate records, as illustrated in this table:

Authority	From Zip	To Zip	Start Date	End Date	Tax Rate
CA.San Mateo. Foster City	94063	94065-9999	01-Jan-91	31-JAN-91	6.25+2+1

Authority	From Zip	To Zip	Start Date	End Date	Tax Rate
CA.San Mateo. Belmont	94065	94069-9999	15-Jul-90	31-DEC-90	6.25+0+0
CA.San Mateo. Belmont	94065	94069-9999	01-Jan-91	31-JAN-91	6.25+2+0

Note: If any one of the segments does not have a tax rate assigned to it, then no sales tax rate will be available for the tax authority. For example, if the County: San Mateo does not have a rate assigned to it, then the tax authority: CA-SAN MATEO-FOSTER CITY will not have a tax rate assigned to it.

Sales Tax Rate Overrides

You can use the override rates feature to reduce the total tax liability for a given tax authority on a city by city basis. When entering your City rate assignments in the Tax Locations and Rates window, the Override Sales Tax Rates Flexfield will pop and allow you to enter full and partial 'Override' rates for the segments above the City segment.

If you are using a State.County.City.Zip structure, when you are assigning city rates to any State.County combination you can override either or both of the State and County rates for that City. However, you cannot override the Zip rate as this is below the City segment in your structure.



Attention: If you wish to use the override feature you must include City in your Sales Tax Location Flexfield structure.

Address Validation Versus Sales Tax Calculation

Receivables cannot determine sales tax for customer addresses that are missing values for taxing locations. For example, if you use 'State.County.City' as your sales tax structure, you must have these values for each customer address in your home country to ensure that location based taxation will function properly. This is why every component of your Sales Tax Location Flexfield structure is mandatory during entry of addresses in your home Country, no matter what your Address Validation system option is set to, or what Tax Method you are

using. The Address Validation system option only refers to the validation of the values that are entered.

If you are implementing a VAT system and do not wish to calculate tax nor validate addresses, you can choose the 'No Validation – Country' Sales Tax Location Flexfield structure which requires that only the country is entered. In this case, Receivables derives the default country from the 'Default Country' system option.

You may also implement Flexible Address Formats for country specific validation of customer address information. Refer to the Flexible Address Formats essay for more details.

Tax Codes

Use tax codes to provide the initial tax rates, calculation, and accounting for your transactions. Receivables requires that you assign a tax code to each tax line.

You can define tax rates that are associated with specific tax codes. These tax codes can then be assigned to items, customers, or customer sites. Tax codes have a type of 'VAT' or 'Sales' and are generally used when calculating Value Added Tax or for setting up specific tax codes for Sales Tax.

You must define a tax code of type 'Location' if your Tax Method is 'Sales Tax'. You can only have one tax code of type 'Location' defined for any given date range.

If your Tax Method is VAT, use the Tax Rounding tabbed region in the System Options window to define how Receivables calculates your VAT amounts. You can choose to round VAT calculations at the line or header level, specify a rounding method, and the number of decimal places to display. Receivables calculates VAT once per VAT rate, per document.

If your Tax Method is VAT, you can also specify a default tax code (or tax group) in the Tax tabbed region of the System Options window. Receivables uses this value, or the tax code defined at the item, customer, or customer site level, according to the tax hierarchy that you define. See: Tax System Options in the *Oracle Receivables User Guide*.

When using either a VAT or Sales Tax based system, you may want to calculate tax on transactions in your home country, but not on all international transactions. AutoInvoice and Invoice Entry will give an error during validation if tax cannot be calculated and your transaction type requires tax.

You can avoid getting these errors if you do not require tax on the transaction types for international transactions. Alternatively, you can assign a zero rated tax code to all international sites for which you do not wish to calculate tax. The tax code allows a tax line to be created for the transaction with a zero tax amount, and therefore enables the transaction to pass validation. At the same time, transactions for sites in your home country, or for foreign sites which have a nonzero rated tax code, will have the correct amount of tax calculated.

Tax Codes with Location Based Tax

During invoice entry and import, Receivables will automatically calculate tax from either tax codes or locations. If you wish to have tax calculated from both tax codes and locations, you should set your Tax Method to 'Sales Tax'.

If you wish to use both tax calculation methods for the same customers, you can let Receivables calculate your Sales Tax automatically, then manually enter or import tax codes on your invoice lines to calculate additional taxes.

Alternatively, you can assign specific tax codes to customers for whom you wish to calculate tax based on tax codes only. Receivables uses the tax code hierarchy that you defined in the System Options window to see if any tax codes are assigned to your customers, customer sites, inventory items, or at the system options level. If tax codes exist, Receivables will use these to derive the tax rates; if not, it will derive the tax from the address. This algorithm is best described in the Tax Hierarchy diagrams. See: Overview of Calculating Tax: page 10 – 5.



