

JD Edwards EnterpriseOne Applications

Tax Processing Implementation Guide

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Contents

Preface	xiii
Audience	xiii
JD Edwards EnterpriseOne Products	xiii
JD Edwards EnterpriseOne Application Fundamentals	xiii
Documentation Accessibility	xiv
Related Documents	xiv
Conventions	xiv
1 Introduction to JD Edwards EnterpriseOne Tax Processing	
1.1 JD Edwards EnterpriseOne Tax Processing Overview	1-1
1.2 JD Edwards EnterpriseOne Tax Processing Implementation	1-1
1.2.1 Implementation Steps	1-1
2 Understanding Tax Explanation Codes	
2.1 Understanding Tax Explanation Codes	2-1
2.1.1 Sales Tax (S) - Purchase Order to Voucher	2-2
2.1.1.1 Purchasing for Stock Items - Three-Way Voucher Match	2-3
2.1.1.2 Purchasing for Nonstock Items - Three-Way Voucher Match	2-3
2.1.1.3 Purchasing for Nonstock Items - Two-Way Voucher Match	2-4
2.1.2 Sales Tax (S) - Sales Order to Invoice	2-5
2.1.3 Sales Tax (S) - Voucher and Invoice Entry	2-5
2.1.4 Use Tax (U) - Purchase Order to Voucher	2-6
2.1.4.1 Purchasing for Stock Items - Three-Way Voucher Match	2-6
2.1.4.2 Purchasing for Nonstock Items - Three-Way Voucher Match	2-7
2.1.4.3 Purchasing for Nonstock Items - Two-Way Voucher Match	2-8
2.1.5 Use Tax (U) - Voucher Entry	2-8
2.1.6 VAT Tax (V) - Purchase Order to Voucher	2-9
2.1.6.1 Purchasing for Stock Items - Three-Way Voucher Match	2-9
2.1.6.2 Purchasing for Nonstock Items - Three-Way Voucher Match	2-9
2.1.6.3 Purchasing for Nonstock Items - Two-Way Voucher Match	2-10
2.1.7 VAT Tax (V) - Sales Order to Invoice	2-11
2.1.8 VAT Tax (V) - Voucher and Invoice Entry	2-11
2.1.9 VAT + Sales Tax (C) - Purchase Order to Voucher	2-12
2.1.9.1 Purchasing for Stock Items - Three-Way Voucher Match	2-12
2.1.9.2 Purchasing for Nonstock Items - Three-Way Voucher Match	2-13

2.1.9.3	Purchasing for Nonstock Items - Two-Way Voucher Match	2-14
2.1.10	VAT + Sales Tax (C) - Sales Order to Invoice	2-15
2.1.11	VAT + Sales Tax (C) - Voucher and Invoice Entry	2-15
2.1.12	VAT + Use Tax (B) - Purchase Order to Voucher	2-16
2.1.12.1	Purchasing for Stock Items - Three-Way Voucher Match	2-17
2.1.12.2	Purchasing for Nonstock Items - Three-Way Voucher Match	2-18
2.1.12.3	Purchasing for Nonstock Items - Two-Way Voucher Match	2-18
2.1.13	VAT + Use Tax (B) - Voucher Entry	2-19
2.1.14	Tax Exempt (E)	2-20

3 Setting Up Tax Information

3.1	Common Fields Used in This Chapter	3-2
3.2	Setting Up Tax Authorities	3-3
3.3	Setting Up Tax UDCs	3-4
3.3.1	Tax ID Validation (70/TI)	3-4
3.4	Setting Up Tax Rules by Company	3-5
3.4.1	Understanding Tax Rules by Company	3-5
3.4.1.1	Tolerance Rules	3-5
3.4.1.2	Calculation Rules for Discount and Tax Amounts	3-6
3.4.1.3	Examples: Calculation Rules for Taxes	3-6
3.4.1.4	Example 1	3-7
3.4.1.5	Example 2	3-7
3.4.1.6	Example 3	3-7
3.4.1.7	Example 4	3-8
3.4.1.8	(GBR) Example 5	3-8
3.4.1.9	(DEU) Example 6	3-8
3.4.1.10	Edit Rules	3-9
3.4.2	Forms Used to Set Up Tax Rules	3-9
3.4.3	Setting Up Tax Rules	3-9
3.5	Setting Up AAIs for Taxes	3-10
3.5.1	Understanding AAIs for Taxes	3-11
3.5.2	Understanding Financial AAIs for Taxes	3-11
3.5.2.1	AAI Hierarchy	3-12
3.5.2.2	VAT Tax AAIs for the JD Edwards EnterpriseOne Accounts Payable, JD Edwards EnterpriseOne Accounts Receivable, and JD Edwards EnterpriseOne General Accounting Systems (PTxxxx, RTxxxxx, GTxxxx) 3-12	
3.5.2.3	VAT Tax AAIs for JD Edwards EnterpriseOne Procurement (PTVATD)	3-12
3.5.2.4	Use Tax AAI (PT) - JD Edwards EnterpriseOne Accounts Payable and JD Edwards EnterpriseOne Procurement Systems 3-13	
3.5.3	Understanding Distribution AAIs for Taxes	3-13
3.5.3.1	Tax Rate Area Setup	3-14
3.5.3.2	Distribution AAI Set Up	3-14
3.6	Setting Up Tax Rate Areas	3-15
3.6.1	Understanding Tax Rate Areas	3-15
3.6.1.1	Tax Rate Areas for Items	3-16
3.6.1.2	Revising Tax Rate Areas	3-16
3.6.2	Understanding Nonrecoverable VAT	3-16

3.6.2.1	Example: Using Nonrecoverable VAT	3-16
3.6.3	Prerequisites	3-17
3.6.4	Forms Used to Set Up Tax Rate Areas.....	3-18
3.6.5	Setting Processing Options for Tax Rate/Areas (P4008)	3-18
3.6.5.1	Display	3-18
3.6.5.2	Edits.....	3-18
3.6.6	Setting Up Tax Rate Areas.....	3-18
3.7	Setting Up Default Tax Information.....	3-20
3.7.1	Understanding Default Values for Taxes.....	3-20
3.7.2	Forms Used to Set Up Default Tax Information for the Business Unit, Supplier, and Customer Records 3-21	
3.8	Assigning Tax Information to General Ledger Accounts	3-22
3.8.1	Understanding Tax Information for General Ledger Accounts	3-22
3.8.2	Forms Used to Assign Tax Information to General Ledger Accounts.....	3-22
3.8.3	Assigning Tax Information to General Ledger Accounts.....	3-22
3.8.3.1	More.....	3-22
3.9	Setting Up the Tax Constant by Company.....	3-23
3.9.1	Understanding Tax Capture Settings	3-23
3.9.2	Forms Used to Set the Tax Constant by Company	3-23
3.9.3	Setting the Tax Constant by Company	3-24
3.10	Validating EU VAT ID Using VIES.....	3-24
3.10.1	Understanding the VIES to Validate EU VAT ID	3-24
3.10.1.1	Validating the VAT ID for Italy Using VIES	3-27
3.10.1.2	Understanding Batch Validation.....	3-27
3.10.2	Prerequisites	3-28
3.10.2.1	Understanding the Soft Coding Record for VIES Validation	3-28
3.10.2.2	Forms Used to Set Up Soft Coding Templates.....	3-28
3.10.2.3	Forms Used to Set Up Soft Coding Records	3-29
3.10.3	Understanding Business Service Property Information	3-30
3.10.4	Forms Used to Manage Business Service Properties.....	3-31
3.10.5	Set Up the Business Service J740105	3-31
3.10.6	Setting Up a UDC for EU VAT ID Validation	3-31
3.10.7	Setting Processing Options for the Validate VAT ID VIES Program (R74101).....	3-32
3.10.7.1	General Processing Options.....	3-32
3.10.7.2	Requester Information Processing Option.....	3-34
3.10.8	Validating VAT ID Using VIES	3-36
3.10.8.1	Validating a New VAT ID at the Time of Data Entry	3-36
3.10.8.2	Validating Multiple Records	3-36
3.10.9	Reviewing VAT IDs Validated by VIES	3-36
3.10.9.1	Form Used to Review VAT IDs Validated Using VIES	3-37
3.10.9.2	Reviewing VAT IDs Validated Using VIES.....	3-37

4 Validating Tax IDs

4.1	Validating Tax ID Numbers	4-1
4.1.1	Understanding Tax ID Validation.....	4-1
4.1.1.1	Example of Tax ID or VAT Registration Numbers by Country	4-2
4.1.1.2	(ITA) Tax ID or VAT Registration Number for Italy.....	4-2

4.1.1.3	(AUT) Tax ID or VAT Registration Number for Austria.....	4-2
4.1.1.4	(NLD) Tax ID or VAT Registration Number for the Netherlands	4-3
4.1.1.5	(DEU) Tax ID or VAT Registration Number for Germany	4-3
4.1.1.6	(GBR) Tax ID or VAT Registration Number for the United Kingdom.....	4-3
4.1.1.7	(SWE) Tax ID or VAT Registration Number for Sweden	4-3
4.1.1.8	(FIN) Tax ID or VAT Registration Number for Finland	4-4
4.1.1.9	(DNK) Tax ID or VAT Registration Number for Denmark.....	4-4
4.1.2	Understanding How to Activate Tax ID Validation Routine.....	4-4
4.1.2.1	User Display Preferences.....	4-4
4.1.3	Understanding How to Override Tax ID Validation Routine	4-4
4.2	Validating EU VAT ID Using VAT Information Exchange System (VIES)	4-5
4.2.1	Understanding the VIES to Validate EU VAT ID	4-5
4.2.1.1	Using JD Edwards EnterpriseOne to Validate EU VAT ID Using VIES	4-6
4.2.1.2	Understanding Batch Validation.....	4-8
4.2.1.3	Validating the VAT ID for Italy Using VIES.....	4-9
4.2.2	Prerequisites	4-9
4.2.2.1	Understanding the Soft Coding Record for VIES Validation	4-9
4.2.2.2	Forms Used to Set Up Soft Coding Templates.....	4-10
4.2.2.3	Forms Used to Set Up Soft Coding Records.....	4-10
4.2.2.4	Understanding Business Service Property Information	4-11
4.2.2.5	Forms Used to Manage Business Service Properties.....	4-12
4.2.2.6	Set Up the Business Service J740105	4-12
4.2.3	Setting Up a UDC for EU VAT ID Validation	4-12
4.2.4	Setting Processing Options for the Validate VAT ID VIES Program (R74101).....	4-13
4.2.4.1	General Processing Options.....	4-13
4.2.4.2	Requester Information Processing Option.....	4-14
4.2.5	Validating VAT ID Using VIES	4-14
4.2.5.1	Validating a New VAT ID at the Time of Data Entry	4-14
4.2.5.2	Validating Multiple Records	4-15
4.2.6	Reviewing VAT IDs Validated by VIES.....	4-15
4.2.6.1	Form Used to Review VAT IDs Validated Using VIES	4-15
4.2.6.2	Reviewing VAT IDs Validated Using VIES.....	4-15

