

Oracle® Financials for Canada

User Guide

Release 11*i*

Part No. A81225-03

August 2004

Oracle Financials for Canada User Guide, Release 11i

Part No. A81225-03

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Preface

Welcome to Release 11i of the *Oracle Financials for Canada User Guide*.

This user guide includes information to help you effectively work with Oracle Financials for Canada and contains detailed information about the following:

- Overview and reference information
- Specific tasks that you can accomplish with Oracle Financials for Canada
- Oracle Financials for Canada programs, reports, and listings
- Oracle Financials for Canada functions and features

This preface explains how this user guide is organized and introduces other sources of information that can help you use Oracle Financials for Canada.

About this Country-Specific User Guide

This user guide documents country-specific functionality developed for use within your country and supplements our core Financials user guides. This user guide also includes tips about using core functionality to meet your country's legal and business requirements, as well as task and reference information. The following chapters are included:

- Chapter 1 provides an overview of the major characteristics of Canadian sales taxes and the Input Tax Groups feature.
- Chapter 2 describes how to implement Canadian sales taxes.
- Chapter 3 describes the setup steps required to implement Oracle Financials for Canada.
- Chapter 4 lists the reports that you can use for reporting in Canada.
- Appendix A describes the profile options you must set for Oracle Financials for Canada.
- Appendix B contains FAQs on Oracle Financials for Canada.
- Appendix C describes how to upgrade Oracle Financials for Canada from previous releases to Release 11i.

Documentation 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/>

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Audience for this Guide

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

- The principles and customary practices of your business area.
- Oracle Financials for Canada.

If you have never used Oracle Financials for Canada, we suggest you attend one or more of the Oracle 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.

Other Information Sources

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

If this guide refers you to other Oracle Applications documentation, use only the Release 11*i* versions of those guides.

Online Documentation

All Oracle Applications documentation is available online (HTML or 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 *OracleMetaLink* 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.
- **11i Release Content Document** - See the Release Content Document for descriptions of new features available by release. The Release Content Document is available on *OracleMetaLink*.
- **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 *OracleMetaLink*.

Related User Guides

This user guide documents country-specific functionality developed in addition to our Oracle Financials core products. Because our country-specific functionality is used in association with our core Financials products and shares functional and setup information with other Oracle Applications, you should consult other related user guides when you set up and use Oracle Financials for Canada.

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>.

Guides Related to All Products

Oracle Applications User's Guide

This guide explains how to enter data, query, run reports, and navigate using the graphical user interface (GUI). This guide also includes information on setting user profiles, as well as running and reviewing reports and concurrent processes.

You can access this user's guide online by choosing "Getting Started with Oracle Applications" from any Oracle Applications help file.

Guides Related to This Product

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 that is 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 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 that 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. This manual also includes complete information on implementing budgetary control.

Oracle Purchasing User Guide

Use this manual to read about entering and managing the purchase orders that you match to invoices.

Oracle Payables User Guide

This manual describes how accounts payable transactions are created and entered into Oracle Payables. This manual also contains detailed setup information for Oracle Payables. Use this manual to learn how to implement flexible address formats for different countries. You can use flexible address formats in the suppliers, customers, banks, invoices, and payments windows in both Oracle Payables and Oracle Receivables.

Oracle Receivables User Guide

Use this manual to learn how to implement flexible address formats for different countries. You can use flexible address formats in the suppliers, customers, banks, invoices, and payments windows in both Oracle Payables and Oracle Receivables. This manual also explains how to set up your system, create transactions, and run reports in Oracle Receivables.

Oracle Receivables Tax Manual

This manual provides information about calculating tax within Oracle Receivables, Oracle Order Management, Oracle Sales and Marketing, and Oracle Web Customers. It includes information about implementation procedures, setup forms and windows, the Oracle Receivables tax calculation process, tax reports and listings, and tax-specific open interfaces.

Installation and System Administration

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 Applications-wide features such as Business Intelligence (BIS), languages and character sets, and Self-Service Web 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 Oracle Rapid Install, which minimizes the time to install Oracle Applications and the Oracle technology stack by automating many of the required steps. This guide contains instructions for using Oracle 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 and lists database and product-specific upgrade tasks. You must be either at 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.

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 concurrent processing.

Oracle Alert User's Guide

This guide explains how to define periodic and event alerts to 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 and describes the Oracle Application Object Library components that are needed to implement the Oracle Applications user interface described in the *Oracle Applications User Interface Standards for Forms-Based Products*. This manual also provides information to help you build your custom Oracle Forms Developer forms so that the forms integrate with Oracle Applications.

Maintaining Oracle Applications

Use this guide to help you run the various AD utilities, such as AutoUpgrade, AutoPatch, AD Administration, AD Controller, AD Relink, License Manager, and others. It contains how-to steps, screenshots, and other information that you need to run the AD utilities. This guide also provides information on maintaining the Oracle applications file system and database.

Oracle Applications User Interface Standards for Forms-Based Products

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 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, enhancements, and changes made to database objects, profile options, and seed data for this interval.

Oracle Workflow Administrator's Guide

This guide explains how to complete the setup steps necessary for any Oracle Applications product that includes workflow-enabled processes, as well as how to monitor the progress of runtime workflow processes.

Oracle Workflow Developer's Guide

This guide explains how to define new workflow business processes and customize existing Oracle Applications-embedded workflow processes. It also describes how to define and customize business events and event subscriptions.

Oracle Workflow User's Guide

This guide describes how Oracle Applications users can view and respond to workflow notifications and monitor the progress of their workflow processes.

Oracle Workflow API Reference

This guide describes the APIs provided for developers and administrators to access Oracle Workflow.

Multiple Organizations in Oracle Applications

If you use the Oracle Applications Multiple Organization Support feature to use multiple sets of books for one Oracle Financials installation, use this guide to learn about setting up and using Oracle Financials with this feature.

There are special considerations for using Multiple Organizations in Europe with document sequences, legal entity reporting, and drill-down from General Ledger. Consult the Multiple Organizations in Oracle Applications guide for more information about using Multiple Organizations in Europe.

Multiple Reporting Currencies in Oracle Applications

If you use Multiple Reporting Currencies feature to report and maintain accounting records in more than one currency, use this manual before implementing Oracle Financials for Canada. The manual details additional steps and setup considerations for implementing Oracle Financials for Canada 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 Financials installation, use this guide to learn about setting up and using Oracle Financials with this feature.

There are special considerations for using Multiple Organizations in Europe with document sequences, legal entity reporting, and drill-down from General Ledger. Consult the Multiple Organizations in Oracle Applications guide for more information about using Multiple Organizations in Europe.

Oracle Applications Flexfields Guide

This guide provides flexfields planning, setup and reference information for the Oracle Financials for Canada 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 Financials for Canada 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 one 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 Financials for Canada 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 Oracle Applications can update many tables at once. But when you modify Oracle Applications data using anything other than Oracle Applications, you may 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 you risk unpredictable results throughout Oracle Applications.

When you use Oracle Applications to modify your data, Oracle Applications automatically checks that your changes are valid. Oracle Applications also keeps track of who changes information. 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 applications products, along with related consulting, education, and support services, in over 145 countries around the world.

Thank You

Thank you for using Oracle Financials for Canada and this user guide.

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1

Overview

This chapter provides an overview of Oracle Financials for Canada and Canadian sales taxes.

Overview of Canadian Taxes

In Canada, sales taxes are charged at the federal and provincial level. The Goods and Services Tax (GST) is a federal tax levied in the non-participating provinces and territories across Canada. In the participating provinces of Newfoundland, Nova Scotia, and New Brunswick, a federal and provincial *blended tax* called Harmonized Sales Tax (HST) is used. The recovery 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 (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).

See also: Implementing Canadian Sales Tax, *Oracle Receivables Tax Manual*

Basic Business Needs for Canada

The Oracle Financials for Canada solution helps you meet these basic business needs:

- Automatically calculate and record, in separate General Ledger accounts, federal and provincial sales taxes on Payables and Purchasing transactions for reporting and accounting purposes. In Oracle Purchasing, you can decide to encumber or accrue non-recoverable tax amounts.
- Handle single and side-by-side tax computations. You can calculate compound taxes by using the effective rate method.
- Handle tax-inclusive and exclusive items on invoice transactions.
- Compute taxes on all purchases including freight and items.
- Accrue and track taxes that were not charged by the supplier (self-assessed tax) to a user-defined tax account.
- Calculate and record tax credits at both the federal and provincial level using separate General Ledger accounts for each tax authority.
- Calculate and account for multiple taxes on invoices by using the full-purchase-price discount method.
- Calculate rebates on self-assessed taxes.
- Record the original tax code of the item line and records, on each tax line created, the originating item line for audit purposes.
- Record the supplier's GST or HST registration number.
- Report tax and invoice information by invoice number and also by the description of the sales tax.

Major Features for Canada

Oracle Financials for Canada provides these features for input tax groups, tax recovery, and tax reporting.

Input Tax Groups

Input Tax Groups

Use the Input Tax Groups feature to group your input tax codes. Input tax groups let you define, handle, and maintain tax groups that you can use to calculate taxes in both Payables and Purchasing. Input tax groups allow for single and side-by-side tax computation. You can also accomplish compound tax computation using the effective tax rate. Use the Tax Groups Listing on page 4-5 to see a listing of your input tax groups.

Self-Assessed Taxes

You can define tax codes to self assess taxes. By adding tax codes to your tax groups, you can calculate self-assessed taxes and direct the tax amounts to General Ledger accounts for the appropriate tax authorities.

Tax Recovery

Tax Recovery Rules

You can define rules for defaulting the tax recovery rate for a range of accounting flexfields and dates using the Tax Recovery Rules window. You can apply a recovery rule to a tax code. Alternately, you can assign a tax recovery rate directly to a tax code.

Multiple Recoveries

If your company qualifies and tracks multiple rebates per tax code, you can use Oracle Financials for Canada to meet your requirements. Oracle Financials for Canada lets you define and group your tax codes to handle situations where multiple recoveries apply to a single item.

Calculate and Display Tax Amounts in Purchasing Documents

You can use your tax groups to calculate taxes on your Purchasing documents. You can calculate taxes on your requisition and purchase order documents and view the results in a detailed and summarized form. You can see the tax calculations that result, including total tax, non-recoverable tax, and recoverable tax, at each level of the document.