Attention: To implement VAT you must assign tax codes to your inventory items. To implement sales tax you should not assign tax codes to your inventory items, as this will override the calculation of location-based tax on the transaction. For this reason we advise that you do not implement VAT and Sales Tax in one installation of Receivables.

Item Exceptions

Receivables lets you associate a specific tax rate with an item being shipped to a specific address. Item exceptions are only used when calculating tax based on location and will override all other tax rates associated with that location. To use item tax rate exceptions your Location Flexfield Structure must be State.County.City.

Using the location flexfield in the Item Tax Rate Exceptions window, you can define item exceptions for any component of your Sales Tax

Location Flexfield. For example, you can define an exception for a particular item when shipped anywhere in California, or only in the city of San Francisco. Additionally, you can specify which rates you wish to override for that item using the rate flexfield in this window. See: Tax Rate Exceptions: page 6 – 26.

Item and Customer Exemptions

Receivables lets you fully or partially exempt a particular item or customer from a specific tax code and/or taxing location. For example, you might have customers that are exempt from paying tax, such as the US Government.

You can define exemptions in the Tax Exemptions window, either at the customer or item level. Additionally, exemptions can be restricted at regional levels. Thus you could create an exemption for a bill-to customer, such that they are always exempt from tax or exempt only when shipping to the state of California.

When you enter or import an invoice, Receivables checks to see if any exemptions exist for the customer or item. If it finds such exemptions with a status of 'Primary', Receivables will automatically use the tax exemption. Receivables does not use any exemptions with a status 'Manual' or 'Unapproved' unless you explicitly enter the exemption.

Receivables searches for tax exemptions using the bill-to customer, transaction date and tax code on a transaction. To determine the level at which the exemption is defined, Receivables will search in the following order and stop as soon as one is found:

- Specific ship-to location
- Each tax authority location, starting with the lowest level.
- Bill-to customer with no specific location.

For example, when searching for exemptions for a transaction that has 'ABC Inc.' as the bill-to customer and 'ABC Co.' as the ship-to; Receivables will search as follows:

It will use Customer ABC Inc. along with the transaction date and tax code as a basis for the search.

When determining the location at which the exemption has been created, Receivables will first search for exemptions defined for the ship-to site, ABC Co.; if no exemptions are found, it will search at each level of the Sales Tax Location Flexfield structure starting with the lowest level, for example, city, county, and lastly state; if no exemptions are found, Receivables will search for

exemptions for the bill-to customer only with no specific location. See: Tax Exemptions: page 6 – 16.

Note: If you choose to 'Require' tax at invoice entry or import, this will override any predefined exemptions.



Attention: If you know that an exemption is due to expire, we recommend that you simply add an end date rather than changing the status. If you change the exemption status to 'Expired', then wish to view historical orders later, the exemption will not show because the status is no longer current.



Attention: The tax engine ignores any customer or item exemptions assigned to ad hoc tax codes. An exemption is also no longer valid if, after defining the exemption, you change the tax code from non-ad hoc to ad hoc.

If your profile and system options permit, you can force exemptions at the time of invoice entry or import. This can be done by either picking an existing exemption or creating an exemption with a status of 'Unapproved'. You can use the Tax Exemptions window to update the status to 'Primary' if you want Receivables to continue to use this exemption automatically when calculating tax. You can set it to 'Manual' if you want to be able to control when this exemption will be used.

You can reject an exemption created during invoice entry or import, by setting its status to 'Rejected'. Also, you can discontinue exemptions that were previously approved by either adding an end date or changing the status to 'Expired'. Once an exemption has a status of 'Rejected' or 'Expired', the status can no longer be updated.



Suggestion: Add an end date to discontinue an exemption, rather than setting the status to 'Expired'. This provides a better audit trail of the validity dates for the exemption.

Use the table below to identify how exemption statuses can be updated:

Current Status	Possible New Statuses
Unapproved	Primary, Manual, Rejected, Expired
Manual	Primary, Expired
Primary	Manual, Expired
Expired	No Change Allowed
Rejected	No Change Allowed



Suggestion: If you want to control who can create unapproved exemptions, you can set the profile option Tax: Allow Override of Customer Exemptions for the appropriate users.

Tax-Only Invoices

You might create a tax-only invoice, for example, to collect tax payable subsequent to an audit. You can create tax-only invoices for both VAT and Sales Tax systems.

To create the tax-only invoice, enter an invoice with a line amount equal to zero. Then, navigate to the tax window for this line and enter your tax line using an ad hoc tax code. The ad hoc tax code will enable you to change the amount of tax calculated from zero to the amount you require. You can also change the tax accounts for this tax line as required.

You can only create tax-only invoices manually in the Transactions window if both the Tax: Allow Ad Hoc Changes and Tax: Allow Manual Lines profile options are set to Yes.

Tax Groups

Use tax groups to apply multiple taxes to transactions or invoice line items. A tax group is a group of tax codes in which each code represents a specific tax rate and general ledger account for posting. By assigning a tax group, you can apply more than one tax rate based on the transaction's ship to location. See: Tax Groups: page 6 – 20.