5 Working With Tax Information on Orders and Transactions

5.1	Understanding Rounding vs. Soft Rounding	5-1
5.2	Understanding Programs that Update the Account Ledger Table (F0911).....	5-1
5.3	Understanding How the System Calculates Taxes on Foreign Amounts	5-3
5.3.1	Understanding Tax Calculations on Foreign Invoices, Vouchers, and Purchase Orders. 5-3	
5.3.1.1	Example of Tax Calculation on Foreign Invoice	5-3
5.3.1.2	Setup	5-4
5.3.1.3	Calculations	5-4
5.3.2	Understanding Tax Calculations on Foreign Sales Orders	5-4
5.3.2.1	Example of Tax Calculation on Foreign Sales Order.....	5-5
5.3.2.2	Setup	5-5
5.3.2.3	Calculations	5-5
5.4	Entering Tax Information on Purchase Orders and Sales Orders	5-5

5.4.1	Understanding Tax Information for Purchase Orders and Sales Orders	5-6
5.4.1.1	Releasing Retainage on Purchase Orders with Taxes	5-6
5.4.1.2	Taxable and Nontaxable Invoice Pay Items Generated from Sales Orders	5-7
5.4.2	Prerequisites	5-7
5.4.3	Forms Used to Enter Tax Information on Purchase Orders and Sales Orders	5-8
5.4.4	Entering Tax Information on Purchase Orders	5-8
5.4.5	Entering Tax Information on Sales Orders	5-9
5.5	Understanding Tracking Taxes.....	5-9
5.6	Tracking Taxes by Tax Rate/ Area on Invoices and Vouchers	5-10
5.6.1	Understanding Tracking Taxes by Tax Rate/ Area.....	5-10
5.6.2	Prerequisites	5-12
5.6.3	Forms Used to Track Taxes by Tax Rate/ Area	5-12
5.6.4	Tracking Taxes by Tax Rate/ Area on Invoices	5-13
5.6.4.1	Standard Invoice Entry	5-13
5.6.4.2	GL Distribution	5-14
5.6.5	Tracking Taxes by Tax Rate/ Area on Vouchers	5-15
5.6.5.1	Enter Voucher - Payment Information	5-15
5.6.5.2	GL Distribution	5-16
5.7	Tracking Taxes by Pay Item and G/L Account on Invoices and Vouchers	5-17
5.7.1	Understanding Tracking Taxes by Pay Item and G/L Account.....	5-17
5.7.1.1	Tracking Taxes by Pay Item and G/L Account With Split Payments or Installments 5-18	
5.7.1.2	Tracking Taxes by Pay Item and G/L Account in the Journal Edit Register Program 5-18	
5.7.1.3	Tracking Taxes by Pay Item and G/L Account in the A/P Voucher Journal Entry Redistribution Program 5-18	
5.7.2	Prerequisites	5-18
5.7.3	Forms Used to Enter Tax Information by Pay Item and G/L Account	5-19
5.7.4	Entering Tax Information by Pay Item and G/L Account	5-19
5.8	Updating Tax Information.....	5-22
5.8.1	Understanding the General Ledger Post Program and Updating Tax Information	5-22
5.8.2	Running the General Ledger Post Program.....	5-23
5.9	Revising Invoices and Vouchers with Taxes.....	5-23
5.9.1	Splitting Vouchers for Payment.....	5-23
5.10	Entering Journal Entries with VAT	5-24
5.10.1	Understanding Journal Entries with VAT	5-24
5.10.1.1	(COL) Journal Entries with VAT for Colombia.....	5-25
5.10.1.2	Example: Journal Entry with VAT	5-25
5.10.2	Prerequisite	5-25
5.10.3	Forms Used to Enter Journal Entries with VAT	5-26
5.10.4	Setting Processing Options for Journal Entries with VAT (P09106)	5-26
5.10.4.1	Addr # Required	5-26
5.10.4.2	MBF Version.....	5-26
5.10.5	Entering Journal Entries with VAT	5-26
5.11	Processing Batch Invoices and Vouchers with Taxes	5-27
5.11.1	Understanding Batch Processing for Invoices and Vouchers with Taxes	5-27
5.11.1.1	Tax Rate Area and Tax Explanation Code Defaults	5-27

5.11.1.2	Fields Required for Processing Tax Information on Batch Invoices and Vouchers....	5-27
5.11.1.3	Distribution Information for Batch Processing	5-28
5.11.1.4	Processing Foreign Amounts and Taxes	5-29
5.12	Processing Batch Journal Entries with VAT.....	5-29
5.12.1	Understanding Batch Journal Entries with VAT.....	5-29
5.12.1.1	Processing Foreign Amounts with Taxes.....	5-30

6 Working with the Taxes Table

6.1	Understanding the Process to Update the Taxes Table.....	6-1
6.2	Adding Transactions in the Taxes Table	6-1
6.2.1	Understanding the Tax File Revisions Program	6-2
6.2.2	Forms Used to Add Transactions to the Taxes Table	6-2
6.2.3	Adding Transactions to the Taxes Table	6-2
6.3	Purging Transactions in the Taxes Table	6-4
6.3.1	Purging Transactions in the Taxes Table.....	6-4

7 Updating the Tax Reconciliation Repository

7.1	Updating the Tax Reconciliation Repository	7-1
7.1.1	Understanding the Process to Update the Tax Reconciliation Repository	7-1
7.1.1.1	Reconciling Tax Amounts by GL Account	7-1
7.1.1.2	Revising Reconciled Transactions.....	7-2
7.1.1.3	Example: Updating the Tax Reconciliation Repository	7-2
7.1.1.4	Tax Rate Area Setup.....	7-2
7.1.1.5	AAI Setup	7-3
7.1.1.6	Invoice Entry	7-3
7.1.1.7	Invoice: 11223 RI 00001	7-3
7.1.1.8	GL Distribution: 11223 RI 00001	7-3
7.1.1.9	Post Report	7-4
7.1.1.10	Update Tax Reconciliation Repository	7-4
7.1.2	Running the Update Tax Reconciliation Repository Program.....	7-7
7.1.3	Setting Processing Options for Update Tax Reconciliation Repository (R0018R)	7-7
7.1.3.1	Selection Criteria.....	7-7
7.2	Reviewing the Tax Reconciliation Repository	7-8
7.2.1	Understanding the Process to Review the Tax Reconciliation Repository	7-8
7.2.2	Form Used to Review Records in the Tax Reconciliation Repository.....	7-8

8 Working With VAT Processing

8.1	Understanding VAT Terminology and Principles	8-1
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9 Setting Up the Interface to Vertex Sales Tax Q Series

9.1	Understanding the Interface to Vertex Sales Tax Q Series	9-1
9.2	Understanding JD Edwards EnterpriseOne Tax Calculation Components	9-2
9.2.1	Tax Considerations.....	9-4
9.3	Understanding Databases Used by Vertex Sales Tax Q Series.....	9-5
9.4	Prerequisite	9-5

9.5	Setting Up Vertex Sales Tax Q Series	9-5
9.5.1	Understanding the Setup for Vertex Sales Tax Q Series	9-6
9.5.1.1	Vertex Sales Tax Q Series Constants.....	9-6
9.5.1.2	Vertex Sales Tax Q Series Connection Verification	9-6
9.5.1.3	Vertex Sales Tax Q Series Logging.....	9-6
9.5.2	Prerequisites	9-6
9.5.3	Forms Used to Set Up Vertex Sales Tax Q Series	9-7
9.5.4	Setting Up Vertex Q Series Constants.....	9-7
9.5.5	Testing the Vertex Sales Tax Q Series Connection.....	9-8
9.5.6	Activating Vertex Sales Tax Q Series Logging	9-9
9.6	Setting Up AAIs for Vertex Sales Tax Q Series	9-9
9.6.1	Understanding AAIs for Vertex Sales Tax Q Series	9-9
9.6.1.1	AAI Items PTxxxx and RTxxxx	9-9
9.6.1.2	JD Edwards EnterpriseOne Sales Order Management, JD Edwards EnterpriseOne Service Management, and JD Edwards EnterpriseOne Procurement	9-10
9.7	Setting Up User-Defined Codes for Vertex Sales Tax Q Series	9-10
9.8	Processing Taxes for Stock and Nonstock Items	9-11
9.8.1	Understanding the Tax Process for Stock and Nonstock Items.....	9-11
9.8.1.1	Hierarchy for Product Category IDs and Transaction Types	9-11
9.8.2	Forms Used to Assign Non-Stock	9-12
9.8.3	Assigning Non-Stock Product Categories to Order Types.....	9-12
9.9	Defining Tax Information for Items	9-13
9.9.1	Understanding Tax Information for Items.....	9-13
9.9.2	Prerequisite	9-14
9.9.3	Forms Used to Define the Tax Fields for an Item	9-14
9.9.4	Defining the Tax Fields for an Item.....	9-14
9.10	Working With GeoCodes and Address Book Records.....	9-14
9.10.1	Understanding How to Assign GeoCodes to Address Book Records.....	9-15
9.10.1.1	Calculating Taxes for Related Addresses.....	9-15
9.10.2	Understanding How to Assign GeoCodes Globally	9-16
9.10.2.1	Update Address Book GeoCodes.....	9-16
9.10.2.2	Updating Effective Dates on Address Book Records.....	9-17
9.10.3	Understanding How to Assign GeoCodes Manually.....	9-17
9.10.4	Understanding How to Override GeoCodes	9-18
9.10.4.1	Overriding GeoCodes on an Invoice	9-20
9.10.4.2	Overriding GeoCodes on a Voucher	9-20
9.10.4.3	Overriding GeoCodes on a Sales Order	9-20
9.10.4.4	Overriding GeoCodes on a Purchase Order	9-21
9.10.4.5	Overriding GeoCodes on a Service Contract	9-21
9.10.4.6	Overriding GeoCodes on a Service Order	9-21
9.10.4.7	Overriding GeoCodes on a Call	9-22
9.10.4.8	Overriding GeoCodes on a Contract Billing Line.....	9-22
9.10.4.9	Overriding GeoCodes in the JD Edwards EnterpriseOne Service Billing System.....	9-22
9.10.5	Prerequisite	9-22
9.10.6	Running the Update Address Book GeoCodes Program	9-23
9.10.7	Running the Effective Address Update Program	9-23