Calculate and Display Tax Amounts in Payables Documents

You can use tax groups to calculate taxes on your Payables documents. You can calculate taxes for your invoice documents and account for the recoverable and non-recoverable portions in distinct accounts. The split between recoverable and non-recoverable taxes is based on legislated recovery rates that are managed through the item distributions. Non-recoverable tax is part of the landed cost of an item and is identifiable for reporting and costing purposes.

Tax Reporting

Record Supplier Tax Information

You can enter your supplier's GST or HST registration number when you enter expense reports or invoices and claim tax credits.

Tax Reporting Ledger

Use the Tax Reporting Ledger to print taxable, federal, provincial, and harmonized tax amounts for each of your Payables invoices. You can optionally show recoverable and non-recoverable tax amounts for each invoice. You control the summarization level and format of the report output with the Tax Reporting Ledger.

Implementing Canadian Sales Taxes

This chapter provides examples of how you can use Oracle Financials for Canada to enter transactions to account for multiple taxes, single and multiple tax recovery, and self-assessed taxes.

Implementing Input Tax Groups

Use the Input Tax Groups feature to calculate, track, and remit federal and provincial sales taxes. This feature also lets you manage multiple tax recovery requirements. You can combine your tax codes into tax groups and calculate multiple taxes on your Payables and Purchasing transactions.

Once you set up Oracle Financials for Canada, you can use your tax groups with any transactions that you enter along your *procurement-to-pay* chain. When you use a tax group, both Payables and Purchasing analyze the tax codes that belong to that tax group and calculate the tax amounts for each tax code.

Input Tax Groups help you automatically record multiple taxes and track multiple tax recoveries for a single tax code. If you only use single tax codes (for example, HST) with a single recovery, you do not need to implement Input Tax Groups.

See also: Tax Codes, *Oracle Payables User Guide*

Input tax amounts are classified as recoverable or non-recoverable depending on whether or not you can claim a tax credit from your tax authority. Oracle Financials for Canada automatically calculates and tracks these tax credits using recovery rules.

Recovery rules identify situations where you can obtain a tax recovery. Recovery rules are an accurate tool for calculating the landed cost of the items you buy.

To determine how your taxes are configured, you must know which market sector you work in and the types of goods and services that you are purchasing.

If you are in the federal government sector, you generally will not pay tax.

If you are in the commercial sector, you may or may not qualify for a full or partial recovery of the federal sales tax.

If you are in the not-for-profit sector, you are eligible for a graduated rebate system and you may qualify for one or more tax recoveries.

The Input Tax Groups feature also helps you meet the Canadian business requirement to self assess taxes that a supplier did not levy, but are due. You can self assess taxes by linking tax codes of offset and user-defined tax types. When you use tax groups with these tax codes, Oracle Financials for Canada automatically calculates the debit and credit side of the journal entry.

Attention: The tax rates and accounting entries used throughout this manual are provided for illustration purposes only. Please contact a tax professional for specific implementation requirements.

Input Tax Groups

You must complete three steps to define your input tax groups.

1. Define your recovery rules and conditions for those rules. See: Recovery Rules on page 2-5 for more information.
2. Create your tax codes and assign a tax recovery rule or a fixed recovery rate to that tax code. See: Tax Codes on page 2-9 for more information.
3. Create a tax group, which contains your tax codes. Tax groups let you levy multiple tax codes and recover multiple tax credits against your Payables or Purchasing transactions. See: Tax Groups on page 2-12 for more information.

Recovery Rules

If your business qualifies for tax credits, you can define recovery rules to represent your tax position. For example, if an item has multiple intended uses, you can define recovery rules that accommodate different recovery rates for that item.

Tax recovery in Oracle Financials is represented in these business scenarios using recovery rules. Recovery rules offer a flexible way for you to define what portion of the tax amount is recoverable and whether or not you can claim the tax as tax credit. You control which criteria you want to use to determine your tax recoverability. Tax recovery is calculated with accounting flexfield ranges, or a fixed rate.

You can use the charge account to control which recovery rate is used for each tax code. Use the accounting flexfield ranges in the Tax Recovery Rates region of the Tax Recovery Rules window to define multiple ranges of accounting flexfields, each with its own recovery rate. You can set up the accounting flexfield ranges in many levels of granularity to control recovery by natural account only, or by combinations of one or more accounting flexfield segments.

Attention: To take advantage of full or partial tax recovery, you must check the **Enable Partially Recoverable** check box in the **Financial Options** window. For more information, see the **Define Financials Options** section.

Example 1: Recoveries by Cost Center

In some cases, tax recoverability varies between different departments or cost centers based on their ratio of commercial and non-commercial sales activity. Assuming the chart of accounts Dept-Cost Center-Account-Project, where the account 1000 represents Services provided, you could set up the rule shown in this table.

Tax Code	Rule Name	Flexfield Low	Flexfield High	Recovery Rate	Description
GST	Standard	01-100-1000-0000	01-100-1000-9999	70	Cost Center 100 has a 70% recovery rate
GST	Standard	01-200-1000-0000	01-200-1000-9999	60	Cost Center 200 has a 60% recovery rate

If the charge accounting flexfield is not within any of the account ranges defined for the recovery rule, no recovery is calculated and the tax amount is non-recoverable.

Example 2: Recoveries by Intended Product Use

In some cases, the portion of tax that is recoverable is determined by the intended or final use of the product. For example, in a hospital in the not-for-profit sector where both patients and staff require the same consumable item, the federal sales tax paid on that consumable item qualifies for a partially-recoverable rebate. The hospital would record the payment of the consumable item, and allocate the payment across two project codes (staff and patients).

This table shows the rule setup for this example:

Tax Code	Rule Name	Flexfield Low	Flexfield High	Recovery Rate	Description
GST	Standard	01-000-1000-4000	01-999-1000-4000	83	Tax recovered on consumable item for patients at 83%
GST	Standard	01-000-1000-5000	01-999-1000-5000	0	Tax recovered on consumable item for staff at 0%

Note that in this example, although the natural account is the same, the project number is different. If the item purchased is intended for patient use (project 4000), 83% recovery is applied. If the item is used by the staff, the recovery rate is 0%.

Example 3: Recoveries at Federal Level

In some cases, an item is taxed at the federal and provincial levels, but only the federal government provides a tax credit. In these situations, the same range of accounting flexfields may have different recoverability rates across tax codes, as shown in this table:

Tax Code	Rule Name	Flexfield Low	Flexfield High	Recovery Rate	Description
GST	Normal Consumption Tax Recovery	01-000-0000-0000	01-999-9999-9999	100	Federal recovery rate of 100%
PST	Special Consumption Tax Recovery	01-000-0000-0000	01-999-9999-9999	0	Provincial recovery rate of 0%

Note: You do not have to define the Provincial Sales Tax tax rule. You can optionally choose to set up 0% recovery rules. If no recovery rule exists, however, the tax code does not qualify for recovery.

Example 4: Multiple Recoveries based on Item

Recovery rules can also handle more complex cases of tax credits, where multiple taxes and multiple recoveries are levied. This table provides an example that shows two taxes, with different sets of recovery rates for each tax.

Tax Code	Rule Name	Flexfield Low	Flexfield High	Recovery Rate	Description
GST	GST Tax Recovery	01-000-1000-0000	01-999-1000-9999	50	Goods recoverable at 50%
GST	GST Tax Recovery	01-000-2000-0000	01-999-2000-9999	0	Goods recoverable at 0%
GST	GST Tax Recovery	01-000-3000-0000	01-999-3000-9999	57.14	Goods recoverable at 57.14% on GST

Recovery Rules

Tax Code	Rule Name	Flexfield Low	Flexfield High	Recovery Rate	Description
PST	PST Tax Recovery	01-000-1000-0000	01-999-1000-9999	50	Goods recoverable at 50%
PST	PST Tax Recovery	01-000-2000-0000	01-999-2000-9999	0	Goods recoverable at 0%
PST	PST Tax Recovery	01-000-3000-0000	01-999-3000-9999	57.14	Goods recoverable at 57.14% on PST

Tax Codes

You define your federal and provincial tax codes in the Tax Codes window. Combine these tax codes into Input Tax Groups, which you can use to levy multiple taxes on your Payables and Purchasing transactions.

You must create tax codes for the taxes that your suppliers charge you and for the taxes that you self assess. Base taxes, which are the taxes that are levied by your suppliers, may have a user-defined tax type (for example, VAT). Self-assessed taxes are represented by a pair of taxes (one user-defined tax, and one Offset tax).

See also: Tax Types, *Oracle Payables User Guide*

Suggestion: Try to establish a naming convention that identifies the purpose of the tax code. For example, if you are defining a tax code for Ontario PST, the tax code name might be ONPST. If you are defining a tax code for self-assessed PST for Saskatchewan, the tax code name might be SKPST-SA. You may also consider including the recoverable rate in the tax code name. For example, if you are defining a tax code for GST with a recoverable rate of 100%, the tax code name might be GST @ 100%.

Note: You can use the same tax recovery rule for many different tax codes. You can also use the same tax code in many different tax groups.

To calculate compounded taxes (tax on tax), define the tax code using effective rates. For example, when you define a tax code for Quebec, where provincial taxes are calculated after GST was calculated, use the effective rate of 8.025% instead of the nominal rate of 7.5%. The effective rate is calculated as $((1 + \text{GST}) * \text{nominal PST tax rate})$. For example $\{(1 + 0.07) * 0.075\} = 0.0825 = 8.025\%$.

This table shows some typical tax code configurations. Note that GST is 100% recoverable and QCPST is 60% recoverable. HST is not recoverable and taxes for Saskatchewan are self assessed.

An asterisk (*) in this table marks GL accounts where the recoverable amount is directed if there is tax recoverability.

Tax Code	Tax Type	Rate	Accounting Flexfield	Recovery Rule	Recovery Rate	Offset Tax Code	Comment
GST	VAT	7	Generally set to a receivable account.*	100% Recoverable			Full GST is debited to this receivable account.
QCPST	VAT	8.025	Generally set to a receivable account.*	60% Recoverable			40% is normally charged back to the original charged item GL account. The recoverable 60% is recorded in this receivable account.
HST	VAT	15	Generally set to a receivable account.*				
SKPST_ SA	VAT	8	Generally set to a receivable account.*			SKPST_ _SAO	Creates debit side of entry.
SKPST_ SAO	Offset	<8>	Generally set to a payable account.				Creates credit side of entry.