See Also

Setting Up Tax: page 10 – 10

Tax Reports: page 7 – 2

Tax Codes and Rates: page 6 – 2

Tax Locations and Rates: page 6 – 7

Importing Tax Lines (*Oracle Receivables User Guide*)

Customizing Your Sales Tax Location Flexfield Structure: page 10 – 36

Defining a Sales Tax Location Flexfield Structure: page 10 – 41

Tax Inclusive

Receivables lets you enter and display transaction lines either inclusive or exclusive of tax. *Tax inclusive* indicates that the line amount for an item includes the tax for this item. *Tax exclusive* indicates that tax is *not* included in the line amount for this item. When you enter a transaction line, Receivables uses the tax code default hierarchy in the System Options window to determine the appropriate tax code. If the customer, customer site, item, or standard line is assigned to a tax inclusive tax code or tax group, Receivables automatically includes the tax for this line in the line amount. In the Receivables Lines window, the Amount Includes Tax poplist indicates whether the line amount includes tax.

The Amount Includes Tax poplist indicates whether a tax code is inclusive or exclusive. If it is a tax *group*, the poplist displays 'Tax Code' and you cannot change it.

You can define inclusive and exclusive tax codes in the Tax Codes and Rates window. You can define inclusive and exclusive tax groups in the Tax Groups window.

Receivables windows that can display tax inclusive line amounts include:

- Credit Transactions
- Transaction Lines
- Tax
- Transaction Overview

Calculating Inclusive Tax

Receivables uses the following formula to calculate the taxable amount for inclusive tax codes:

$$\text{Amount} / (1 + \text{Tax Rate}) = \text{Taxable Amount}$$

For example:

Invoice 101 = \$100

Tax Rate = 10%

$$100 / (1 + 0.1) = \text{Taxable Amount}$$

$$90.91 = \text{Taxable Amount}$$

Since the taxable amount for Invoice 101 is \$90.91, the inclusive tax amount is \$9.91 ($90.91 \times .1$).

See Also

Tax Codes and Rates: page 6 – 2

Tax Groups: page 6 – 20

Entering Transactions (*Oracle Receivables User Guide*)

Accounting for Inclusive and Exclusive Taxes: page 10 – 30

Accounting for Inclusive and Exclusive Taxes

When you create a transaction line that does not include tax (tax exclusive), Receivables creates an entry in your Revenue account that is equal to the line amount. However, when you create a transaction line that includes tax, the revenue amount does *not* equal the line amount (this is because the line amount includes the tax for this line). Therefore, when creating accounting entries for tax inclusive lines, AutoAccounting deducts the tax amount from each line and creates a separate entry for each line and tax amount.

For example, this invoice has both inclusive and exclusive taxes, as illustrated in the following table:

Line Number	Tax Code	Inclusive Tax	Exclusive Tax	Total Line Amount
Line 1 at \$100	Tax 1.1 @ 10% Inclusive	10.00	0	110.00
Line 1 at \$100	Tax 1.2 @ 20% Exclusive	0	20.00	20.00
Line 1 at \$100	Tax 1.3 @ 5% Exclusive	0	5.00	5.00
Line 2 at \$200	Tax 2.1 @ 3% Inclusive	6.00	0	206.00
Line 3 at \$300	N/A	0	0	300.00
Line 3 at \$300	Tax 3.1 @ 5% Exclusive	0	15.00	15.00

The invoice total is \$656. This total includes the sum of the three tax inclusive line amounts plus the three tax only line amounts.

AutoAccounting will create the following accounting entries for this invoice, as illustrated in this table:

Account	Debit	Credit
Receivables	656.00	
Revenue for line 1		100.00
Tax 1.1		10.00
Tax 1.2		20.00
Tax 1.3		5.00
Revenue for line 2		200.00
Tax 2.1		6.00
Revenue for line 3		300.00
Tax 3.1		15.00

As shown in this example, AutoAccounting automatically subtracts the tax amount from each tax inclusive line, then creates separate accounting entries for each invoice line and its corresponding tax amount.

See Also

Implementing Value Added Tax: page 2 – 2

Implementing Canadian Sales Tax: page 4 – 2

Compounding Tax Codes in a Tax Group

You can compound tax (calculate tax on tax) by creating a tax group and specifying a precedence number for each tax code in the group. When you assign a tax group to a transaction, the tax engine selects each tax code in the group according to the precedence number specified.