9.11	Processing Vertex Sales Tax Q Series Tax Information	9-23
9.11.1	Understanding the Tax Process When Using Vertex Sales Tax Q Series	9-23
9.11.1.1	Financial Processes	9-23
9.11.1.2	Distribution Processes.....	9-24
9.11.1.3	JD Edwards EnterpriseOne Service Management System Processes	9-24
9.11.1.4	Contract Billing and Service Billing Processes	9-24
9.12	Printing Tax Information	9-24

A Mapping Fields from Vertex Sales Tax Q Series System to JD Edwards EnterpriseOne Software

A.1	JD Edwards EnterpriseOne Accounts Payable.....	A-1
A.1.1	Accounts Payable Ledger Table (F0411).....	A-1
A.1.2	Address Selection Hierarchy.....	A-2
A.1.2.1	Accounts Payable, Tax Explanation Code U or E.....	A-3
A.1.2.2	Accounts Payable, Tax Explanation Codes.....	A-3
A.2	JD Edwards EnterpriseOne Accounts Receivable.....	A-3
A.2.1	Customer Ledger Table (F03B11)	A-3
A.2.2	Address Selection Hierarchy.....	A-5
A.2.2.1	Accounts Receivable - Sales Tax.....	A-5
A.3	JD Edwards EnterpriseOne Contract Billing and JD Edwards EnterpriseOne Service Billing and JD Edwards EnterpriseOne Service Management A-5	
A.3.1	Billing Detail Workfile Table (F4812).....	A-5
A.3.2	Address Selection Hierarchy.....	A-7
A.3.2.1	JD Edwards EnterpriseOne Contract Billing and JD Edwards EnterpriseOne Service Billing - Sales Tax A-7	
A.3.2.2	JD Edwards EnterpriseOne Service Management System - Contract Sales Tax A-8	
A.3.2.3	JD Edwards EnterpriseOne Service Management System - Service Order Sales Tax A-8	
A.3.2.4	JD Edwards EnterpriseOne Service Management System - Service Order Use Tax .. A-8	
A.4	JD Edwards EnterpriseOne Sales Order Management.....	A-9
A.4.1	Sales Order Detail File (F4211) and Sales Order Header File (F4201) tables.....	A-9
A.4.2	Address Selection Hierarchy.....	A-10
A.5	JD Edwards EnterpriseOne Procurement	A-11
A.5.1	Address Selection Hierarchy.....	A-12
A.5.1.1	JD Edwards EnterpriseOne Procurement - Use Tax	A-13

B JD Edwards EnterpriseOne Tax Processing Reports

B.1	JD Edwards EnterpriseOne Tax Processing Reports: A to Z.....	B-1
B.2	JD Edwards EnterpriseOne Tax Processing Reports: Selected Reports.....	B-2
B.2.1	R0018P - Tax/Detail Summary Report	B-2
B.2.1.1	As If Currency Reporting	B-2
B.2.1.2	Intracommunity Reporting	B-2
B.2.2	Data Selection and Sequencing	B-2
B.2.3	Processing Options for Tax Detail/Summary (R0018P)	B-3
B.2.3.1	Tax Report	B-3
B.2.3.2	As-If Currency.....	B-3

B.2.3.3	Dates	B-3
B.2.4	R0018P1 - Tax Summary Report/Use VAT	B-3
B.2.4.1	Intracommunity Reporting	B-3
B.2.5	Processing Options for Tax Summary Report/Use VAT (R0018P1).....	B-3
B.2.5.1	Tax Report	B-3
B.2.5.2	As-If Currency.....	B-4
B.2.5.3	Dates	B-4
B.2.6	R0018P2 - Sales Tax	B-4
B.2.7	Processing Options for Sales Tax (R0018P2)	B-4
B.2.7.1	Versions.....	B-4
B.2.8	R0018P7 - VAT Exception Report by Tax Area	B-5
B.2.8.1	As If Reporting.....	B-5
B.2.9	Data Selection.....	B-5
B.2.10	Processing Options for VAT Exception Report by Tax Area (R0018P7)	B-5
B.2.10.1	As-If Currency.....	B-5
B.2.11	R0018P8 - GST/PST Tax	B-5
B.2.12	Processing Options for GST/PST Tax (R0018P8).....	B-6
B.2.12.1	Update Options.....	B-6
B.2.12.2	Display	B-6
B.2.13	R00320 - VAT Journals	B-6
B.2.14	Processing Options for VAT Journals (R00320)	B-7
B.2.14.1	Select.....	B-7
B.2.14.2	Print	B-7
B.2.14.3	Columns.....	B-8
B.2.14.4	Process.....	B-8

Index

Preface

Welcome to the JD Edwards EnterpriseOne Applications Tax Processing Implementation Guide.

Audience

This guide is intended for implementers and end users of any JD Edwards EnterpriseOne system that calculates taxes.

JD Edwards EnterpriseOne Products

This implementation guide refers to these JD Edwards EnterpriseOne products from Oracle:

- JD Edwards EnterpriseOne General Accounting.
- JD Edwards EnterpriseOne Accounts Payable.
- JD Edwards EnterpriseOne Accounts Receivable.
- JD Edwards EnterpriseOne Foundation - Address Book.
- JD Edwards EnterpriseOne Inventory Management.
- JD Edwards EnterpriseOne Procurement.
- JD Edwards EnterpriseOne Sales Order Management.

JD Edwards EnterpriseOne Application Fundamentals

Additional, essential information describing the setup and design of the system appears in a companion volume of documentation called *JD Edwards EnterpriseOne Financial Management Application Fundamentals 9.0 Implementation Guide*.

Customers must conform to the supported platforms for the release as detailed in the JD Edwards EnterpriseOne minimum technical requirements. In addition, JD Edwards EnterpriseOne may integrate, interface, or work in conjunction with other Oracle products. Refer to the cross-reference material in the Program Documentation at <http://oracle.com/contracts/index.html> for Program prerequisites and version cross-reference documents to assure compatibility of various Oracle products.

See Also:

- *JD Edwards EnterpriseOne Applications Financial Management Fundamentals Implementation Guide*.

Documentation Accessibility

For information about Oracle's commitment to accessibility, visit the Oracle Accessibility Program website at <http://www.oracle.com/pls/topic/lookup?ctx=acc&id=docacc>.

Access to Oracle Support

Oracle customers have access to electronic support through My Oracle Support. For information, visit <http://www.oracle.com/pls/topic/lookup?ctx=acc&id=info> or visit <http://www.oracle.com/pls/topic/lookup?ctx=acc&id=trs> if you are hearing impaired.

Related Documents

You can access related documents from the JD Edwards EnterpriseOne Release Documentation Overview pages on My Oracle Support. Access the main documentation overview page by searching for the document ID, which is 1308615.1, or by using this link:

<https://support.oracle.com/CSP/main/article?cmd=show&type=NOT&id=1308615.1>

To navigate to this page from the My Oracle Support home page, click the Knowledge tab, and then click the Tools and Training menu, JD Edwards EnterpriseOne, Welcome Center, Release Information Overview.

Conventions

The following text conventions are used in this document:

Convention	Meaning
Bold	Indicates field values.
<i>Italics</i>	Indicates emphasis and JD Edwards EnterpriseOne or other book-length publication titles.
Monospace	Indicates a JD Edwards EnterpriseOne program, other code example, or URL.

Introduction to JD Edwards EnterpriseOne Tax Processing

This chapter contains the following topics:

- [Section 1.1, "JD Edwards EnterpriseOne Tax Processing Overview"](#)
- [Section 1.2, "JD Edwards EnterpriseOne Tax Processing Implementation"](#)

1.1 JD Edwards EnterpriseOne Tax Processing Overview

Various tax authorities assess and collect taxes. To comply with governmental tax regulations, you must set up tax information. After you set up this information, you can:

- Track taxes according to different tax rates and areas.
- Assign a default tax rate to a customer or supplier.
- Apply a tax rate to an entire transaction or transaction pay item.
- Enter a tax amount or have the system calculate the amount.
- Track tax history in a separate table.

1.2 JD Edwards EnterpriseOne Tax Processing Implementation

This section presents the steps that are required to implement JD Edwards EnterpriseOne Tax Processing.

In the planning phase of the implementation, take advantage of all JD Edwards EnterpriseOne sources of information, including the installation guides and troubleshooting information.

When determining which electronic software updates (ESUs) to install for JD Edwards EnterpriseOne Tax Processing, use the EnterpriseOne and World Change Assistant. EnterpriseOne and World Change Assistant, a Java based tool, reduces the time required to search and download ESUs by 75 percent or more and enables you to install multiple ESUs at one time.