The GL account that you define for a tax code is used to record the recoverable tax amount. If you are defining a recoverable tax code, consider using a receivable account which reflects the tax credit that you have with your tax authority.

The non-recoverable tax amount is recorded in the item charge account that you define when you enter a transaction. The non-recoverable tax amount is usually considered part of the landed cost of the item.

Attention: When you define tax codes, the tax recovery rate is defaulted from the Financial Options window. If you want to assign a recovery rule to the tax code, ensure the recovery rate field is blank. You may leave this field blank in the Financial Options window since the majority of your transactions use recovery rules.

Tax Groups

You can assign your individual tax codes to tax groups in the Input Tax Groups window. After you defined your tax groups, you can use tax groups anywhere that you can enter a tax code. Once an input tax group is assigned to a Payables or Purchasing transaction, Oracle Financials for Canada generates a correct set of tax codes, rates, and accounting entries. You can assign the same tax group to multiple taxable items in a Payables document; however, you cannot use different tax groups in a single transaction.

You must use a unique name for your tax group to differentiate the tax group from any other tax group or code. Try using a naming convention for the group tax code to help identify the purpose of the group name. For example, if the tax group is PST self assessed for Saskatchewan and GST applies, you might use a name such as GST/SKPST-SA.

Attention: Recovery rules and rates are available to each code within the group. You can enter a recovery rate override for a tax group when you create a transaction (for example, while entering an invoice). This recovery rate is applied to all the tax codes within the tax group and has precedence over the recovery defined for each individual tax code. You might want to consider disabling this override option to avoid inaccuracies. If you do not want to allow override of recovery rates, set the Tax: Allow Recovery Rate Override profile option to *No*.

If you want your tax group to self assess taxes, you should include the tax code that is the tax type (for example, VAT) that you defined. The Offset tax code is automatically linked to the Input Tax Groups window and expanded when taxes are calculated.

Warning: You cannot select tax codes of Offset tax type from the Tax Codes list of values, because tax codes of Offset tax type are calculated based on the tax code that they are linked to.

These examples are included to highlight how you can set up Input Tax Groups to address different business needs:

Example 1: Invoice with conditionally recoverable GST and non-recoverable PST

The supplier sends an invoice where GST (7%) and PST (8%) are levied. GST is 100% recoverable for accounts between 01-110-7200 and 01-110-7600. The total amount of the supplier invoice is 115. The PST is non-recoverable.

This table shows the entries that are recorded:

Account	Debit	Credit	Description
Expense (01-110-7110)	100		Charge
Expense (01-110-7110)	7		GST 7%, Non-recoverable
Expense (01-110-7110)	8		PST 8%, Non-recoverable
Payable (01-000-2210)		115	Account Payable

To obtain these results, create the GST/PST tax group with the tax codes shown in this table:

Tax Code	Rate	Tax Type	Recoverable Rule	Account	Offset Tax
GST@100% Recoverable	7	VAT	100% Recoverable	01-000-1220	
PST	8	VAT		01-000-1230	

After calculating taxes, and assuming that the previous tax group was used, the invoice distributions are as shown in this table:

Line Number	Line Type	Amount	Tax Code	Account	Recoverable
1	Item	100	GST / PST	01-110-7110	
2	Tax	7	GST@100% Recoverable	01-110-7110	No
3	Tax	8	PST	01-110-7110	No

Note: GST is not recoverable because the charge account is not within the accounting flexfield range specified by the recovery rules. The General Ledger account was used for the purchased item because the taxes were not recoverable.

Both non-recoverable tax amounts go to the acquisition cost of the item, and can be passed over to fixed assets as part of the asset.

Example 2: Invoice with recoverable GST and non-recoverable PST

The supplier sends an invoice where GST (7%) and PST (8%) are levied. GST is 100% recoverable for accounts between 01-110-7200 and 01-110-7600. The total amount of the supplier invoice is 115.

This table shows the entries that are recorded:

Account	Debit	Credit	Description
Expense (01-110-7550)	100		Charge
Expense (01-000-1220)	7		GST 7%, Recoverable
Expense (01-110-7550)	8		PST 8%, Non-recoverable
Payable (01-000-2210)		115	Account Payable

To obtain these results, create the GST/PST tax group with the tax codes shown in this table:

Tax Code	Rate	Tax Type	Recoverable Rule	Account	Offset Tax
GST@100% Recoverable	7	VAT	100% Recoverable	01-000-1220	
PST	8	VAT		01-000-1230	

After calculating taxes, and assuming that the previous tax group was used, the invoice distributions are as shown in this table:

Line Number	Line Type	Amount	Tax Code	Account	Recoverable
1	Item	100	GST / PST	01-110-7550	
2	Tax	7	GST@100% Recoverable	01-000-1220	Yes
3	Tax	8	PST	01-110-7550	No

Note: The General Ledger account used for the GST was the General Ledger receivable account defined for the GST tax code because the account was fully recoverable. The General Ledger account used for the PST was the purchased item General Ledger account because the taxes were not recoverable.

Example 3: Invoice with GST and PST 60% recoverable

The supplier sends an invoice where GST (7%) and PST (7.5% compounded, effective rate of 8.025%) are levied. The total amount of the supplier invoice is 115.03 and, because of the nature of the item, both taxes are 60% recoverable for accounts between 01-110-7100 and 01-110-7200.

This table shows the entries that are recorded:

Account	Debit	Credit	Description
Expense (01-110-7110)	100		Charge
Expense (01-110-7110)	2.8		GST 7%, 40% Non-Recoverable
GST Receivable (01-000-1220)	4.2		GST 7%, 60% Recoverable
Expense (01-110-7110)	3.21		QCPST 8.025%, 40% Non-recoverable
QCPST Receivable (01-000-1250)	4.82		QCPST 8.025%, 60% Recoverable
Payable (01-000-2210)		115.03	Account Payable

To achieve these results, create the GST/QCPST tax group with the tax codes shown in this table:

Tax Code	Rate	Tax Type	Recoverable Rule	Account	Offset Tax
GST @60% Recoverable	7	VAT	60% Recoverable	01-000-1220	
QCPST @60% Recoverable	8.025	VAT	60% Recoverable	01-000-1250	

After calculating taxes using the previous tax group, the invoice distributions are as shown in this table:

Line Number	Line Type	Amount	Tax Code	Account	Recoverable
1	Item	100	GST/QCPST	01-110-7110	
2	Tax	2.8	GST @60% Recoverable	01-110-7110	No
3	Tax	4.2	GST @60% Recoverable	01-000-1220	Yes
4	Tax	3.21	QCPST @60% Recoverable	01-110-7110	No
5	Tax	4.82	QCPST @60% Recoverable	01-000-1250	Yes

Self-Assessed Taxes

In Canada, if a customer is not charged sales tax at the time of purchase, the customer might still be responsible for paying these taxes to the appropriate tax authority (federal government, provincial government, or both). In these cases, customers must self assess the appropriate amount of tax for the goods that were bought.

For each purchase, additional General Ledger distribution lines are required for the tax liability (credit) and the purchased item (debit) accounts to record the taxes that are owed but not charged. If you are assessing multiple taxes for the same purchase (for example, GST and PST), each tax must have a separate General Ledger account to ensure that the proper amount is paid to each tax authority. Full or partial tax rebates can apply to the self-assessed tax values. Use pairs of user-defined (for example, VAT) and Offset tax codes to implement self-assessed taxes. See the following examples.

(*) Tax codes with an asterisk are for illustration purposes only. They are required tax codes, but you do not have to add these tax codes to the Tax Group because these tax codes are automatically linked by your user-defined tax codes.

Suggestion: You should set up a separate General Ledger liabilities account for each tax authority to track the different monies owed.

Example 1: Levying PST and Recovering GST

The supplier sends an invoice where GST (7%) was applied, but PST of 8% was not levied. The total amount of the supplier invoice is 107. GST is 100% recoverable and PST does not qualify for recovery.

This table shows the desired journal entry:

Account	Debit	Credit	Description
Expense (01-110-7110)	100		Charge
GST Receivable (01-000-1220)	7		GST 7%, 100% Recoverable
Expense (01-110-7110)	8		PST 8%, Non-recoverable
PST Payable (01-000-2360)		8	PST Payable - Self Assessed
Payable (01-000-2210)		107	Account Payable

To achieve these results, create the GST/PST_SA tax group with the tax codes shown in this table:

Tax Code	Rate %	Tax Type	Recoverable Rule	Account	Offset Tax
GST@100% Recoverable	7	VAT	100% Recoverable	01-000-1220	
PST_SA	8	VAT		01-000-1230	PST_SA Offset
*PST_SA Offset	<8>	Offset		01-000-2360	

Using the previous tax group, the invoice distributions after tax are as shown in this table:

Line Number	Line Type	Amount	Tax Code	Account	Recoverable
1	Item	100	GST / PST_SA	01-110-7110	
2	Tax	7	GST@100% Recoverable	01-000-1220	Yes
3	Tax	8	PST_SA	01-110-7110	No
4	Tax	<8>	PST_SA Offset	01-000-2360	

Example 2: Levying and Recovering GST and PST

The supplier sends an invoice where no taxes were charged. Both GST (7%) and PST (8%) are due. The total amount of the supplier invoice is 100 and both taxes are 60% recoverable.