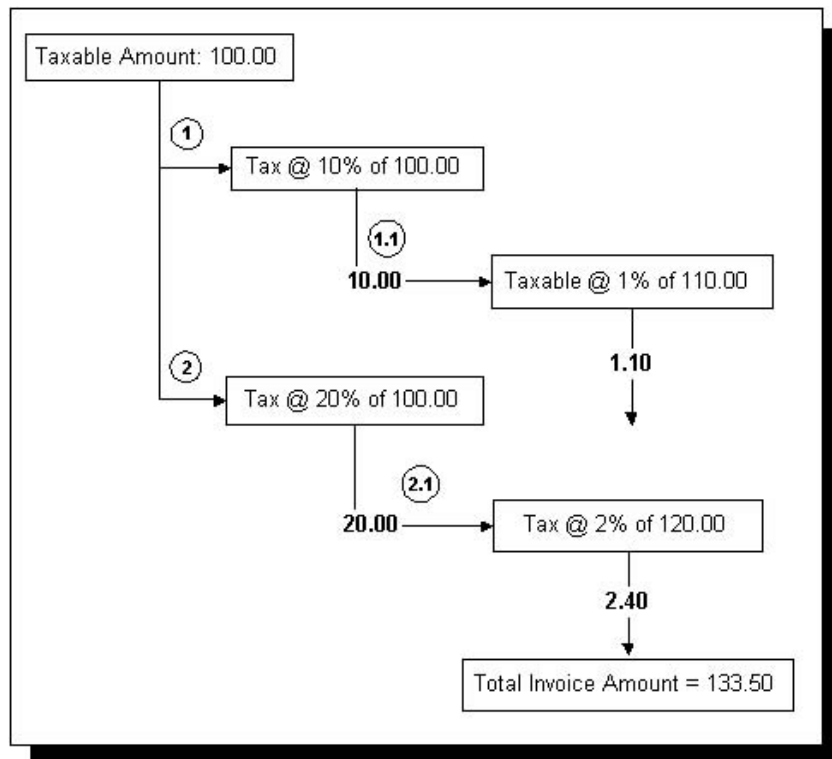
You can also set up multiple independent branches of compounded tax lines within a group to perform complex tax calculations according to your business needs.

Example 1

The tax group shown in Figure 10 – 3 contains two independent tax compounding branches and two tax codes within each branch. You create an invoice for \$100.00 and assign it to this tax group.

Note: The numbered circles represent the precedence numbers assigned to each tax code in the tax group.

Figure 10 – 3 Compounding Tax in a Tax Group



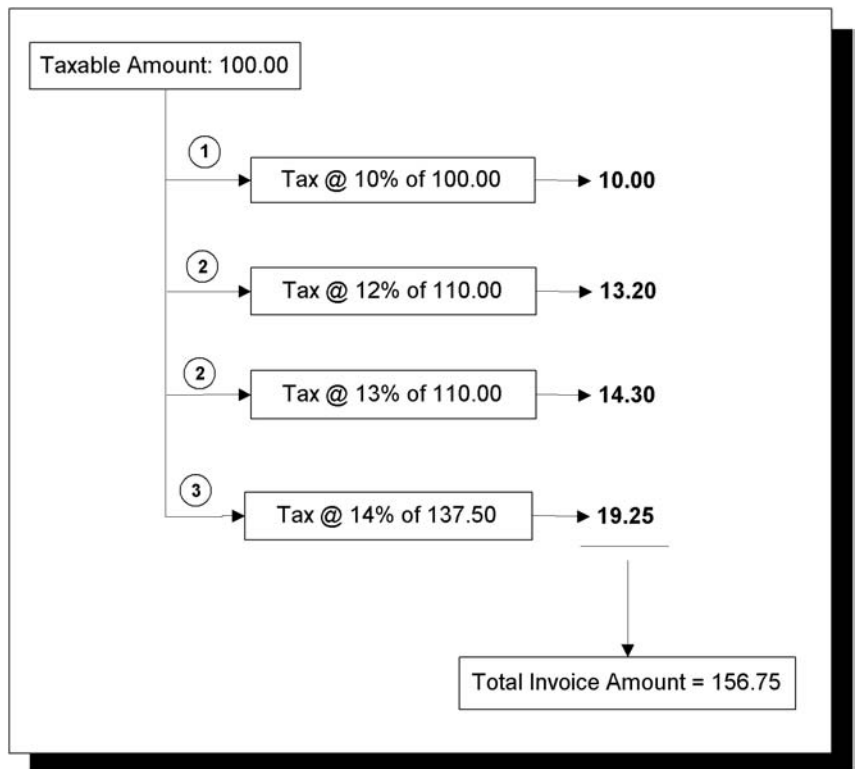
The tax engine uses the tax code assigned to precedence number 1 to calculate tax of \$10.00 ($10\% \times 100.00$). Then, based on the new taxable amount of \$110.00, the tax engine uses the tax code assigned to precedence number 1.1 to calculate tax of 1.10 ($1\% \times 110.00$). Therefore, the total tax for lines 1 and 1.1 is \$11.10.

The tax engine then applies the tax codes assigned to precedence numbers 2 and 2.1 to the original taxable amount in the same manner. The total tax for lines 2 and 2.1 is \$22.40. Finally, it adds the total tax for the two branches to the original invoice amount for a total invoice amount of \$133.50.