See *JD Edwards EnterpriseOne Tools Software Updates Guide*.

1.2.1 Implementation Steps

This table lists the implementation steps for JD Edwards EnterpriseOne Tax Processing:

- Set up companies, fiscal date patterns, and business units.

See "Setting Up Organizations" in the *JD Edwards EnterpriseOne Applications Financial Management Fundamentals Implementation Guide*.

- Set up accounts and the chart of accounts.

See "Creating the Chart of Accounts" in the *JD Edwards EnterpriseOne Applications Financial Management Fundamentals Implementation Guide*.

- Set up the General Accounting constants.

See "Setting Up the General Accounting System" in the *JD Edwards EnterpriseOne Applications General Accounting Implementation Guide*.

- Set up multicurrency processing, including currency codes and exchange rates.

See "Setting Up General Accounting for Multicurrency Processing" in the *JD Edwards EnterpriseOne Applications Multicurrency Processing Implementation Guide*.

See "Setting Up Exchange Rates" in the *JD Edwards EnterpriseOne Applications Multicurrency Processing Implementation Guide*.

- Set up ledger type rules.

See "Setting Up Ledger Type Rules for General Accounting" in the *JD Edwards EnterpriseOne Applications General Accounting Implementation Guide*.

- Enter address book records.

See "Entering Address Book Records" in the *JD Edwards EnterpriseOne Applications Address Book Implementation Guide*.

- Set up tax-related information, such as explanation codes, authorities, user-defined codes (UDCs), tax rules by company, automatic accounting instructions (AAs), tax rate/areas, and so on.

See [Setting Up Tax Information](#).

Understanding Tax Explanation Codes

This chapter contains the Understanding Tax Explanation Codes topic.

2.1 Understanding Tax Explanation Codes

You might be required to calculate, pay, collect, and track taxes on invoices that you receive from suppliers and send to customers. When this is necessary, you need to enter a tax explanation code on the transaction. You can enter the tax explanation code on the transaction entry form, or let the system use a default tax explanation code that you set up on the customer or supplier record.

Tax explanation codes are hard-coded values that exist in the Tax Explanation Codes (00/EX) user-defined codes (UDC) table. These codes specify the algorithm that the system uses to calculate the tax amount and which, if any, GL account is used to record tax information. Each tax explanation code specifies a particular algorithm that affects the amount to distribute in the general ledger. You can create your own tax explanation codes, but if they begin with B, C, E, S, U, or V, they will use the same algorithm and work exactly as the standard tax explanation codes. For example, S1 will function exactly as S and V7 will function exactly as V. If you create tax explanation codes for any other letter or number, the system uses the sales tax algorithm to calculate tax and distribution amounts.

The letter T follows some tax explanation codes. You use this type of tax explanation code when you want to enter only the tax portion of the transaction. For example, if you enter a voucher and do not include the tax information, you can enter another voucher and use the appropriate tax explanation code followed by the letter T to indicate that the entire voucher represents a tax amount.

Not every tax explanation code is applicable to every system in JD Edwards EnterpriseOne software.

This table lists the available tax explanation codes, the systems that use each code, and the gross and GL distribution amounts that the system calculates when the taxable amount is entered:

Tax Explanation Code	Description	System Used*	Gross and GL Distribution Amounts
S	Seller-assessed sales tax	AP, AR, PO, SO	Gross = Goods + Sales tax Distribution = Goods + Sales tax
ST	Same as S, but taxes only	AP, AR	Gross = Sales tax Distribution = Sales tax
U	Self-assessed sales tax	AP, PO	Gross = Goods Distribution = Goods + Use tax

Tax Explanation Code	Description	System Used*	Gross and GL Distribution Amounts
UT	Same as U, but taxes only	AP	Gross = 0 Distribution = Use tax
V	Value-added tax (VAT)	AP, AR, GA, PO, SO	Gross = Goods + VAT Distribution = Goods
VT	Same as V, but taxes only	AP, AR, GA	Gross = VAT Distribution = 0
V+	Same as V, but calculated as tax on a tax	AP, AR, PO, SO	Gross = Goods + VAT Distribution = Goods
B	VAT + Use tax	AP, PO	Gross = Goods + VAT Distribution = Goods + Use tax
BT	Same as B, but taxes only	AP	Gross = VAT Distribution = Use tax
C	VAT + Sales tax	AP, AR, PO, SO	Gross = Goods + VAT + Sales tax Distribution = Goods + Sales tax
CT	Same as C, but taxes only	AP, AR	Gross = VAT + Sales tax Distribution = Sales tax
E	Tax exempt	AP, AR, PO, SO	Gross = Goods Distribution = Goods

*AP = JD Edwards EnterpriseOne Accounts Payable

AR = JD Edwards EnterpriseOne Accounts Receivable

GA = JD Edwards EnterpriseOne General Accounting (journal entries)

PO = JD Edwards EnterpriseOne Procurement

SO = JD Edwards EnterpriseOne Sales Order Management

Note: Tax explanation code of AR is used by JD Edwards EnterpriseOne Property Management.

See Also:

"Tax Explanation Codes" in these books:

- *JD Edwards EnterpriseOne Applications Localizations for Colombia Implementation Guide*
- *JD Edwards EnterpriseOne Applications Localizations for Ecuador Implementation Guide*

2.1.1 Sales Tax (S) - Purchase Order to Voucher

When you enter purchase orders with sales tax (tax explanation code S), the system uses distribution AAIs (automatic accounting instructions) to record the tax and, if you are purchasing for stock, update the inventory account. These AAIs differ depending on whether you are purchasing for stock and whether you use two-way or three-way matching.

These examples display the AAIs that the system uses and the tables and accounts that the system updates when you run the program specified. All of the examples are for a

purchase order in the amount of 1,000 USD with a 10 percent sales tax rate. The system was set up to create the journal entries in detail.

2.1.1.1 Purchasing for Stock Items - Three-Way Voucher Match

When you purchase for stock, you must use three-way voucher matching. When you enter the purchase order receipt, the system records the tax in two general ledger accounts: Purchase Tax Accrual and Received Not Vouchered Tax. When the system creates the voucher, it offsets the Received Not Vouchered Tax account. You use the Purchase Tax Accrual account to track the tax portion of the item. You do not remit sales tax to a tax authority because the seller (supplier) pays it.

Example: Purchasing for Stock Items - Three-Way Voucher Match

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Enter Receipts by PO (P4312)	DM - 4310	F0911	Inventory Asset	1,000	.
	DM - 4350		Purchase Tax Accrual (asset)	100	.
Creates a journal entry	DM - 4320		Received Not Vouchered		1,000
	DM - 4355		Received Not Vouchered Tax		100
Voucher Match (P4314)	.	F0411	Taxable (1,000)	.	.
	.	.	Tax (100)	.	.
Creates a voucher	DM - 4320	F0911	Gross (1,100)	.	
	DM - 4355		Received Not Vouchered	1,000	
			Received Not Vouchered Tax	100	
Post General Ledger (R09801)	FIN - PC	F0911	AP Trade	.	1,100
Posts the voucher to the general ledger					

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

Note: When you enter tax information during the voucher match process, instead of when you enter the purchase order, the system does not make an entry to the account associated with DM AAI 4355; instead, the system debits the account for DM AAI 4350, as well as the Received Not Vouchered account, and credits the AP Trade account when the voucher is posted.

2.1.1.2 Purchasing for Nonstock Items - Three-Way Voucher Match

When you purchase for a nonstock item, you can use either two-way or three-way voucher matching. When you use three-way voucher matching and enter the purchase order receipt, the system records the tax in the Received Not Vouchered Tax account, which is offset when the system creates the voucher. The system records the sales tax on the voucher only and includes it in the amount of the expense distribution. The

system does not record sales tax in a separate account because you do not remit it to a tax authority; the supplier pays it.

Example: Purchasing for Nonstock Items - Three-Way Voucher Match

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Enter Receipts by PO (P4312)	.	F0911	Expense Account from PO line	1,100	.
Creates a journal entry	DM - 4320		Received Not Vouchered		1,000
	DM - 4355		Received Not Vouchered Tax		100
Voucher Match (P4314)	.	F0411	Taxable (1,000)	.	.
Creates a voucher	.	.	Tax (100)	.	.
	DM - 4320	F0911	Gross (1,100)	.	.
	DM - 4355		Received Not Vouchered	1,000	
			Received Not Vouchered Tax	100	
Post General Ledger (R09801)	FIN - PC	F0911	AP Trade	.	1,100
Posts the voucher to the general ledger					

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

2.1.1.3 Purchasing for Nonstock Items - Two-Way Voucher Match

When you use two-way voucher matching, the system does not use the Received Not Vouchered accounts because you do not enter purchase order receipts; you enter the purchase order and create the voucher. The system does not record the sales tax in any general ledger account at any time during the process. The system records the sales tax on the voucher only and includes it in the amount of the expense distribution. The system does not record sales tax in a separate account because you do not remit it to a tax authority; the supplier pays it.

Example: Purchasing for Nonstock Items - Two-Way Voucher Match

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Voucher Match (P4314)	.	F0411	Taxable (1,000)	.	.
Creates a voucher		.	Tax (100)	.	.
		F0911	Gross (1,100)	.	.
			Expense Account from PO line	1,100	
Post General Ledger (R09801)	FIN - PC	F0911	AP Trade	.	1,100
Posts the voucher to the general ledger					

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

2.1.2 Sales Tax (S) - Sales Order to Invoice

When you enter a sales order with sales tax (tax explanation code S) and run Update Customer Sales (R42800), the system uses distribution AAIs to record the Store Sales, Tax Liability, Cost of Goods (COG) Sold, and Inventory accounts. You offset the Tax Liability account when you pay the tax authority.

This example displays the AAI that the system uses and the tables and accounts that the system updates when you run the specified program. The example is for a sales order in the amount of 1,000 USD with a 10 percent sales tax rate.