This table shows the desired journal entry:

Account	Debit	Credit	Description
Expense (01-110-7110)	100		Charge
Expense (01-110-7110)	2.8		GST 7%, 40% Non-Recoverable
GST Receivable (01-000-1220)	4.2		GST 7%, 60% Recoverable
Expense (01-110-7110)	3.2		PST 8%, 40% Non-Recoverable
PST Receivable (01-000-1230)	4.8		PST 8%, 60% Recoverable
GST Payable (01-000-2380)		7	GST Payable - Self Assessed
PST Payable (01-000-2360)		8	PST Payable - Self Assessed
Payable (01-000-2210)		100	Account Payable

To achieve these results, create the GST_SA/PST_SA tax group with the tax codes shown in this table:

Tax Code	Rate %	Tax Type	Recoverable Rule	Account	Offset Tax
GST_ SA@60% Recoverable	7	VAT	60% Recoverable	01-000-1220	GST_SA Offset
*GST_SA Offset	<7>	Offset		01-000-2380	
PST_ SA@60% Recoverable	8	VAT	60% Recoverable	01-000-1230	PST_SA Offset
*PST_SA Offset	<8>	Offset		01-000-2360	

Using the previous tax group, the invoice distributions after tax are as shown in this table:

Line Number	Line Type	Amount	Tax Code	Account	Recoverable
1	Item	100	GST_SA / PST_SA	01-110-7110	
2	Tax	2.8	GST_SA@60% Recoverable	01-110-7110	No
3	Tax	4.2	GST_SA@60% Recoverable	01-000-1220	Yes
4	Tax	<7>	GST_SA Offset	01-000-2380	
5	Tax	3.2	PST_SA@60% Recoverable	01-110-7110	No
6	Tax	4.8	PST_SA@60% Recoverable	01-000-1230	Yes
7	Tax	<8>	PST_SA Offset	01-000-2360	

Example 3: Levying and Recovering HST

The supplier sends an invoice where HST (15%) was not applied, but is due. The total amount of the supplier invoice is 100 and HST is 60% recoverable.

This table shows the desired journal entry:

Account	Debit	Credit	Description
Expense (01-110-7110)	100		Charge
Expense (01-110-7110)	6		HST 15%, 40% Non-Recoverable
HST Receivable (01-000-1220)	9		HST 15%, 60% Recoverable
HST Payable (01-000-2380)		15	HST Payable - Self Assessed
Payable (01-000-2210)		100	Account Payable

To achieve these results, create the HST_SA tax group with the tax codes shown in this table:

Tax Code	Rate %	Tax Type	Recoverable Rule	Account	Offset Tax
HST_SA@60% Recoverable	15	VAT	60% Recoverable	01-000-1220	HST_SA Offset
*HST_SA Offset	<15>	Offset		01-000-2380	

Using the previous tax group, the invoice distributions after tax are as shown in this table:

Line Number	Line Type	Amount	Tax Code	Account	Recoverable
1	Item	100	HST_SA	01-110-7110	
2	Tax	6	HST_SA@60% Recoverable	01-110-7110	No
3	Tax	9	HST_SA@60% Recoverable	01-000-1220	Yes
4	Tax	<15>	HST_SA Offset	01-000-2380	

Multiple Tax Recovery for a Single Tax Code

In Canada, tax recovery is made through rebates. More than one tax recovery rule can apply to a single taxable invoice item (depending on the nature of the taxable item).

While the Partial and Non-Recoverable Taxes feature of Oracle Payables lets you apply a single tax recovery rule per tax code, you can use Oracle Financials for Canada's Input Tax Groups to apply multiple tax recovery rules per tax code.

The solution for entering invoices with Canadian taxes is to summarize your recoverable taxes using a pair of user-defined/Offset (Sales/Offset) taxes to implement multiple rebates. Instead of using the tax recovery rule to represent the first rebate, use the tax recovery rule to summarize all of the rebates that apply to the tax code. For example, if a tax code has an applicable rebate of 60% and another of 30%, you should apply a recoverable rule of 90% to the tax code. Oracle Financials for Canada posts 90% of the total tax amount to the recoverable account. To track each rebate in its own account, use the user-defined/Offset tax codes to back out the 30% value and transfer it into the appropriate receivable accounts.

(*) Tax codes with an asterisk are for illustration purposes only. They are required tax codes, but you do not have to add these tax codes to the Tax Group.

(**) This tax code rate represents the secondary tax recovery rate which is calculated as (tax rate * tax recovery rate percentage).

Example 1: Multiple Tax Recovery for a Single Tax Code at 100%

You have an invoice for one item worth 100, with GST applied, and your company qualifies for two tax rebates which allows for 100% recoverability.

Rebate 1	61%	01-000-1220
Rebate 2	39%	01-000-1240

To enter the invoice using this solution, implement the GST-7@100% Recoverable tax group with the tax codes shown in this table:

Tax Code	Rate %	Tax Type	Recoverable Rule	Account	Offset Tax
GST@100% Recoverable	7	VAT	100% Recoverable	01-000-1220	
GST@39% Recoverable	2.73**	VAT	100% Recoverable	01-000-1240	GST@39% Offset
GST@39% Offset*	<2.73>**	Offset		01-000-1220	

After calculating taxes using the previous tax group, the invoice distributions are as shown in this table:

Line Number	Line Type	Amount	Tax Code	Account	Recoverable
1	Item	100	GST-7@100% Recoverable	01-110-7320	
2	Tax	7	GST@100% Recoverable	01-000-1220	Yes
3	Tax	2.73	GST@39% Recoverable	01-000-1240	Yes
4	Tax	<2.73>	GST@39% Offset	01-000-1220	

Note: The accounting flexfield combination assigned to the offset tax code matches the accounting flexfield assigned to the GST tax code.

Example 2: Multiple Tax Recovery for a Single Tax Code at 81%

You have an invoice for one item worth 100, with GST applied, and your company qualifies for two tax rebates which allows for a total of 81% recoverability.

Rebate 1 50% 01-000-1220

Rebate 2 31% 01-000-1240

To enter the invoice using this solution, implement the GST-7@81% Recoverable tax group with the tax codes shown in this table:

Tax Code	Rate %	Tax Type	Recoverable Rule	Account	Offset Tax
GST@81% Recoverable	7	VAT	81% Recoverable	01-000-1220	
GST@31% Recoverable	2.17**	VAT	100% Recoverable	01-000-1240	GST@31% Offset
GST@31% Offset*	<2.17>**	Offset		01-000-1220	

After calculating taxes using this tax group, the invoice distributions are as shown in this table:

Line Number	Line Type	Amount	Tax Code	Account	Recoverable
1	Item	100	GST-7@81% Recoverable	01-110-7320	
2	Tax	1.33	GST@81% Recoverable	01-000-7320	No
3	Tax	5.67	GST@81% Recoverable	01-000-1240	Yes
4	Tax	2.17	GST@31% Offset	01-000-1220	Yes
5	Tax	<2.17>	GST@31% Offset	01-000-1220	

Example 3: Self-Assessed Taxes with Multiple Recoveries

The supplier sends an invoice where no taxes were levied, but GST (7%) and PST (8%) are due. The total amount of the supplier invoice is 100 and, because of the nature of the item and the company, GST qualifies for two tax credits of 31% and 60%. PST is 60% recoverable.

This table shows the entries that are recorded:

Account	Debit	Credit	Description
Expense (01-110-7110)	100		Charge
Expense (01-110-7110)	0.63		GST 7%, 9% Non-Recoverable
GST Receivable (01-000-1240)	2.17		GST 7%, 31% Recoverable
GST Receivable (01-000-1220)	4.2		GST 7%, 60% Recoverable
Expense (01-110-7110)	3.2		PST 8%, 40% Non-recoverable
PST Receivable (01-000-1230)	4.8		PST 8%, 60% Recoverable
GST Payable (01-000-2380)		7	GST Payable - Self Assessed
PST Payable (01-000-2360)		8	PST Payable - Self Assessed
Payable (01-000-2210)		100	Account Payable

To achieve these results, create the GST_SA/PST_SA tax group with the tax codes shown in this table:

Tax Code	Rate	Tax Type	Recoverable Rule	Account	Offset Tax
GST_SA@91% Recoverable	7	VAT	91% Recoverable	01-000-1220	GST_SA Offset
GST_SA Offset*	<7>	Offset		01-000-2380	
GST@31%	**2.17	VAT	100% Recoverable	01-000-1240	GST@31% Offset
GST@31% Offset*	**<2.17>	Offset		01-000-1220	
PST_SA@60% Recoverable	8	VAT	60% Recoverable	01-000-1230	PST_SA Offset
PST_SA Offset*	<8>	Offset		01-000-2360	

After calculating taxes, and assuming that the previous tax group was used, the invoice distributions are as shown in this table:

Line Number	Line Type	Amount	Tax Code	Account	Recoverable
1	Item	100	GST_SA / PST_SA	01-110-7110	
2	Tax	0.63	GST_SA@91% Recoverable	01-110-7110	No
3	Tax	6.37	GST_SA@91% Recoverable	01-000-1220	Yes
4	Tax	<7>	GST_SA Offset	01-000-2380	
5	Tax	2.17	GST@31%	01-000-1240	Yes
6	Tax	<2.17>	GST@31% Offset	01-000-1220	
7	Tax	3.2	PST_SA@60% Recoverable	01-110-7110	No
8	Tax	4.8	PST_SA@60% Recoverable	01-000-1230	Yes
9	Tax	<8>	PST_SA Offset	01-000-2360	

This chapter describes step-by-step instructions on how to set up Oracle Financials for Canada using these windows:

- System Profile Values
- Financials Options
- Tax Recovery Rules
- Tax Codes
- Tax Groups
- Payables Options

Setup Steps for Oracle Financials for Canada

This section describes the setup steps that you must perform to enable Oracle Financials for Canada. You may need to alter these suggested settings to meet your specific business needs.

This table lists the setup steps required to implement Oracle Financials for Canada.

Step	Description	Requirement Level
1	Setting up Profile Options on page 3-3	Required
2	Setting up Financials Options on page 3-4	Conditionally Required
3	Defining Tax Recovery Rules on page 3-5	Conditionally Required
4	Defining Tax Codes on page 3-7	Required
5	Defining Tax Groups on page 3-9	Required
6	Setting Up Oracle Payables Options on page 3-11	Required
7	Setting up Supplier Sites on page 3-12	Optional

Setting Up Profile Options

Use the System Profile Values window to set the Oracle Applications profile options for Canada.

See also: Profile Options in Oracle Application Object Library, *Oracle Applications User Guide*

To set up profile options for Canada:

1. Navigate to the System Administrator responsibility.
2. In the System Profile Values window, set the profile options shown in this table at the responsibility level:

For this profile option...	Set this value...
JG: Application	Oracle Payables
JG: Product	Asia/Pacific Localizations
JG: Territory	Canada

Setting Up Financials Options

If you want to recover Canadian taxes, you must enable the Partially Recoverable Taxes option in the Tax tabbed region of the Financials Options window.

Once you enable the Partially Recoverable Taxes option, you can specify a default recovery rate used by Oracle Financials for Canada when you set up your tax codes. You can also select whether you want to encumber your non-recoverable or recoverable taxes for cash purposes against the expense account, or encumber the non-recoverable taxes only.