Example 2

The Tax Group in this example contains multiple exclusive tax codes with duplicate precedence numbers. As in the previous example, the numbered circles represent the precedence numbers assigned to each tax code.

Figure 10 – 4 Duplicate Precedence Numbers in a Tax Group

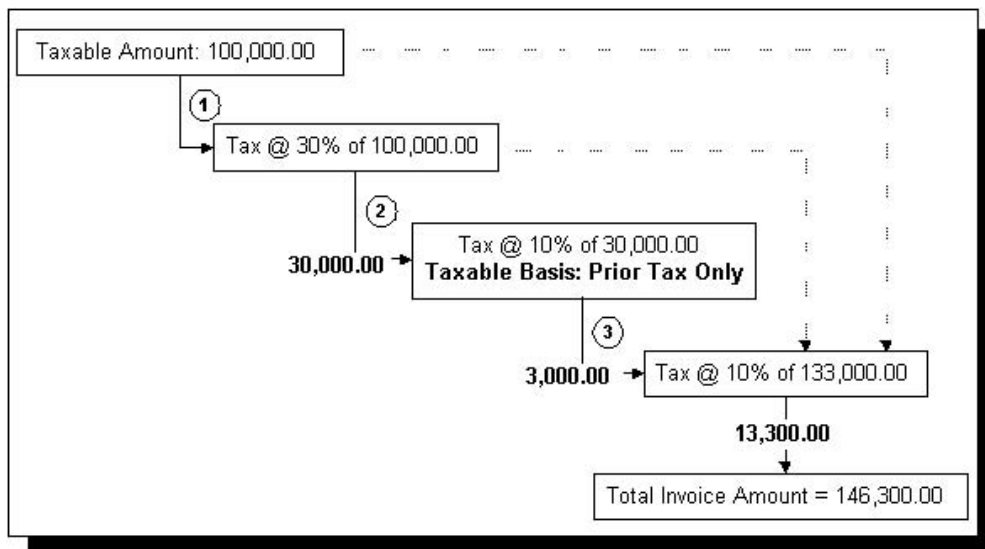


Calculating Tax on Prior Tax in a Tax Group

You can calculate tax on a prior tax amount within a tax group by defining a tax code and specifying a Taxable Basis of Prior Tax. Use this option to calculate tax on the tax amount that immediately precedes a tax code, rather than the transaction amount and other tax lines in the group.

For example, you have an invoice for \$100,000.00 assigned to the tax group shown in Figure 10 – 5. This tax group contains three tax codes. Each tax code is assigned a precedence number and the Taxable Basis for the second tax code in the group is Prior Tax.

Figure 10 – 5 Taxable Basis of Prior Tax in a Tax Group



Note: The numbered circles represent the precedence numbers assigned to each tax code in the tax group.

The tax engine uses the first tax code in the group to calculate tax of \$30,000.00 (30% x \$100,000.00). It then uses only the tax amount from the first line to calculate tax for the second tax line, because the Taxable Basis is set to Prior Tax. As a result, tax for the second line is \$3,000.00 (10% x \$30,000.00).

The third tax code in the group has no Taxable Basis, so the tax engine calculates tax based on the original invoice amount, plus the tax from the previous two tax lines. Therefore, tax for the third tax code in the group is \$13,300.00 (10% x (\$100,000.00 + \$30,000.00 + \$3,000.00)).

Finally, Receivables adds the total tax for all three lines to the original invoice amount for a total of \$146,300.00.

See Also

Tax Groups: page 6 – 20

Controlling Tax from your Revenue Account

If you use the Account Method for VAT compliance, you can set up Receivables to use the tax code assigned to the Natural Account segment of your Revenue account when you manually enter transactions or import them using AutoInvoice. You can assign a tax code to your Revenue Account in the Oracle General Ledger Tax Options window. If you set up your system this way, the tax code assigned to your Revenue account will be the default whenever you enter or import invoices, debit memos, or on-account credit memos into Receivables.

You can also ensure that the tax code for your transaction lines match the tax code assigned to your Revenue account when you enter transactions. If you set the Receivables system option Enforce Tax Code from Revenue Account to Yes, the Transactions Workbench will not let you complete a transaction unless the tax code for each line is the same as the tax code assigned to your Revenue account. This ensures that the VAT amounts in your tax returns reconcile to the tax liability accounts and that the taxable amounts in your tax returns reconcile to the Profit and Loss accounts.



Suggestion: If you enforce validation on tax codes from the revenue account, you should not derive tax codes from customers, customer sites, or inventory items.

The table below summarizes how your setup affects tax code validation at the invoice line level.

Setting of GL account option 'Allow Tax Code Override'	Setting of system option 'Enforce Tax From Revenue Account'	Will Receivables enforce the tax code from the Revenue account?
No	Yes	Yes. You cannot enter a new tax code.
Yes	Yes	No. You can override the default tax code.
No	No	No. You cannot override the default tax code.
Yes	No	No. You can override the default tax code.