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Update Customer Sales (R42800)	.	F03B11	Taxable (1,000)	.	.
	.	.	Tax (100)	.	.
Creates an invoice	DM - 4230	F0911	Gross (1,100)	.	.
	DM - 4250		Store Sales	.	1,000
	DM - 4220		Tax Liability	.	100
	DM - 4240		COG Sold	900	.
			Inventory		900
Post General Ledger (R09801)	FIN - RC	F0911	AR Trade	1,100	.
Posts the invoice to the general ledger					

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

2.1.3 Sales Tax (S) - Voucher and Invoice Entry

When you enter a voucher or invoice with sales tax, the system calculates the tax amount but does not create a separate entry to the general ledger. The sales tax appears only in the voucher or invoice record. For vouchers, the tax is part of the expense, so you do not need to enter the tax in a specific account. For invoices, however, you might want to track the sales tax in a separate account because you must pay it. In this instance, you would need to subtract the sales tax amount from the revenue and enter it separately.

Alternatively, instead of using tax explanation code S, you can use tax explanation code V for the system to record the tax in the account specified by PTxxxx (for payables) or RTxxxx (for receivables), where xxxx is the GL offset that is entered on the tax rate/area.

This example displays the AAI that the system uses and the tables and accounts that the system updates when you enter and post a voucher or invoice. The examples are for a taxable amount of 1,000 USD with a 10 percent sales tax rate.

Example: Voucher Entry

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Standard Voucher Entry (P0411)	.	F0411	Taxable (1,000)	.	.
Creates a voucher		.	Tax (100)	.	
		F0911	Gross (1,100)	.	
			Expense	1,100	
Post General Ledger (R09801)	FIN - PC	F0911	AP Trade	.	1,100
Posts the voucher to the general ledger					

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

2.1.4 Use Tax (U) - Purchase Order to Voucher

When you enter a purchase order with use tax (tax explanation code U), the system calculates the tax amount and makes a separate entry to the general ledger when you post the transaction.

The examples that follow display the AAIs that the system uses and the tables and accounts that the system updates when you run the program specified. All of the examples are for a purchase order in the amount of 1,000 USD with a 10 percent use tax rate. The system was set up to create the journal entries in detail.

2.1.4.1 Purchasing for Stock Items - Three-Way Voucher Match

When you purchase for stock, you must use three-way voucher matching. When you enter the purchase order receipt, the system records the tax in two general ledger accounts: Purchase Tax Accrual and Received Not Vouchered Tax. When the system creates the voucher, it offsets the Received Not Vouchered Tax account and records the tax in the Purchase Tax Accrual asset account only for tracking purposes. When you post the voucher, the system records the tax in the Use Tax Payable account. When you pay the tax authority, you enter a voucher that offsets the Use Tax Payable account.

Example: Purchasing for Stock Items - Three-Way Voucher Match

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Enter Receipts by PO (P4312)	DM - 4310	F0911	Inventory Asset	1,000	.
Creates a journal entry	DM - 4350		Purchase Tax Accrual (asset)	100	.
	DM - 4320		Received Not Vouchered		.
	DM - 4355		Received Not Vouchered Tax		1,000
					100

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Voucher Match (P4314)	.	F0411	Taxable (1,000)	.	.
Creates a voucher	.	.	Tax (100)	.	.
	.	F0911	Gross (1,000)	.	.
	DM - 4320		Received Not Vouchered	1,000	
	DM - 4355		Received Not Vouchered Tax	100	
Post General Ledger (R09801)	FIN - PT	F0911	Use Tax Payable AP Trade	.	100
Posts the voucher to the general ledger	FIN - PC				1,000

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

2.1.4.2 Purchasing for Nonstock Items - Three-Way Voucher Match

When you purchase for a nonstock item, you can use either two-way or three-way voucher matching. When you use three-way voucher matching and enter the purchase order receipt, the system records the tax in the Received Not Vouchered Tax account, which is offset when the system creates the voucher. The system does not include the use tax in the gross amount of the voucher, nor does it include it in the amount of the expense distribution. The system records the tax in a separate account that is offset when you remit the tax to the tax authority.

Example: Purchasing for Nonstock Items - Three-Way Voucher Match

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Enter Receipts by PO (P4312)	.	F0911	Expense Account from PO line	1,100	.
Creates a journal entry	.		Received Not Vouchered		.
	DM - 4320		Received Not Vouchered		1,000
	DM - 4355		Received Not Vouchered Tax		100
Voucher Match (P4314)	.	F0411	Taxable (1,000)	.	.
Creates a voucher	.	.	Tax (100)	.	.
	.	F0911	Gross (1,000)	.	.
	DM - 4320		Received Not Vouchered	1,000	
	DM - 4355		Received Not Vouchered Tax	100	
Post General Ledger (R09801)	FIN - PT	F0911	Use Tax Payable AP Trade	.	100
Posts the voucher to the general ledger	FIN - PC				1,000

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

2.1.4.3 Purchasing for Nonstock Items - Two-Way Voucher Match

When you use two-way voucher matching, the system does not use the Received Not Vouchered accounts because you do not enter purchase order receipts; you enter the purchase order and create the voucher. When the system creates the voucher, it does not include the use tax in the gross amount of the voucher, nor does it include it in the amount of the expense distribution. The system records the tax in a separate account that is offset when you remit the tax to the tax authority.

Example: Purchasing for Nonstock Items - Two-Way Voucher Match

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Voucher Match (P4314)	.	F0411	Taxable (1,000)	.	.
		.	Tax (100)	.	
Creates a voucher		F0911	Gross (1,000)	.	
			Expense Account from PO line	1,000	
Post General Ledger (R09801)	FIN - PT FIN - PC	F0911	Use Tax Payable AP Trade	.	100
Posts the voucher to the general ledger					1,000

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

2.1.5 Use Tax (U) - Voucher Entry

When you enter a voucher with use tax, the system calculates the tax amount and creates a separate entry to the Use Tax Payable account when you post the transaction. You offset this account when you pay the tax authority.

This example displays the AAIs that the system uses and the tables and accounts that the system updates when you enter and post a voucher that has a taxable amount of 1,000 USD with a 10 percent use tax rate.

Example: Voucher Entry

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Standard Voucher Entry (P0411)	.	F0411	Taxable (1,000)	.	.
		.	Tax (100)	.	
Creates a voucher		F0911	Gross (1,000)	.	
			Expense	1,100	
Post General Ledger (R09801)	FIN - PT FIN - PC	F0911	Use Tax Payable AP Trade	.	100
Posts the voucher to the general ledger					1,000

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

2.1.6 VAT Tax (V) - Purchase Order to Voucher

When you enter a purchase order with value-added tax (VAT) (tax explanation code V), the system calculates the tax amount and makes a separate entry to the general ledger when you post the transaction.

The examples that follow display the AAIs that the system uses and the tables and accounts that the system updates when you run the program specified. All of the examples are for a purchase order in the amount of 1,000 USD with a 10 percent VAT tax rate. The system was set up to create the journal entries in detail.

2.1.6.1 Purchasing for Stock Items - Three-Way Voucher Match

When you purchase for stock, you must use three-way voucher matching. When you enter the purchase order receipt, the system does not accrue the tax; tax is recorded in the Received Not Vouchered Tax account only, and then is offset when the system creates the voucher. When you post the voucher, the system records the tax in the VAT recoverable tax account. Rather than pay a tax authority, you pay the seller (supplier) for the amount of the goods plus tax and recover the tax amount from the tax authority later.

Example: Purchasing for Stock Items - Three-Way Voucher Match

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Enter Receipts by PO (P4312)	DM - 4310	F0911	Inventory Asset	1,000	.
	DM - 4320		Received Not Vouchered	.	.
Creates a journal entry					1,000
Voucher Match (P4314)	.	F0411	Taxable (1,000)	.	.
Creates a voucher	.	.	Tax (100)	.	.
	DM - 4320	F0911	Gross (1,100)	.	.
Post General Ledger (R09801)	FIN - PTxxxx	F0911	VAT Recoverable	100	.
	FIN - PC		Tax AP Trade		1,100
Posts the voucher to the general ledger					

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

2.1.6.2 Purchasing for Nonstock Items - Three-Way Voucher Match

When you purchase for a nonstock item, you can use either two-way or three-way voucher matching. When you use three-way voucher matching and enter the purchase order receipt, the system records the tax in the Received Not Vouchered Tax account, which is offset when the system creates the voucher. When you post the voucher, the system records the tax in the VAT Recoverable Tax account. Rather than pay a tax authority, you pay the supplier for the amount of the goods plus tax and recover the tax amount from the tax authority later.

Example: Purchasing for Nonstock Items - Three-Way Voucher Match

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Enter Receipts by PO (P4312)	.	F0911	Expense Account from PO line	1,000	.
Creates a journal entry	DM - 4320		Received Not Vouchered		1,000
	DM - 4355		Received Not Vouchered Tax		100
Voucher Match (P4314)	.	F0411	Taxable (1,000)	.	.
	.	.	Tax (100)	.	.
Creates a voucher	.	F0911	Gross (1,100)	.	.
	DM - 4320		Received Not Vouchered	1,000	
Post General Ledger (R09801)	FIN - PTxxxx	F0911	VAT Recoverable	100	.
	FIN - PC		Tax AP Trade		1,100
Posts the voucher to the general ledger					

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

2.1.6.3 Purchasing for Nonstock Items - Two-Way Voucher Match

When you use two-way voucher matching, the system does not use the Received Not Vouchered accounts because you do not enter purchase order receipts; you enter the purchase order and create the voucher. When the system creates the voucher, it includes the VAT tax in the gross amount of the voucher, but not in the expense distribution. When you post the voucher, the system records the tax in the VAT Recoverable tax account. Rather than pay a tax authority, you pay the supplier for the amount of the goods plus tax and recover the tax amount from the tax authority later.