See also: Financials Options, *Oracle Payables User Guide*

To enable partially recoverable taxes:

1. Navigate to the Financials Options window.
2. Navigate to the Tax tabbed region.
3. Check the Enable Partially Recoverable Tax check box.
4. If you want to use a default tax recovery rate, in the Default Recovery Rate field, enter a default tax recovery rate that will default down to the tax code during tax code setup.
5. In the Cash Basis Encumbrance field, enter a method for encumbering your taxes.

Defining Tax Recovery Rules

Define your rules for recovering taxes in the Tax Recovery Rules window. Use partial and non-recoverable taxes to create rules for applying your tax recovery rates.

The amount of taxes that you recover is usually a function of the nature (or intended use) of the taxable item. Oracle Payables derives taxable items from the accounting flexfields on the invoice distribution lines. For each tax code, you can assign different recovery rates by specifying different ranges for your accounting flexfields. For example, GST is levied at 7%, but depending on the nature of the taxable item your company may qualify for a tax recovery rate of 30% or 0%.

A single recovery rule can contain many tax recovery rates and you can apply the rates to one or more tax codes. If you do not want to base a recovery rate on the nature of a taxable item, use the Tax Codes window to assign a fixed rate to the tax code.

Oracle Financials for Canada determines the applicable recovery rule for each invoice distribution line by evaluating the combination of the line's tax code, the recovery rule, and whether or not the distribution line falls within the specified accounting flexfield range.

See also: Tax Recovery Rules, *Oracle Payables User Guide*

Example: Defining Multiple Recovery Rules

This example shows how you can define recoverable rules to return more than one recoverable rate. For each tax code there is only one rule defined, but multiple rates are associated with each rule, as shown in this table.

Tax Code	Recovery Name	Description	Flexfield Low	Flexfield High	Recovery Rate %
GST 7%	GST Tax Recovery	Goods recoverable at 31%	01-000-1000-0000	01-999-1000-9999	31
GST 7%	GST Tax Recovery	Goods recoverable at 0%	01-000-2000-0000	01-999-2000-9999	0
GST 7%	GST Tax Recovery	Goods recoverable at 60% on GST	01-000-3000-0000	01-999-3000-9999	60
PST 8%	PST Tax Recovery	Goods recoverable at 60%	01-000-1000-0000	01-999-1000-9999	60
PST 8%	PST Tax Recovery	Goods recoverable at 0%	01-000-2000-0000	01-999-2000-9999	0
PST 8%	PST Tax Recovery	Goods recoverable at 60% on PST	01-000-3000-0000	01-999-3000-9999	60

To define a tax recovery rule:

1. Navigate to the Tax Recovery Rules window.
2. In the Name field, enter a name for the tax recovery rule.
3. In the Description field, enter a description of the tax recovery rule.
4. In the Rates tabbed region of the Tax Recovery Rules window, select the lowest General Ledger account that you want to apply the tax rule to.
5. In the To column of the Rates tabbed region, select the highest General Ledger account that you want to apply the tax rule to.
6. If you want to define a simple tax recovery rule, in the Rate field enter a rate for the tax recovery rule.
7. If you want to define a complex tax recovery rule using a PL*SQL function, in the Function field enter the name of the function. For more information about defining PL*SQL functions, see Tax Recovery Rules in the *Oracle Payables User Guide*.

Defining Tax Codes

Use the Tax Codes window to define the tax rates that you need to run your business. You can also use this window to attach a tax recovery rule to a tax code. Select a tax rule from the list of recovery rules that you previously defined or enter a fixed rate.

See also: Tax Codes, *Oracle Payables User Guide*

Example: Defining Tax Codes

Oracle Financials for Canada uses the General Ledger account that you specify on the tax code to record the recoverable portion of your taxes. The non-recoverable portion of your taxes is part of the landed cost of the item and is booked to the charge account. For example, suppose that you define a GST tax code at 7% with the General Ledger account 01-110-1200 that is 60% recoverable. Given an item for 100, the invoice distributions are as shown in this table:

Num	Type	Amount	Tax Code	Includes Tax	Recoverable	Accounting Flexfield	Description
1	Item	100	GST	No		01-110-7110	Item 1
2	Tax	2.8	GST		No	01-110-7110	GST Non-Recoverable
3	Tax	4.2	GST		Yes	01-110-1200	GST 60% Recoverable

To attach a tax recovery rule to a tax code:

1. Navigate to the Tax Codes window.
2. In the Tax Code field, enter a name for the tax code.
3. In the Tax Type field, select the type of tax rate you are defining.
4. In the Rate field, enter a tax rate.

Note: Enter the effective provincial sales tax rate if the province uses the compounding tax method (for example, Quebec and Prince Edward Island).

5. In the Effective From field, enter the earliest date that you want the rate to take effect.
6. In the Effective To field, enter the latest date that you want the rate to take effect. If you want the rate to be effective indefinitely, leave the Effective To field blank.
7. Ensure that the Enabled check box is selected to enable the tax code.
8. In the GL Account field, enter the GL account that you want to apply the tax code to.

The Account Description field is automatically populated.
9. In the Rule Name field, select the tax recovery rule that you want to apply to the selected tax code.

Note: Each tax code can only have one rule applied to it.

10. If you want to use a fixed recovery rate for the tax code, in the Rate field, enter a fixed recovery rate.

Hint: Offset tax codes are always 100% recoverable; sales tax codes and user-defined tax codes (for example, VAT) can be fully or partially recoverable.

Defining Tax Groups

Use the Tax Groups window to group your tax codes so you can apply your tax codes to a single distribution line. For example, you could group GST and Ontario PST and apply that tax group to a distribution line. The tax calculation creates two tax lines, one for GST and the other for Ontario PST.

Note: You can verify your tax groups setup by running the Tax Group Listing. For more information on this report, see Tax Group Listing on page 4-5.

To define a tax group:

1. Navigate to the Tax Groups window.
2. In the Group Code field, enter a code for the tax group that you want to define.

The group code is what is displayed in Payables and Purchasing transactions. Make your group code unique and recognizable.

3. In the *Effective* fields, enter the earliest date and the latest date that you want the tax group to be effective for. Oracle Financials defaults the current date as the earliest date. Leave the latest date field blank if you want the group to remain effective indefinitely.
4. In the *Description* field, enter a description of the tax group.
5. Ensure that the *Enabled* check box is checked to enable the tax group for use. The *Input* option is automatically selected. The *Output* option is not available.
6. In the *Rates* tabbed region of the Tax Groups window, select the tax codes that you want to include in your tax group. Tax codes with tax types of *Use*, *Withholding*, and *Offset* are not available in the list of values.

The values in the *Tax Rate %*, *Recovery Rule Name* or *Recovery Rate %*, and *Offset Tax Code* fields default from the tax code definition and cannot be modified. If the tax code is a negative value, the *Sign* field defaults to *Credit*. If the tax code is a positive value, the *Sign* field defaults to *Debit*.

Once you assign a tax code to a tax group, you cannot delete that code from the group; you can only disable it.

7. To disable tax codes within the tax group, in the *Rates* tabbed region of the Tax Groups window, uncheck the *Enabled* check box next to the tax code that you want to disable, or enter a date in the *End Date* field.

Setting Up Oracle Payables Options

Use the Payables Options window to set the calculation level for your taxes. Oracle Financials for Canada requires the calculation level to be other than *Header*.

See also: Invoice Tax Payables Options, *Oracle Payables User Guide*

To set the calculation level for your taxes:

In the Invoice Tax tabbed region of the Payables Options window, select the *Line* or *Tax Code* option in the Calculation Level region.

Note: You can calculate multiple tax lines per invoice distribution, but you must specify the tax group at the line level.

Setting Up Supplier Sites

Define the default information for all of your suppliers when you define your Payables options. To change the information for a specific supplier site, use the Supplier Sites window.

See also: Supplier Payables Options, *Oracle Payables User Guide*

To define supplier sites:

1. Navigate to the Supplier Sites window.
2. Complete the supplier information as described in the Supplier Payables Options section of the *Oracle Payables User Guide*.
3. Ensure that the Invoice Tax Code field of the Invoice Tax tabbed region of the Supplier Sites window is left blank.
4. Check the Use Offset Taxes check box. Offset taxes are an important part of implementing Canadian sales taxes in Oracle Financials applications because offset taxes let you implement self-assessed taxes and multiple recoveries for a single tax code. Once you check this check box, Oracle Financials for Canada lets you create tax distributions for taxes with an Offset tax code.
5. In the Calculation Level field, select *Line* or *Tax Code*.

Note: Header calculation level is not supported for Input Tax Groups.

6. If you want to have the flexibility to apply different tax calculation methods (other than line or tax code-level calculation) at a supplier site, check the Allow Calculation Override check box. By checking this option, you can use the default line tax calculation method or you can select another calculation level (either header-level or none) when you enter the transaction.

Note: You can only use this option if you do not use Input Tax Groups with your supplier site. For example, if you use a single tax code with a single recovery (such as HST) you can use the standard Oracle Payables tax functionality instead of Input Tax Groups and use other calculation levels.

7. In the Rounding Rule field, select a method for rounding your automatic tax calculations.
8. If you want to include tax in your distribution amounts, check the Distribution Amounts Include Tax check box.

4

Reporting

This chapter lists the reports used with Oracle Financials for Canada.

Reporting with Canadian Taxes

You can use these Oracle Financials reports to help you manage your tax information:

Tax reporting: Tax Reporting Ledger on page 4-3

Tax Listings:

- Tax Group Listing on page 4-5
- Tax Recovery Rules Listing
- Tax Codes Listing

See also: Tax Reporting Ledger, *Oracle Receivables Tax Manual*

See also: Tax Recovery Rules Listing, *Oracle Payables User Guide*

See also: Tax Codes Listing, *Oracle Payables User Guide*

Tax Reporting Ledger

Use the Tax Reporting Ledger to produce input tax reports for your specific reporting needs. With the Tax Reporting Ledger, you can tailor your tax reports by selecting the columns that you want to see in the output. You can choose from a number of attributes that are available to you in the Tax Reporting Ledger. You define different outputs by creating attribute sets in the Tax Reporting Ledger window.

This table illustrates a suggested attribute set that you can define for Canadian reporting. In this example, the attribute set was built to print each transaction with its GST and PST (recoverable and non-recoverable) tax amounts on the same printed line.