See Also

Setup Steps for Value Added Tax: page 2 – 7

Customizing Your Sales Tax Location Flexfield Structure

Receivables provides these predefined Sales Tax Location Flexfield structures, as illustrated in these six tables.

Structure Name: No Validation – Country Structure ID: 1

Enabled Segment	Value Sets	Enabled Qualifiers
Country	AR_LOC_COUNTRY	COUNTRY, TAX_ACCOUNT

Structure Name: State.City Structure ID: 2

Enabled Segment	Value Sets	Enabled Qualifiers
State	AR_LOC_STATE	STATE, TAX_ACCOUNT, EX-EMPT_LEVEL
City	AR_LOC_CITY_GIVEN_STATE	CITY

Structure Name: Province.City Structure ID: 3

Enabled Segment	Value Sets	Enabled Qualifiers
Province	AR_LOC_PROVINCE	PROVINCE, TAX_ACCOUNT, EXEMPT_LEVEL
City	AR_LOC_CITY_GIVEN_PROVINCE	CITY

Structure Name: City Structure ID: 4

Enabled Segment	Value Sets	Enabled Qualifiers
City	AR_LOC_CITY_NO_PARENT	CITY, TAX_ACCOUNT

Structure Name: Province Structure ID: 5

Enabled Segment	Value Sets	Enabled Qualifiers
Province	AR_LOC_PROVINCE_NO_PARENT	PROVINCE, TAX_ACCOUNT

Structure Name: State.County.City Structure ID: 101

Enabled Segment	Value Sets	Enabled Qualifiers
State	AR_LOC_STATE	STATE, TAX_ACCOUNT, EX-EMPT_LEVEL
County	AR_LOC_COUNTY	COUNTY
City	AR_LOC_CITY	CITY

You can choose to create a customized Sales Tax Location Flexfield structure to either change the segments at which your Tax Account and Exempt Level qualifiers are enabled or to use different address segments. In either case, you cannot simply modify an existing structure. You must define a new Sales Tax Location Flexfield structure and corresponding descriptive flexfield contexts. This prevents your customized structure from being overwritten during an upgrade.

Caution: When defining a new Sales Tax Location Flexfield, be sure that the line number for the segments matches the column number that a particular segment uses. For example, the column LOCATION_ID_SEGMENT_1 must be line number 1, LOCATION_ID_SEGMENT_2 must be line number 2, and so on. If the line number and column number do not match, you will receive errors when compiling the new structure.



Attention: You cannot update your Sales Tax Location Flexfield structure after you have entered transactions or customer addresses.

The list below provides general information about the Sales Tax Location Flexfield:

- The owner is Oracle Receivables.
- The flexfield code is RLOC.
- The table name is AR_LOCATION_COMBINATIONS.
- The number of columns equals 10.
- The width of columns equals 22.
- Dynamic insertion is turned on.
- The unique ID column is LOCATION_ID.
- The structure column is LOCATION_STRUCTURE_ID.

See Also

Setting Up Tax: page 10 – 10

Calculating Tax: page 10 – 18

Defining a Sales Tax Location Flexfield Structure: page 10 – 41

Change Assignments for Tax Account and Exempt Level Qualifiers

Modify Your Tax Account Qualifier

You can control the level of detail for your Sales Tax Liability accounts. Typically, a distinct liability account is created for each state. You can however, create distinct accounts for each city or county. Receivables assigns the Account Qualifier at the State segment of the recommended Sales Tax Location Flexfield structure 'State.County.City.'

You can assign the Tax Account qualifier to any segment of your flexfield structure in the Key Flexfields window, but you can assign it to only one segment. Then, when you define tax accounts in the Tax Locations and Rates window, you will be able to assign them to components of this segment. Therefore, if you assign the tax account qualifier to the 'State' segment, you can define tax accounts at the State level only.

Note: The tax account defined for your Location Tax Code will be the default tax account in the Tax Locations and Rates window.

Refer to the chart in Customizing Your Sales Tax Location Flexfield Structure: page 10 – 36 to see the default levels at which Receivables enables the Tax Account qualifier in the seeded tax structures. This is a mandatory qualifier, so you must assign it to one, and only one, segment of your flexfield structure.

Modify Your Exempt Level Qualifier

Receivables will create unapproved customer certificates at the bill-to customer site and the ship-to state. This is the normal behavior if the Exempt Level Qualifier has been assigned to the 'State' segment of the Sales Tax Location Flexfield structure. Using the Exempt Level Qualifier you can control the level of detail at which the unapproved certificate will be automatically created during invoice entry and import.

Refer to the chart in Customizing Your Sales Tax Location Flexfield Structure: page 10 – 36 to see the levels at which Receivables defaults the Exempt Level qualifier in the seeded tax structures. This is an optional qualifier. If no Exempt Level qualifier is enabled, automatic exemptions will be created at the customer level.