Example: Purchasing for Nonstock Items - Two-Way Voucher Match

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Voucher Match (P4314)	.	F0411	Taxable (1,000)	.	.
	.	.	Tax (100)	.	.
Creates a voucher	.	F0911	Gross (1,100)	.	.
			Expense Account from PO line	1,000	
Post General Ledger (R09801)	FIN - PTxxxx	F0911	VAT Recoverable	100	.
	FIN - PC		Tax AP Trade		1,100
Posts the voucher to the general ledger					

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

2.1.7 VAT Tax (V) - Sales Order to Invoice

When you enter a sales order with VAT tax (tax explanation code V) and run Update Customer Sales (R42800), the system uses distribution AAIs to record the Cost of Goods (COG) Sold and Inventory accounts. Although the VAT amount appears on the sales update report, the system does not record it in the VAT Payables account until you post the invoice. You offset the VAT Payables account when you pay the tax authority.

This example displays the AAI that the system uses and the tables and accounts that the system updates when you run the specified program. The example is for a sales order in the amount of 1,000 USD with a 10 percent VAT tax rate.

Example: Sales Order to Invoice

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Update Customer Sales (R42800)	.	F03B11	Taxable (1,000)	.	.
	.	.	Tax (100)	.	.
Creates an invoice	.	F0911	Gross (1,100)	.	.
	DM - 4230		Store Sales	.	1,000
	DM - 4220		COG Sold	900	.
	DM - 4240		Inventory		900
Post General Ledger (R09801)	FIN - RTxxxx	F0911	VAT Payables	.	100
Posts the invoice to the general ledger	FIN - RC		AR Trade	1,100	

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

2.1.8 VAT Tax (V) - Voucher and Invoice Entry

When you enter a voucher or invoice with VAT tax, the system calculates the tax amount and creates a separate entry to the general ledger when you post the transaction. In accounts payable, you offset the VAT Recoverable Tax account when you receive payment from the tax authority. In accounts receivable, you offset the VAT Payables account when you pay the tax.

This example displays the AAI that the system uses and the tables and accounts that the system updates when you enter and post a voucher or invoice. The examples are for a taxable amount of 1,000 USD with a 10 percent VAT tax rate.

Example: Voucher Entry

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Standard Voucher Entry (P0411)	.	F0411	Taxable (1,000)	.	.
	.	.	Tax (100)	.	.
Creates a voucher		F0911	Gross (1,100)	.	.
			Expense	1,000	

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Post General Ledger (R09801)	FIN - PTxxxx	F0911	VAT Recoverable Tax	100	.
Posts the voucher to the general ledger	FIN - PC		AP Trade		1,100

Example: Invoice Entry

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Standard Invoice Entry (P03B11)	.	F03B11	Taxable (1,000)	.	.
Creates an invoice		F0911	Tax (100)		.
			Gross (1,100)		.
			Revenue		1,000
Post General Ledger (R09801)	FIN - RTxxxx	F0911	VAT Payables	.	100
Posts the invoice to the general ledger	FIN - RC		AR Trade	1,100	

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

2.1.9 VAT + Sales Tax (C) - Purchase Order to Voucher

When you enter a purchase order using tax explanation code C for VAT + sales tax, the system calculates the tax amount and makes a separate entry to the general ledger for the VAT portion of the tax when you post the transaction.

The examples that follow display the AAIs that the system uses and the tables and accounts that the system updates when you run the program specified. All of the examples are for a purchase order in the amount of 1,000 USD with a 7 percent VAT and 3 percent sales tax rate. The system was set up to create the journal entries in detail.

Note: If you use tax-on-tax calculations, which you specify in the tax rate/area by activating the Compound Tax field, the system uses these formula to calculate the tax amount:

$$(\text{Taxable} + \text{VAT}) \times \text{sales tax rate} = \text{tax}$$

$$(1,000 + 70) \times 03 = 32.10$$

2.1.9.1 Purchasing for Stock Items - Three-Way Voucher Match

When you enter the purchase order receipt, the system records the sales tax in two general ledger accounts: Purchase Tax Accrual and Received Not Vouchered Tax. When the system creates the voucher, it offsets the Received Not Vouchered Tax account. You use the Purchase Tax Accrual account to track the sales tax portion of the item. You do not remit sales tax to a tax authority because the seller (supplier) pays it. The gross amount of the voucher includes both the sales and VAT taxes; the GL

distribution includes the goods + sales tax only. When you post the voucher, the system records the VAT in the VAT Recoverable Tax account. Rather than pay a tax authority, you pay the seller (supplier) for the amount of the goods plus VAT and recover the VAT amount from the tax authority later.

Example: Purchasing for Stock Items - Three-Way Voucher Match

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Enter Receipts by PO (P4312)	DM - 4310	F0911	Inventory Asset	1,000	.
Creates a journal entry	DM - 4350		Purchase Tax Accrual (asset)	.	1,000
	DM - 4320		Received Not Vouchered	30	.
	DM - 4355		Received Not Vouchered Tax		30
Voucher Match (P4314)	.	F0411	Taxable (1,000)	.	.
Creates a voucher	.	.	Tax (100)	.	.
	.	F0911	Gross (1,100)	.	.
	.		Received Not Vouchered Purchase	1,000	.
	DM - 4320		Tax Accrual (asset)	.	30
	DM - 4350		Received Not Vouchered	30	
	DM - 4355		Tax Purchase Tax Accrual (asset)	30	
Post General Ledger (R09801)	FIN - PTxxxx	F0911	VAT Recoverable Tax	70	.
Posts the voucher to the general ledger	FIN - PC		AP Trade		1,100

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

2.1.9.2 Purchasing for Nonstock Items - Three-Way Voucher Match

When you purchase for a nonstock item, you can use either two-way or three-way voucher matching. When you use three-way voucher matching and enter the purchase order receipt, the system records the sales tax in the Received Not Vouchered Tax account, which is offset when the system creates the voucher. When the system creates the voucher, it includes both the sales and VAT tax amounts in the gross amount, but only the sales tax in the expense distribution. When you post the voucher, the system records the VAT in the VAT Recoverable Tax account. Rather than pay a tax authority, you pay the supplier for the amount of the goods plus VAT and recover the VAT amount from the tax authority later.

Example: Purchasing for Nonstock Items - Three-Way Voucher Match

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Enter Receipts by PO (P4312)	.	F0911	Expense Account from PO line	1,030	.
Creates a journal entry	DM - 4320		Received Not Vouchered		1,000
	DM - 4355		Received Not Vouchered Tax		30
Voucher Match (P4314)	.	F0411	Taxable (1,000)	.	.
Creates a voucher	.	.	Tax (100)	.	.
	.	.	Gross (1,100)	.	.
	DM - 4320	F0911	Received Not Vouchered	1,000	.
	.		Expense Account	.	.
	.		Received Not Vouchered	30	.
	DM - 4355		Tax Expense Account	30	30
Post General Ledger (R09801)	FIN - PTxxxx	F0911	VAT Recoverable Tax	70	.
Posts the voucher to the general ledger	FIN - PC		AP Trade		1,100

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

2.1.9.3 Purchasing for Nonstock Items - Two-Way Voucher Match

When you use two-way voucher matching, the system does not use the Received Not Vouchered accounts because you do not enter purchase order receipts; you enter the purchase order and create the voucher. When the system creates the voucher, it includes both the sales and VAT tax amounts in the gross amount of the voucher, but only the sales tax in the expense distribution. When you post the voucher, the system records the VAT in the VAT Recoverable Tax account. Rather than pay a tax authority, you pay the supplier for the amount of the goods plus VAT and recover the VAT amount from the tax authority later.

Example: Purchasing for Nonstock Items - Two-Way Voucher Match

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Voucher Match (P4314)	.	F0411	Taxable (1,000)	.	.
Creates a voucher	.	.	Tax (100)	.	.
	.	F0911	Gross (1,100)	.	.
	DM - 4315*		Expense Account	1,000	
	DM - 4315*		Expense Account	30	
Post General Ledger (R09801)	FIN - PTxxxx	F0911	VAT Recoverable Tax	70	.
Posts the voucher to the general ledger	FIN - PC		AP Trade		1,100

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

2.1.10 VAT + Sales Tax (C) - Sales Order to Invoice

When you enter a sales order using tax explanation code C for VAT + sales tax and then run Update Customer Sales (R42800), the system uses distribution AAIs to record the Store Sales, Tax Liability, Cost of Goods (COG) Sold, and Inventory accounts. Although the VAT amount appears on the sales update report, the system does not record it in the VAT Payables account until you post the invoice. You offset the VAT Payables account when you pay the tax authority.

This example displays the AAI that the system uses and the tables and accounts that the system updates when you run the specified program. The example is for a sales order in the amount of 1,000 USD with a 7 percent VAT and 3 percent sales tax rate.

Example: Sales Order to Invoice

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Update Customer Sales (R42800)	.	F03B11	Taxable (1,000)	.	.
			Tax (100)	.	.
Creates an invoice	.	F0911	Gross (1,100)	.	.
			Store Sales	.	1,000
			Tax Liability	.	30
			COG Sold	900	.
			Inventory		900
			DM - 4240		
Post General Ledger (R09801)	FIN - RTxxxx	F0911	VAT Payables	.	70
			AR Trade	1,100	
Posts the invoice to the general ledger					

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

Note: If you use tax-on-tax calculations, which you specify in the tax rate/area by activating the Compound Tax field, the system multiplies the sales tax rate by the VAT tax rate and adds the amount to the sales tax. In this example, the sales tax would be 30.21 $\{30 + [(0.03 \times .07) \times 100] = 30.21\}$ if the tax rate/area was set up for tax-on-tax.

2.1.11 VAT + Sales Tax (C) - Voucher and Invoice Entry

When you enter a voucher or invoice using tax explanation code C for VAT + sales tax, the system calculates the sales tax amount but does not create a separate entry to the general ledger. For vouchers, the sales tax is part of the expense, so you do not need to enter the tax in a specific account. For invoices, however, you might want to track the sales tax in a separate account because you must pay it. In this instance, you would need to subtract the sales tax amount from the revenue and enter it separately. The system records the VAT amount when you post the transaction. In accounts payable, you offset the VAT Recoverable Tax account when you receive payment from the tax

authority. In accounts receivable, you offset the VAT Payables account when you pay the tax.