Break Level	Column Name	Attribute Name	Length	Ordering	Sum
1	FUNCTIONAL_CURRENCY	Functional Currency	15	Ascending	
1	REPORTING_SOB_NAME	Set Of Books	25	Ascending	
1	TAX_CODE_NAME	Tax Group Name	15	Ascending	
1	TAX1_CODE_NAME	GST Tax Code	15	Ascending	
1	TAX3_CODE_NAME	PST Tax Code	15	Ascending	
	TRX_NUMBER	Transaction Number	13	Ascending	
	TRX_DATE	Transaction Date	11	Ascending	
	BILLING_TP_NAME	Billing Partner Name	20	None	
	BILLING_TP_SITE_NAME	Billing Partner Site Name	25	None	
	TRX_CURRENCY_CODE	Trans Currency Code	15	None	
	TAXABLE_ACCOUNTED_AMOUNT	Taxable Amount	15	None	Yes
	TAX1_ACCOUNTED_AMOUNT	GST Tax Recoverable	15	None	Yes
	TAX2_ACCOUNTED_AMOUNT	GST Tax Non Recoverable	15	None	Yes

Break Level	Column Name	Attribute Name	Length	Ordering	Sum
	TAX3_ACCOUNTED_ AMOUNT	PST Tax Recoverable	15	None	Yes
	TAX4_ACCOUNTED_ AMOUNT	PST Tax Non Recoverable	15	None	Yes

Note: When you use the Tax Reporting Ledger (Tax1/2/3/4) columns, you must always submit the report (Financial Tax Register) with the Matrix report flag set to *Yes*. GST and PST taxes are reported on the same printed line of the report only with Matrix reporting.

You can construct a request set to default/hide any parameters that are available but are not needed to change. Using request sets, you can define a *Canadian Input Tax Register*, default your own attribute set name, and hide these details from your users.

Tax Group Listing

Use the Tax Group Listing to review your tax groups. This report lists the input tax groups and the tax codes that belong to each group. Only input tax groups are available to Canadian Payables users. The Tax Group Listing also lists only the input tax groups that are available to the organization that executed the report. The Tax Group Listing has no parameters.

Use the Standard Request Submission windows to submit the Tax Group Listing.

See also: Using Standard Request Submission, *Oracle Applications User's Guide*

Report Headings

In this heading...	Oracle Payables prints...
Organization Name	The name of the organization running the report
Tax Group Listing	Tax Group Listing
Date	The date and time the report was run
Page	The page number for each page of the report

Column Headings

In this column...	Oracle Payables prints...
Tax Code	A tax code for the tax group
Description	A description of the tax code
Start Date	The date that you want the tax code to be effective from in the tax group
End Date	The date that you want the tax code to be effective to in the tax group
Enabled	<i>Yes</i> indicates that the tax code is enabled for the effective date range
Tax Recovery Rule Name	The name of the recovery rule that is associated with the tax code
Recovery Rate %	The percentage rate of the tax code that is recoverable
Offset Tax Code	Displays the offset tax code that is associated with the Sales or User-defined tax code that you selected

Row Headings

In this row...	Oracle Payables prints...
Tax Class	Whether the tax group is an Input or Output tax group. For Canadian Payables the tax group is always <i>Input</i>
Tax Group Code	The tax group code
Description	The description of the tax group
Start Date	The earliest date that the tax group is effective
End Date	The latest date that the tax group is effective
Enabled	Indicates that the tax group is enabled or disabled for the effective date range

A

Profile Options

This appendix lists the profile options that affect the operation of Oracle Financials for Canada. This appendix includes a brief description of each profile option that you or your system administrator can set at the site, application, responsibility, or user levels.

Profile Options

During implementation, your system administrator sets a value for each user profile option to specify how Oracle Financials for Canada controls access to and processes data.

Note: To enable the Input Tax Groups feature within Oracle Financials for Canada, you must set the JG: Application, JG: Territory, and JG: Product profile options at the responsibility level.

See also: *Setting Up Globalization Flexfields, Oracle Financials Country-Specific Installation Supplement*

See also: *Overview of Setting User Profiles, Oracle Applications System Administrator's Guide*

B

FAQs

This appendix lists the frequently asked questions you may have while using Oracle Financials for Canada.

Frequently Asked Questions

Q: When would I use the Oracle Financials for Canada Input Tax Groups feature, and when would I use the Oracle Payables Partial and Non-Recoverable Tax feature?

A: Use Input Tax Groups to record multiple tax codes (for example, PST and GST) and multiple recoveries on a single tax code. If you use only single tax codes (for example, HST) with single recovery, you do not need to use Input Tax Groups because the standard Oracle Payables tax feature serves your needs.

Q: How do I make the Canadian tax solution for Payables called Input Tax Group (ITG) functionality available?

A: Check to ensure the following:

- Oracle Financials for Canada is installed.
- The profile options in this table are set:

Profile option	Setting
JG: Enable Input Tax Groups	Yes
JG: Application	Oracle Payables
JG: Product	Asia/Pacific Localizations
JG: Territory	Canada

Q: How does Oracle Financials for Canada know which General Ledger accounts to use when using Self-Assessed Tax Groups?

A: For self-assessed taxes, you must create a user-defined tax code (for example, VAT) for the debit side of the entry or use a Sales tax type. This tax code is set up with a General Ledger receivable account so if a recovery is associated with it, the recovery is directed to the appropriate General Ledger receivable account. If no recovery is indicated, the purchase item General Ledger account is charged. The credit side of the entry is set up as an Offset tax code and a General Ledger liability account is set up for this tax code to generate the correct remittance to the tax authority.

Q: I am trying to create the additional journal entry lines for my self-assessed taxes but the credit side of the entry is not calculating.

A: Navigate to the Invoice Tax tabbed region in the Supplier Sites window and ensure that the Use Offset Taxes check box is checked for use at a supplier site.

Q: How is the applicable recovery rate determined?

A: Oracle Payables and Oracle Purchasing determine the applicable recovery rule for each invoice distribution line by evaluating the combination of the line's tax code, recovery rule, and whether or not the charge account on the distribution line falls within the specified accounting flexfield range.

Additionally, if you enter a tax recovery rate on the distribution line, that rate is used because the rate takes precedence over the rate that you entered for the recovery rule. See the next question for further information.

Q: What happens if I use the recovery rate feature when creating my invoice distribution line?

A: If you used the override recovery rate feature at the invoice distribution line level, that rate is applied to all of the tax codes within the tax group that you have selected. This rate takes precedence over recovery rates or rules that you may have defined for the tax codes within the tax group.

Q: I do not want my Payables users to update the recovery rate at the invoice distribution line level or my Purchasing users to change this at shipment level. How can I prevent users from doing this?

A: Navigate to System Profile Values window and set the Tax: Allow Override of Recovery Rate profile option to *No*.

Q: I am upgrading my tax group formulas from Release 11 to Release 11i. What GL accounts do I use for my base taxes for GST and PST?

A: Oracle Financials for Canada charges the recoverable portion of tax to the General Ledger account defined in the base tax code and the non-recoverable portion of tax to the charge account of the purchase order/Payables invoice. Set up the base tax code with a General Ledger receivable account to ensure that if any tax recovery is available, the recoverable tax amount will always go to a receivable account.

The exception to this rule is for self-assessed taxes. For self-assessed taxes, the offset tax code should be defined using a General Ledger liability account in order to capture the money owed to your tax authority.

Q: The tax recovery calculations are not correct, or not being calculated at all, how do I proceed?

A: Follow these steps:

- Ensure the Enable Recovery option in the Financial Options window is enabled.
- Check the recovery rule associated with the tax code and verify that the invoice distribution line (the accounting flexfield) falls within the defined accounting flexfield range.
- Ensure that the date on the invoice falls within the valid date ranges for the Input Tax Group and the tax code.
- Check that you did not enter a 0% recovery rate at the invoice distribution line when you selected the tax group.

Q: When I try to attach my recovery rule to a tax code, the field is not available, only the recovery rate can be updated. How can I fix this?

A: A tax code can only have either a recovery rule or a recovery rate associated with it. Delete any value in the Recovery Rate field, navigate to the Recovery Rule field, and select your previously defined rule. You can use either a recovery rate or a recovery rule, so you must leave one field blank to use the other.

Q: What is the best way to make changes to a Tax Group?

A: Navigate to the record that you want to change, and insert an End date on that record. Create a new record to reflect the change.

Q: Can I enter Payables transactions using multiple tax groups?

A: Though you can enter Payables transactions with multiple taxable lines that are taxed by the same tax group, you cannot use different tax groups in a single transaction.

Q: The Tax Group Name is not showing up when I try to do an invoice to PO match or an invoice to Receipt match. What do I do to make this happen?

A: Navigate to the Tax Defaults and Rules tabbed region in the Payables Options window. Ensure that the PO for Matched Invoices check box is checked.

Q: The Tax Code field is display-only on the Purchase Order shipment line. What can I do to enable it?

A: Check the Tax: Allow Override of Tax Code profile option to ensure the profile option is set to *Yes* to make the field available for use.

C

Upgrading to 11i

This appendix describes how to upgrade your Multiple Tax Distributions (MTD) to Oracle Financials for Canada for Release 11i. If you used a previous version of Oracle Financials, you must complete these upgrade steps because Release 11i significantly changes the way that Financials calculates tax.

See also: *Upgrading Oracle Applications*.

Upgrading to 11i

Release 11i changes the way that Oracle Financials calculates taxes. In Release 11i, you must use a different setup than the one used in previous releases.