Calculate Tax Externally

Receivables can integrate tax calculation programs which are external to the product using the Tax Vendor Extension. This lets you provide for complex tax calculation needs while retaining the full power of Receivables to create and store all other tax data.

Import Sales Tax Locations and Rates

You can use the Sales Tax Rate Interface program to load locations and sales tax rate records into Receivables. These will be used for both address validation and the calculation of sales tax. If you subscribe to a tax service, you can use this program to load the locations and rates that the tax service supplies.

Create Tax Exemptions

Tax exemptions let you fully or partially exempt specific customers or items from tax. You can use exemptions in either a VAT or location-based tax environment.

You can define exemptions either at the customer or item level or specify them at the regional levels. For example, you could create a customer exemption such that the customer is always exempt from tax, or is exempt only in the state of California.

Create Tax Exceptions

Tax exceptions are special tax rates that are assigned to items being shipped to specific addresses. Tax exceptions are only used when you are calculating location-based tax. To use item tax rate exceptions your Location Flexfield Structure must be State.County.City.

Reconcile US Sales Tax

Receivables provides the US Sales Tax Report to assist you in preparing Sales Tax Returns and in reconciling these returns to your General Ledger. The report lists the gross, taxable, exempt and tax amounts for a given period, broken down by state, county and city, to let you identify and review your sales tax liability to the various tax authorities around the US.

See Also

Calculating Tax: page 10 – 18

Defining a Sales Tax Location Flexfield Structure

Define Value Sets

You can use existing value sets if the value sets for your new structure have the same parent as an existing value set. For example, if your new structure is County.City, you can use the seeded AR_LOC_CITY value set for your 'City' segment, as this has 'County' as its parent. However, you must create a new value set for the county segment, as the seeded 'County' value set has a parent and your new value set does not.

Use the Define Value Set window to define new value sets. Query one of the default value sets provided by Receivables and copy all of the values except for the Name, Description and WHERE/ORDER BY values. Enter a name and description that reflects the kind of value set you are defining. For example, if you are defining a value set for the parent 'County' segment, you might call it 'AR_LOC_COUNTY_NO_PARENT'.

If you are defining a value set for the parent segment of your Sales Tax Location Flexfield structure, you must enter the following SQL clause in the WHERE/ORDER BY field:

```
where AR_LOCATION_VALUES.location_segment_qualifier||'' =  
'<segment_name>'
```

If you are defining the value set for the segments other than the parent segment, you must enter the following SQL clause in the WHERE/ORDER BY field:

```
where AR_LOCATION_VALUES.location_segment_qualifier||' ' =  
'<segment_name>'  
  
AND AR_LOCATION_VALUES.parent_segment_id =  
nvl(:$PARENT_VALUE_SET$,  
AR_LOCATION_VALUES.parent_segment_id)
```

Define a New Sales Tax Location Flexfield Structure

After you define your value sets, you need to define your Sales Tax Location Flexfield structure in the Key Flexfield Segments window. Query 'Sales Tax Location Flexfield' in the Flexfield Title field; Receivables will return all the seeded Sales Tax Location Flexfield structures in the Structures region. To enter your new Sales Tax Location Flexfield structure, choose New Record from the Edit menu. Be sure to use a unique name for your new structure.

When you define each segment of your Sales Tax Location Flexfield structure, make sure you define them in the order of their dependencies. For example, if you are defining a new two segment structure using county and city, and county is your parent segment, define county as your first segment and city as your second segment. When you assign columns to each segment, make sure you assign them in ascending order, starting with LOCATION_ID_SEGMENT_1. In the example above you would assign LOCATION_ID_SEGMENT_1 to your first segment (County) and LOCATION_ID_SEGMENT_2 (City) to your second segment.

Use this window to also assign your new value sets and flexfield qualifiers to each segment. You should only enable one 'Location' qualifier for each segment. In the example above you would enable the County qualifier for the County segment and the City qualifier for the City segment. You must also enable your Tax Account and Exempt Level qualifiers as described above, then freeze your new structure.

Define Your Descriptive Flexfield Contexts

After defining your new Sales Tax Location Flexfield structure, you must define contexts for the following descriptive flexfields in the Descriptive Flexfield Segments window.

- Sales Tax Rate Assignment Flexfield: This flexfield displays in the Tax field of the Review Sales Tax Rates window.
- Item Exception Rate Assignment Flexfield: This flexfield displays in the Tax Rate Description field of the Item Tax Rate Exceptions window.
- Item Exception Rate Location Flexfield: This flexfield displays in the Location Description field of the Item Tax Rate Exceptions window.
- Exempt Regions Flexfield: This flexfield displays in the Location field of the Tax Exemptions window.
- Override Sales Tax Rates Flexfield: This field appears in the Rates region of the Tax Locations and Rates window.