This example displays the AAI that the system uses and the tables and accounts that the system updates when you enter and post a voucher or invoice. The examples are for a taxable amount of 1,000 USD with a 7 percent VAT and 3 percent sales tax rate.

Example: Voucher Entry

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Standard Voucher Entry (P0411)	.	F0411	Taxable (1,000)	.	.
			Tax (100)	.	.
Creates a voucher		F0911	Gross (1,100)	.	.
			Expense	1,030	.
Post General Ledger (R09801)	FIN - PTxxxx	F0911	VAT Recoverable Tax	70	.
	FIN - PC		AP Trade		1,100
Posts the voucher to the general ledger					

Example: Invoice Entry

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Standard Invoice Entry (P03B11)	.	F03B11	Taxable (1,000)	.	.
			Tax (100)	.	.
Creates an invoice		F0911	Gross (1,100)	.	.
			Revenue		1,000
			Sales Tax		30
Post General Ledger (R09801)	FIN - RTxxxx	F0911	VAT Payables	.	70
	FIN - RC		AR Trade	1,100	
Posts the invoice to the general ledger					

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

Note: If you use tax-on-tax calculations, which you specify in the tax rate/area by activating the Compound Tax field, the system uses this formula to calculate the tax amount:

$$(\text{Taxable} + \text{VAT}) \times \text{sales tax rate} = \text{Tax}$$

$$(1,000 + 70) \times .03 = 32.10$$

2.1.12 VAT + Use Tax (B) - Purchase Order to Voucher

When you enter a purchase order using tax explanation code B for VAT + use tax, the system calculates the tax amount and makes two entries to the general ledger when

you post the transaction: one for the use portion of the tax and one for the VAT portion of the tax.

The examples that follow display the AAIs that the system uses and the tables and accounts that the system updates when you run the program specified. All of the examples are for a purchase order in the amount of 1,000 USD with a 7 percent VAT and 3 percent use tax rate. The system was set up to create the journal entries in detail.

Note: If you use tax-on-tax calculations, which you specify in the tax rate/area by activating the Compound Tax field, the system uses this formula to calculate the tax amount:

$$(\text{Taxable} + \text{VAT}) \times \text{use tax rate} = \text{Tax}$$

$$(1,000 + 70) \times .03 = 32.10$$

2.1.12.1 Purchasing for Stock Items - Three-Way Voucher Match

When you purchase for stock, you must use three-way voucher matching. When you enter the purchase order receipt, the system records the tax in two general ledger accounts: Purchase Tax Accrual and Received Not Vouchered Tax. When the system creates the voucher, it offsets the Received Not Vouchered Tax account and records the tax in the Purchase Tax Accrual asset account only for tracking purposes. When you post the voucher, the system records the tax in the VAT Recoverable Tax and Use Tax Payable accounts. When you pay the tax authority, you enter a voucher that offsets the Use Tax Payable account.

Example: Purchasing for Stock Items - Three-Way Voucher Match

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Enter Receipts by PO (P4312)	DM - 4310	F0911	Inventory Asset	1,000	.
Creates a journal entry	DM - 4350		Purchase Tax Accrual (asset)	30	.
	DM - 4320		Received Not Vouchered		.
	DM - 4355		Received Not Vouchered Tax		1,000
					30
Voucher Match (P4314)	.	F0411	Taxable (1,000)	.	.
Creates a voucher	.	.	Tax (100)	.	.
	.	F0911	Gross (1,070)	.	.
	DM - 4320		Received Not Vouchered	1,000	.
	DM - 4355		Received Not Vouchered	30	.
	DM - 4350		Received Not Vouchered	30	.
	DM - 4350		Tax Purchase Tax Accrual (asset)		30
			Purchase Tax Accrual (asset)		
Post General Ledger (R09801)	FIN - PTxxxx	F0911	VAT Recoverable Tax	70	.
Posts the voucher to the general ledger	FIN - PT		Use Tax Payable		30
	FIN - PC		AP Trade		1,070

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

2.1.12.2 Purchasing for Nonstock Items - Three-Way Voucher Match

When you purchase for a nonstock item, you can use either two-way or three-way voucher matching. When you use three-way voucher matching and enter the purchase order receipt, the system records the tax in the Received Not Vouchered Tax account, which is offset when the system creates the voucher. The system includes the VAT tax only in the gross amount of the voucher (not the use tax), but includes only the use tax in the expense distribution. The system records the tax in a separate account that is offset when you remit the tax to the tax authority.

Example: Purchasing for Nonstock Items - Three-Way Voucher Match

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Enter Receipts by PO (P4312)	. DM - 4320	F0911	Expense Account from PO line	1,030	.
Creates a journal entry	DM - 4355		Received Not Vouchered Received Not Vouchered Tax		1,000 30
Voucher Match (P4314)	.	F0411	Taxable (1,000) Tax (100)	.	.
Creates a voucher	.	F0911	Gross (1,070)	.	.
	DM - 4320		Received Not Vouchered	1,000	.
	DM - 4355		Received Not Vouchered	30	.
	DM - 4350		Tax Purchase Tax	30	.
	DM - 4350		Accrual (asset) Purchase Tax Accrual (asset)		. 30
Post General Ledger (R09801)	FIN - PTxxxx	F0911	VAT Recoverable Tax	70	.
Posts the voucher to the general ledger	FIN - PT FIN - PC		Use Tax Payable AP Trade		30 1,070

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

2.1.12.3 Purchasing for Nonstock Items - Two-Way Voucher Match

When you use two-way voucher matching, the system does not use the Received Not Vouchered accounts because you do not enter purchase order receipts; you enter the purchase order and create the voucher. The system includes the VAT tax only in the gross amount of the voucher (not the use tax), but includes only the use tax in the expense distribution. The system records the tax in a separate account that is offset when you remit the tax to the tax authority.

Example: Purchasing for Nonstock Items - Two-Way Voucher Match

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Voucher Match (P4314)	.	F0411	Taxable (1,000)	.	.
		.	Tax (100)	.	
Creates a voucher		F0911	Gross (1,070)	.	
			Expense Account from PO line	1,030	
Post General Ledger (R09801)	FIN - PTxxxx	F0911	VAT Recoverable Tax	70	.
	FIN - PT		Use Tax Payable		30
Posts the voucher to the general ledger	FIN - PC		AP Trade		1,070

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

2.1.13 VAT + Use Tax (B) - Voucher Entry

When you enter a voucher using tax explanation code B for VAT + use tax, the system calculates the use tax amount and includes it in the expense distribution. When you post the voucher, the system creates entries to the:

- Use Tax Payable account, which you offset when you pay the tax authority
- VAT Recoverable Tax account, which you offset when you receive payment from the tax authority

This example displays the AAI that the system uses and the tables and accounts that the system updates when you enter and post a voucher. The example is for a taxable amount of 1,000 USD with a 7 percent VAT and 3 percent use tax rate.

Example: Voucher Entry

Program	AAI*	Table	Accounts & Fields Updated	F0911 DR	F0911 CR
Standard Voucher Entry (P0411)	.	F0411	Taxable (1,000)	.	.
		.	Tax (100)	.	
Creates a voucher		F0911	Gross (1,070)	.	
			Expense	1,030	
Post General Ledger (R09801)	FIN - PT	F0911	Use Tax Payable	.	30
	FIN - PTxxxx		VAT Recoverable Tax	70	.
Posts the voucher to the general ledger	FIN - PC		AP Trade		1,070

* DM - AAI = Distribution/Manufacturing AAI (F4950); FIN - AAI = Financial AAI (F0012)

Note: If you use tax-on-tax calculations, which you specify in the tax rate/area by activating the Compound Tax field, the system uses this formula to calculate the tax amount:

$$(\text{Taxable} + \text{VAT}) \times \text{use tax rate} = \text{Tax}$$

$$(1,000 + 70) \times .03 = 32.10$$

2.1.14 Tax Exempt (E)

If you want to make a purchase or sales order line item or a voucher or invoice pay item, tax exempt, you use tax explanation code E. When you use tax explanation code E, the system maintains the tax explanation code and tax rate/area values, but removes the taxable and tax amounts from the voucher or invoice.

You must have the AAI for PT set up to enter tax-exempt purchase orders or vouchers. You must have the AAI for RT set up to enter tax-exempt sales orders or invoices.

If you set the processing option in the General Ledger Post Report program (R09801) to update the Taxes (F0018) table for all tax explanation codes, tax-exempt transactions are excluded.

Setting Up Tax Information

This chapter contains the following topics:

- Section 3.1, "Common Fields Used in This Chapter"
- Section 3.2, "Setting Up Tax Authorities"
- Section 3.3, "Setting Up Tax UDCs"
- Section 3.4, "Setting Up Tax Rules by Company"
- Section 3.5, "Setting Up AAIs for Taxes"
- Section 3.6, "Setting Up Tax Rate Areas"
- Section 3.7, "Setting Up Default Tax Information"
- Section 3.8, "Assigning Tax Information to General Ledger Accounts"
- Section 3.9, "Setting Up the Tax Constant by Company"

Note: Additional country-specific setup for tax processing exists for many countries.