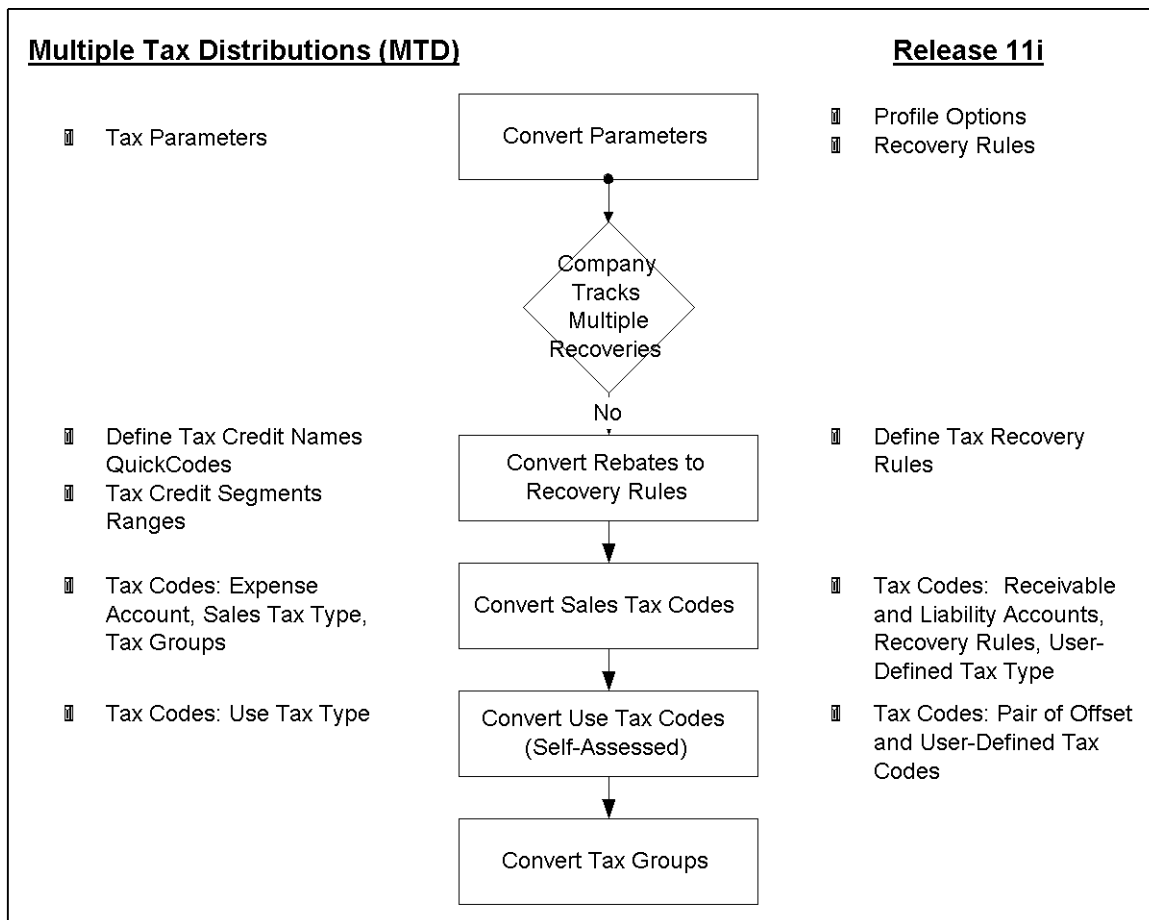
To upgrade your setup data from MTD to Release 11i:

1. Convert tax parameters in MTD to profile options and recovery rules in Release 11i.

If your company tracks multiple recoveries, stop here. If not, go to step 2.

2. Convert rebates to recovery rules. Upgrade the tax credit names and segment ranges in MTD to tax recovery rules in Release 11i.
3. Convert sales tax codes. Upgrade the expense account, sales tax type, and tax groups in MTD to receivable and liability accounts, recovery rules, and user-defined tax types such as VAT in Release 11i.
4. Convert Use (self-assessed) tax codes. Upgrade from the Use tax type in MTD to defining a pair of tax codes in Release 11i, one with Offset tax type and the other with user-defined tax type such as VAT.
5. Convert tax groups.

This overview roadmap shows the steps described above that you must perform to upgrade your setup data from MTD to Release 11i.



As you follow the steps, re-evaluate your tax setup and look for ways to optimize your tax solution.

See also: *Upgrading Oracle Applications*

Upgrading Tax Parameters

Multiple Tax Distribution used the Tax Parameters window to define the parameters that governed tax distribution behavior. In Release 11*i*, these parameters are handled as outlined in this table.

MTD Tax Parameter (no longer available)	Release 11<i>i</i> Equivalent
Summarize Tax Distribution	Since Release 11 <i>i</i> always summarizes taxes, this parameter is no longer needed.
Allow Invoice Distribution Override	Use the Tax: Allow Override of Recovery Rate profile option to allow override of recovery rate when you enter a transaction.
Segment Name	Release 11 <i>i</i> uses tax recovery rules which provide flexibility. You can enter recovery rates for your whole accounting flexfield ranges when you define your tax recovery rules.

Upgrading Tax Credit Names

To implement tax credits in MTD, you created Tax Credit Names in the Regional QuickCodes window. These names were used to define rebates. In Release 11*i*, the tax credit name is an attribute of the tax recovery rule.

Tax Credit Segment Ranges

To conditionally calculate rebates on taxes in MTD, you assigned segment ranges to a tax credit name. For example, the rebate was applied if the expense account segment of the invoice workbench was in the segment range that was entered in this window.

Release 11*i* also lets you conditionally calculate rebates on taxes. When you define a tax rule, you can also define a set of differing tax recovery rates that you want to use with that rule. You can conditionally apply recovery rates when you calculate taxes based on a range of accounting flexfields or conditions that you provide. When you enter a transaction, Oracle Financials for Canada determines which recovery rate to apply based on the conditions, and calculates your partially recoverable and non-recoverable taxes.

This table shows the mapping for migrating tax credits in Release 11*i*:

This term in MTD...	Is now called in Release 11<i>i</i>...
Tax credit name	Recovery rule name
Tax credit segment and % of rebate tax code	Tax recovery rate
Tax codes and rebate name	Tax code

Note that recovery rules are assigned and calculated per tax code. You can use a recovery rule in different tax codes, but you cannot define the recovery rate conditionally based on the tax code. With Release 11*i*, you can assign recovery rates to conditions, whereas in MTD you independently assigned recovery rates and conditions. Alternately, in Release 11*i* you can also assign a fixed recovery rate to your tax code.

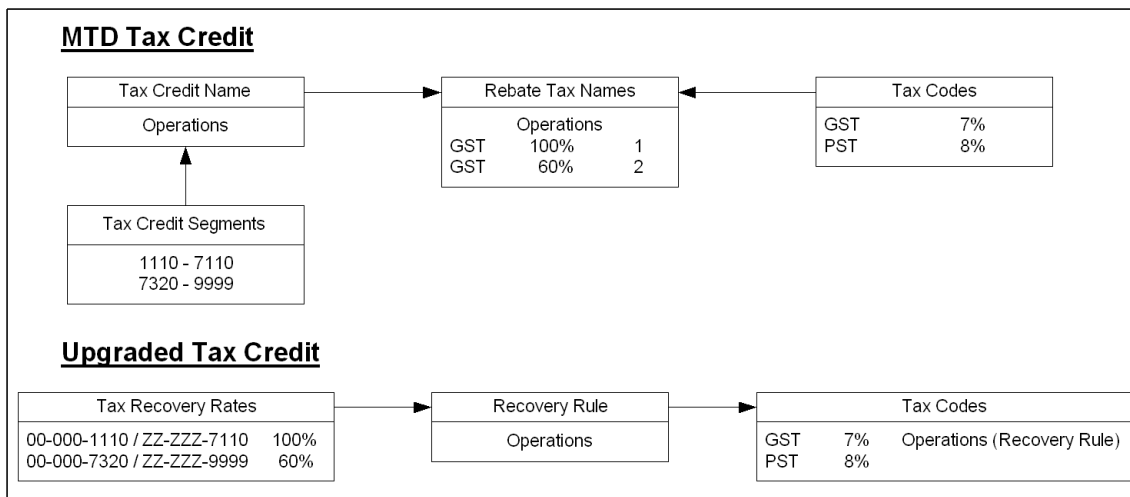
Example: Migrating Tax Credits and Tax Codes

In this example, MTD tax credits and tax codes are migrated to recoverable rules and tax codes in Release 11i.

Scenario 1

In this scenario, GST has a rebate of 100% for manufacturing activities and 60% for travel and living. PST is not recoverable. The Operations tax credit, with segment ranges 1110-7110 and 7320-9999, is used for the Operations rebate. The tax codes GST 7% and PST 8% are also used for the Operations rebate.

The Operations tax credit is migrated to Release 11i and becomes the Operations recovery rule. This recovery rule has two accounting flexfield ranges to accommodate two different rates, 100% and 60%. The recovery rule is assigned to the GST 7% tax code.



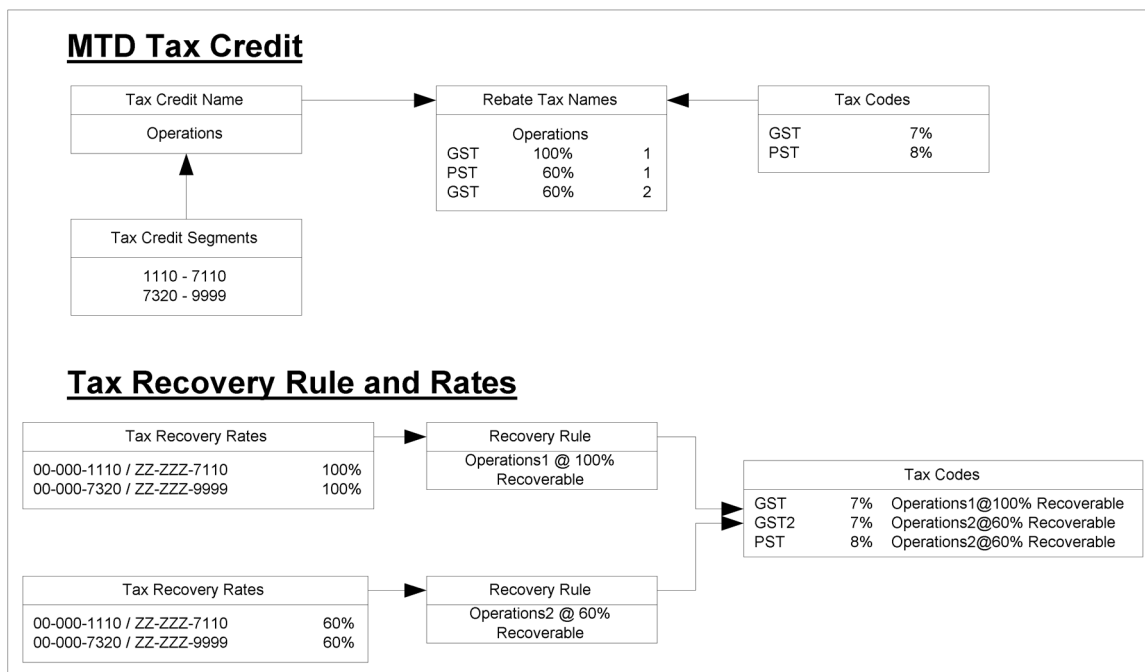
Hint: The suggested accounting flexfield ranges for Release 11i are defined as 00-000-1110 / ZZ-ZZZ-7110. These ranges are set to the highest value possible. Setting high values is required if you want to achieve exactly the same result that was yielded by the MTD segment ranges of 1110 to 7110. You can, however, further narrow the accounting flexfield range by limiting the lower or upper limits of the other segments. For example, you could use a lower segment value of 0010.