Query each flexfield by entering the flexfield name in the Title field of the Descriptive Flexfield zone and 'Receivables' in the Application field. Receivables displays the seeded context values (one for each seeded Sales Tax Location Flexfield structure) in the Context Field Values region. Select New Record from the Edit menu to create a row where you can enter your new context field value. The value that you enter in the Name field must be set to the ID of your new Sales Tax Location Flexfield structure. Use the following SQL script to determine the ID:

```
$ sqlplus <AOL username>/<AOL password>
SQL> select id_flex_structure_name, id_flex_num from
fnd_id_flex_structures where id_flex_code = 'RLOC';
```

After entering the Flexfield structure ID in the Name field and a description in the Description field, enter the segments and associated value sets for this Descriptive Flexfield. Define the same number of segments for each of the descriptive flexfields as you defined for your Sales Tax Location Flexfield structure. The only exception to this rule is the Override Sales Tax Rates flexfield. As the override only applies to segments above the City segment, this structure should only include the segments that you defined above the City segment for which you want to allow overrides. For example, if your Sales Tax Location Flexfield has County.City as the structure, the Override Sales Tax Rates Flexfield should have just one segment relating to County for its structure.



Attention: If you wish to use the override feature, you must include City in your Sales Tax Location Flexfield structure.

Hence, using our County.City example, you would create your new descriptive flexfields as follows:

Sales Tax Rate Assignment Flexfield

Column: LOCATION1_RATE

Value Set: AR_SALES_TAX_RATES

Column: LOCATION2_RATE

Value Set: AR_SALES_TAX_RATES

Item Exception Rate Assignment Flexfield

Column: LOCATION1_RATE

Value Set: AR_SALES_TAX_RATES

Column: LOCATION2_RATE

Value Set: AR_SALES_TAX_RATES

Item Exception Rate Location Flexfield

Column: LOCATION_ID_SEGMENT_1

Value Set: AR_LOC_COUNTY_NO_PARENT

Column: LOCATION_ID_SEGMENT_2

Value Set: AR_LOC_CITY

Exempt Regions Flexfield

Column: LOCATION_ID_SEGMENT_1

Value Set: AR_LOC_COUNTY_NO_PARENT

Column: LOCATION_ID_SEGMENT_2

Value Set: AR_LOC_CITY

Override Sales Tax Rates Flexfield

Column: OVERRIDE_RATE1

Value Set: AR_SALES_TAX_RATES

Note: AR_LOC_COUNTY_NO_PARENT has been used in this example, as this is the name given to the new value set in our previous example.

Be sure to freeze all five descriptive flexfield definitions when they are complete.

Specify Your Location Flexfield Structure System Option

After defining your new Sales Tax Location Flexfield structure, value sets, and your descriptive flexfield contexts, you must choose your Sales Tax Location Flexfield structure in the Location Flexfield Structure field of the System Options window. Upon saving this change, Receivables submits three concurrent programs. These concurrent programs create PL*SQL packages to interface between the tax windows and tax tables. Use the View Requests window to verify that these three concurrent requests have completed without error. The following is an example of the comments that should be displayed at the end of the log files:

```
No errors
```

```
APP-43157 Expansion completed without any errors
```

```
Concurrent process completed successfully
```



Attention: If you have run the Replicate Seed Data concurrent program for a new organization or operating unit attached to the AR responsibility, this populates *but does not enable* the default value of State.County.City in the Location Flexfield Structure field. You must reselect this default value, or choose a new value, and save your work in order to generate a tax location structure.



Attention: You cannot update your Sales Tax Location Flexfield structure once you have entered customer addresses or transactions.

If Your Concurrent Programs Fail

If your concurrent programs fail, check the following:

- The segments in your Sales Tax Location Flexfield and the Descriptive Flexfields are enabled.
- Your Sales Tax Location Flexfield and the five Descriptive Flexfields are frozen.
- The flexfield qualifier enabled for each location is correct. For example, if the segment is County, the County flexfield qualifier must be enabled.
- The Tax Account qualifier is assigned to one, and only one, segment of your Sales Tax Location Flexfield structure.
- The Exempt Level qualifier is assigned to one, and only one, segment of your Sales Tax Location Flexfield structure.

- The column that you assign to the first Sales Tax Location Flexfield segment is LOCATION_ID_SEGMENT_1 and the second segment is assigned to LOCATION_ID_SEGMENT_2 and so on.
- The SQL clause for the WHERE/ORDER BY field is correct for each value set. The SQL clause for the value set assigned to your parent segment is different from the SQL clause assigned to the value set for your non-parent segments. The parent segment is the first segment of your Sales Tax Location Flexfield structure.
- The Descriptive Flexfield context field value names are set to the ID of your Sales Tax Location Flexfield structure, the Descriptive Flexfield segments refer to the correct value set and the structure of the Descriptive Flexfields correctly maps to the Sales Tax Location Flexfield structure.
- Your system has free disk space.

See Also

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