Suggestion: Release 11*i* lets you base your tax recovery rules on the entire accounting flexfield, instead of just one segment. Take this opportunity to analyze your tax credits and remodel or reduce your number of recovery rules.

Scenario 2

In this scenario the Operations tax credit has two ranges of segments, 1110-7110 and 7320-9999, that represent the conditions that the tax credit is applied under. Two tax codes, GST 7% and PST 8%, use this tax credit. The rebate percentage varies depending on the tax code and tax number, either 100% for GST, tax number 1 or 60% for PST, tax number 1 or GST, tax number 2.

To migrate this tax credit, you must create two recoverable rules, each with two recovery rates. You must create two recovery rules, one for 100% recoverable and another for 60% recoverable, because the accounting flexfield ranges within a rule cannot overlap. You must also use a unique rate for each range. For example, you cannot assign two rates, 60% and 100%, to the same flexfield range. You must use either 60% or 100%. These two recovery rules are assigned to GST 7%, 100% recoverable, GST2 7%, 60% recoverable, and PST 8%, 60% recoverable.



Upgrading Tax Codes

Defining tax codes is the same in Release 11*i* as it was in MTD. You must, however, redefine the tax codes because some attributes have changed. These changes are shown in this table.

Tax Code in MTD. . .	Is now in Release 11<i>i</i>. . .
Tax type usually defined as <i>Sales</i>	Oracle Financials for Canada expects your tax codes to have a tax type that recovery is available for (for example, user-defined, Sales tax type).
General Ledger account is an expense account	General Ledger account must be a receivable account because this is the account that Release 11 <i>i</i> uses to record the recoverable portion of the taxes.

Assign recoverable rules to your tax code. Note that Release 11*i* assigns recovery rules to tax codes (for instance, given a tax code and an account, the recovery rate can be uniquely determined). Conversely, in MTD recovery rates are function of the tax code, tax credit name, and expense account. That is, given a tax code and an account, MTD cannot determine the unique recovery rate.

Attention: Do not upgrade tax codes that represent MTD tax groups. Starting with Release 11*i*, you do not need to create tax codes to represent tax groups. Tax groups can now be created in the Input Tax Groups window.

Converting Tax Codes of Use Tax Type

Release 11i uses a different method to implement self-assessed taxes than MTD. In MTD you defined a tax code of Use tax type and assigned the tax code to a tax group. MTD would create the positive and negative side of the self-assessed transaction.

In Release 11i, you implement self-assessed taxes using Offset tax types, which is a special tax type. The function of the Offset tax type, along with the Sales or user-defined tax type, is to create credit and debit entries in the transactions.

To successfully implement self-assessed taxes in Release 11i, for each tax code of Use tax type, you must define a pair of tax codes of user-defined and Offset tax types. For example, if you have defined the tax code, shown in this table, in MTD to self assess PST:

Tax Code	Rate	Tax Type	Account	Offset Tax
ONPST_SA	8	Use	01-000-1230	

You must enter the tax codes shown in this table so that Oracle Financials for Canada can create the self-assessed taxes for you:

Tax Code	Rate	Tax Type	Account	Offset Tax
PST_SA	8	VAT	01-000-1230	PST_SA Offset
PST_SA Offset	<8>	Offset	01-000-2360	

Upgrading Tax Groups

In Release 11*i*, use the use the Input Tax Groups window to upgrade your tax groups. The Input Tax Groups window differs in several ways from the Multiple Tax Distribution window, as shown in this table:

This feature in MTD. . .	Is now in Release 11<i>i</i>. . .
Tax Group	Tax Group
Distribution Tax Code	Tax code in Rates tabbed region.
Use Tax Type check box	Self-assessed taxes are no longer represented by Use tax type.
Rule Type	The Sign field is a display only field and is automatically set when you select the tax code.
Rebate and Rebate Name	Recovery Rule Name and Recovery Rate. Recoverability is associated to the tax code, so if the tax code has a recovery rate or rule attached to it, it is automatically recoverable.
Use Item Account	When taxes are calculated, the non-recoverable portion of your taxes are always charged to the purchased item account, and the recoverable portion of your taxes is recorded in the General Ledger account defined in your tax code.

You do not have to register your tax groups as tax codes in the Tax Codes window because the new Input Tax Groups window lets you create tax codes. Ensure that you give your tax groups unique names and that no tax codes are defined with the same name. Unique names avoid conflicts when you select a tax for your transactions.

To successfully upgrade your tax groups, you must recreate each tax group in the Input Tax Groups window.

This table shows the steps that you can follow to upgrade your existing tax groups:

For each . . .	Do this . . .
Tax group	Create a tax group.
Tax code of Base rule type	Add a tax code in Rates tabbed region.
Rebate of debit or credit rule type	Check the inherited recovery rules and rates in the Rates tabbed region. The recovery rules are inherited when you select the tax code. The debit and credit are determined as a function of a negative or positive tax code setup.
Self-assessed tax (tax codes with Use Tax check box selected)	Add a tax code in Rates tabbed region. If you converted your Use Tax codes, as described in Converting Tax Codes of Use Tax Type, you only need to add the tax code of User-defined or Sales tax type. Do not include the tax code of Offset tax type.

Example 1 : Upgrading Tax Codes

Assuming that you have defined the tax codes shown in this table:

Tax Code	Tax Type	Rate	GL Account
GST	Sales	7	01.000.7000.000
GST Receivable	Sales	0	01.000.1200.000
GST Offset	Sales	0	01.000.7000.000
ONPST	Sales	8	01.000.7100.000
GST/ONPST	Sales	15	01.000.7000.000

Upgrade tax codes as shown in this table:

Tax Code	Tax Type	Rate	GL Account	Recovery Rule
GST	VAT	7	01.000.1200.000	100% Recoverable 2
GST_2	VAT	7	01.000.1200.000	60% Recoverable 2
ONPST	VAT	8	01.000.1210.000	

Note: Two GST tax codes were created because in Scenarios 1 and 2, GST has different recovery rates that use the same range of General Ledger accounts.

Scenario 1

Your GST/ONPST tax group in MTD was created to levy GST and Ontario PST, where GST has a single rebate of 100% and PST does not qualify for any rebate. This table shows the tax codes.

Distribution Tax Code	Use Tax	Tax Rate %	Rule Type	Rebate	Rebate Tax Code	Tax Number	Use Item Account
GST		7	Base	Yes			Yes
GST Offset		0	Credit		GST	2	Yes
GST Receivable		0	Debit		GST	2	
ONPST		8	Base				Yes

To upgrade your tax formula, create a new input tax group, itg-GST/PST, which is composed of the tax codes shown in this table:

Display Order	Tax Code	Tax Rate %	Sign	Recovery Rule Name	Recovery Rate %
1	GST	7	Debit	100% Recoverable 2	
2	ONPST	8	Debit		

Scenario 2

Your MTD tax group, called GST, was created to levy GST with rebate of 60% and PST does not qualify for a rebate. This table shows the tax codes.

Distribution Tax Code	Use Tax	Tax Rate %	Rule Type	Rebate	Rebate Tax Code	Tax Number	Use Item Account
GST		7	Base	Yes			Yes
GST Offset		0	Credit		GST	2	Yes
GST Receivable		0	Debit		GST	2	
ONPST		8	Base				Yes

To upgrade your tax formula, create a new input tax group called itg-GST, which is composed of the tax codes shown in this table:

Display Order	Tax Code	Tax Rate %	Sign	Recovery Rule Name	Recovery Rate %
1	GST	7	Debit	60% Recoverable 2	
2	ONPST	8	Debit		

Example 2 : Upgrading Tax Codes

Assume that you have defined the tax codes shown in this table:

Tax Code	Tax Type	Rate	GL Account
TPS	Sales	7	01.000.7000.000
TPS (Receivable)	Sales	0	01.000.1200.000
TPS (Offset)	Sales	0	01.000.7000.000
TVQ	Sales	8.025	01.000.7200.000
TVQ (Receivable)	Sales	0	01.000.1240.000
TVQ (Offset)	Sales	0	01.000.7200.000
TPS/TVQ	Sales	15.025	01.000.7000.000

Upgrade tax codes as shown in this table:

Tax Code	Tax Type	Rate	GL Account	Recovery Rule
TPS	VAT	7	01.000.1200.000	100% Recoverable
TVQ	VAT	8.025	01.000.1240.000	100% Recoverable

Note: You can use the same recoverable rule if the accounts that qualify for the rebate are the same for both taxes. Otherwise, you must use two recovery rules to specify different account ranges.

Scenario 1

Your TPS/TVQ tax group in MTD was created to levy TPS (GST) and Quebec TVQ (PST). Both taxes qualify for a single rebate of 100%. This table shows the tax codes:

Distribution Tax Code	Use Tax %	Tax Rate %	Rule Type	Rebate	Rebate Tax Code	Tax Number	Use Item Account
TPS		7	Base	Yes			Yes
TPS (Offset)		0	Credit		TPS	1	Yes
TPS (Receivable)		0	Debit		TPS	1	
TVQ		8.025	Base				Yes
TVQ (Offset)		0	Credit		TVQ	2	Yes
TVQ (Receivable)		0	Credit		TVQ	2	

To upgrade your tax formula, create a new input tax group, itg-GST/PST, which is composed of the tax codes shown in this table:

Display Order	Tax Code	Tax Rate %	Sign	Recovery Rule	Recovery Rate %
1	TPS	7	Debit	100% Recoverable	
2	TVQ	8.025	Debit	100% Recoverable	

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