See Also:

- "Setting Up the System for Argentinian Taxes" in the *JD Edwards EnterpriseOne Applications Localizations for Argentina Implementation Guide*.
- "Setting Up Australian Goods and Services Tax" in the *JD Edwards EnterpriseOne Applications Localizations for Australia and Singapore Implementation Guide*.
- "Setting Up the System for Brazilian Taxes" in the *JD Edwards EnterpriseOne Applications Localizations for Brazil Implementation Guide*.
- "Working With VAT in Mexico" in the *JD Edwards EnterpriseOne Applications Localizations for Mexico Implementation Guide*.
- "Setting Up Tax Rate Areas for Ecuador" in the *JD Edwards EnterpriseOne Applications Localizations for Ecuador Implementation Guide*.
- "Setting Up VAT for China" in the *JD Edwards EnterpriseOne Applications Localizations for China Implementation Guide*.
- "Setting Up Tax Rate Areas for Belgium" in the *JD Edwards EnterpriseOne Applications Localizations for Belgium Implementation Guide*.
- "Setting Up the System for Colombian Taxes" in the *JD Edwards EnterpriseOne Applications Localizations for Colombia Implementation Guide*.
- "Setting Up the System for VAT Reporting" in the *JD Edwards EnterpriseOne Applications Localizations for France Implementation Guide*.
- "Setting Up Register Types and Classes for Summary VAT" in the *JD Edwards EnterpriseOne Applications Localizations for Italy Implementation Guide*.
- "Establishing an Initial VAT Balance" in the *JD Edwards EnterpriseOne Applications Localizations for Italy Implementation Guide*.
- "Setting Up Your System to Process VAT in Russia" in the *JD Edwards EnterpriseOne Applications Localizations for Russia Implementation Guide*.
- "Understanding Intracommunity VAT" in the *JD Edwards EnterpriseOne Applications Localizations for European Reporting and SEPA Processing Implementation Guide*.

3.1 Common Fields Used in This Chapter

Company

Enter a code that identifies a specific organization, fund, or other reporting entity. The company code must already exist in the F0010 table and must identify a reporting entity that has a complete balance sheet. At this level, you can have intercompany transactions.

Note: You can use company 00000 for default values such as dates and automatic accounting instructions. You cannot use company 00000 for transaction entries.

Tax Rate/Area

Enter a code that identifies a tax or geographic area that has common tax rates and tax authorities. The system validates the code you enter against the F4008 table. The system uses the tax rate/area in conjunction with the tax explanation code and tax rules to calculate tax and GL distribution amounts when you create an invoice or voucher.

Effective Date

Enter the date when a transaction, contract, obligation, preference, or policy rule becomes effective.

Expiration Date

Enter the date when a transaction, contract, obligation, preference, or policy rule ceases to be in effect.

Item Number

Enter a number that the system assigns to an item. It can be in short, long, or third item number format.

The number of the item or item grouping to which the tax applies.

Values for item groupings are 3 through 8. If you specify a value for an item grouping, you must ensure that the processing option to validate item numbers, which appears on the Edit tab, is set to 0 (off). If this processing option is not set correctly, the system attempts to validate the item grouping number as an actual item number.

Document Type

Enter a user-defined code (00/DT) that identifies the origin and purpose of the transaction. The system reserves several prefixes for document types, such as vouchers, invoices, receipts, and time sheets.

3.2 Setting Up Tax Authorities

Tax authorities are government agencies that assess and collect taxes. For tracking and reporting purposes, the organization must set up an address book record for each tax authority to which it remits taxes. If you want, you can set up a user-defined code for a new search type, such as TAX, in UDC (01/ST) that you can assign to tax authority address book records to differentiate them from other address book records.

Note: Ensure that the self-service processing option is *not* activated for the Address Book program (P01012) using the Tax Authorities option on the Tax Processing and Reporting menu (G0021); otherwise, you cannot add new tax authorities (address book records).

See Also:

- "Entering Address Book Records" in the *JD Edwards EnterpriseOne Applications Address Book Implementation Guide*.

3.3 Setting Up Tax UDCs

Many fields throughout JD Edwards EnterpriseOne software accept only user-defined codes. You can customize the system by setting up user-defined codes that meet the specific needs of the business environment.

Note: The setup for many countries for which JD Edwards EnterpriseOne software processes taxes requires that you enter values for country-specific UDCs. Refer to the JD Edwards EnterpriseOne Localizations implementation guide for each country for information about country-specific UDC tables.

3.3.1 Tax ID Validation (70/TI)

To validate tax identification numbers that you set up in the JD Edwards EnterpriseOne Address Book system according to the country in which it is used, you must set up the country codes in UDC 70/TI.

This table displays examples of country codes set up in UDC 70/TI:

Codes	Description 01	Description 02	Special Handling
.	Default Country	US	1
AU	Austria	AU	1
AUS	Austria	AU	1
BE	Belgium	BE	1
BEL	Belgium	BE	1
DE	Germany	DE	1
DEU	Germany	DE	1

To activate tax ID validation for a specific country code, enter **1** in the Special Handling field for that country code. To disable tax ID validation for a specific country code, remove the **1** from the Special Handling field.

To activate tax ID validation for a country code that is not listed in UDC table (70/TI) or to change the meaning of an existing country code, complete the fields as:

- Enter the country code in the Codes field.
The country code must also be set up in the Country Codes (00/CN) UDC table.
- Enter the standard two-digit ISO code for that country in the Description 02 field.
The two-digit ISO code is required in the Description 02 field to cross-reference the new country code with the country code that is hard-coded in the system.
For example, if you use DE for Denmark, enter DN (the two-digit ISO code for Denmark) in the Description 02 field for the DE country code. The system then validates tax IDs that are entered with the country code DE according to Danish, not German, specifications.

- Enter **1** in the Special Handling field.

To activate tax ID validation for the default (blank) country code, complete the fields as described, but leave the Codes field blank.

For example, if you use a blank country code to mean Denmark, enter DN (the two (2) digit ISO code for Denmark) in the Description 02 field for the blank country code.

3.4 Setting Up Tax Rules by Company

This section provides an overview of tax rules and discusses how to set up tax rules by company.

3.4.1 Understanding Tax Rules by Company

You set up tax rules so that the system can calculate any applicable taxes when you enter transactions with taxes. Use the Tax Rules (P0022) program to define tax rules differently by company and by system. The system uses these rules to:

- Establish tolerance limits on changes that you make to the tax amount when you use VAT tax explanation codes (V, C, and B).
- Display a warning message (or reject a transaction) whenever you enter a tax amount that differs from the system-calculated tax.
- Determine whether transaction amounts should be calculated on the gross amount or the gross amount less the discount amount.
- Determine whether discount amounts should be calculated on the gross amount (including tax) or the net amount (excluding tax).
- Determine whether taxes are calculated for sales orders at the order or detail level.
- Allow taxes to be understated.

Note: If you do not set up rules for a specific company, the system uses the rules that you define for company 00000. If you do not set up rules for company 00000, the system uses only these default rules:

Tolerance limits are set to zero.

The system calculates tax on gross including discount.

When you set up tax rules for the JD Edwards EnterpriseOne Accounts Payable system, you also set up rules for the JD Edwards EnterpriseOne Procurement system. When you set up tax rules for the JD Edwards EnterpriseOne Accounts Receivable system, you also set up rules for the JD Edwards EnterpriseOne Sales Order Management system.

The tax rules that you set up for the system consist of tolerance ranges and calculation rules. Not all of the tax rules apply to all systems.

3.4.1.1 Tolerance Rules

Tolerance rules specify the amount of variance that can exist between the amount of tax that you enter for a transaction and the tax amount that the system calculates. When you enter a tax amount that differs from the system-calculated tax amount, the system automatically issues a warning message for all tax types except VAT.

For VAT taxes, the system uses the tolerance rules that you set up to determine when to issue a warning or error message. The system does not issue a warning message until the difference between the tax amount that you enter and the tax amount that they system calculates exceeds the tolerance limit established for a warning. By setting up tolerance information, you control the type of message that the system issues.

Tolerance rules:

- Apply to both understated and overstated amounts.
- Apply only to VAT taxes and can be defined as either a percentage or amount.
For accounts receivable, the tolerance rules that you define do not apply to VAT taxes unless you also activate the option to understate taxes.

For example, you might specify a tax rule with a tolerance range by amounts as:

- Tolerance amount for warning is 2.
- Tolerance amount for error is 10.

To determine the tax amount, the system multiplies the taxable amount by the tax rate. If the taxable amount for a transaction is 1000 and the tax rate is 10 percent, the system calculates a tax amount of 100. Based on the tolerance range, the system determines the range for warning or error as:

Tolerance Range	Calculation
Range for warning	<p>Tolerance amount for warning is 2:</p> <ul style="list-style-type: none"> ■ $100 + 2 = 102$ ■ $100 - 2 = 98$ <p>The system issues a warning message if the tax amount that you enter is greater than 102 or less than 98 (that is, outside of the tolerance range of 98 to 102).</p> <p>Note: If you enter a tax amount of 98.01 or 101.99, the system does not issue a warning message. The amount is within the acceptable tolerance range.</p>
Range for error	<p>Tolerance amount for error is 10:</p> <ul style="list-style-type: none"> ■ $100 + 10 = 110$ ■ $100 - 10 = 90$ <p>The system issues an error message if the tax amount that you enter is greater than 110 or less than 90 (that is, outside of the tolerance range of 90 to 110).</p> <p>Note: If you enter a tax amount of 109.99 or 90.01, the system does not issue an error message.</p>

3.4.1.2 Calculation Rules for Discount and Tax Amounts

When you enter transactions with discounts and taxes, you must specify how you want the system to calculate the discount and tax amounts. Calculation rules specify which method to use for calculating discount and tax amounts when both are specified. The rules control how the system validates the correct tax amount, based on the total amount transaction.

Calculation rules are not displayed if you select the JD Edwards EnterpriseOne General Accounting system.

3.4.1.3 Examples: Calculation Rules for Taxes

The system calculates gross and discount amounts using the tax rules that you set up. Each of these examples uses a different combination of rules to calculate:

- Tax on gross including or excluding the discount amount
- Discount on gross including or excluding the tax amount

The examples use these amounts:

- Taxable amount: 1,000
- Gross amount: Varies
- Tax rate: 10 percent
- Tax amount: 100
- Discount: 1 percent

3.4.1.4 Example 1

This table displays how the system calculates the discount, gross, and taxable amounts when the options Calculate Tax on Gross (Including Discount) and Calculate Discount on Gross (Including Tax) are activated.

Formula	Calculation
Discount Formula	$(\text{Taxable Amount} + \text{Tax Amount}) \times \text{Discount Percent} = \text{Discount Available}$ $(1,000 + 100) \times 0.01 = 11.00$
Gross Formula	$\text{Taxable Amount} + \text{Tax Amount} = \text{Gross Amount}$ $1,000 + 100 = 1,100$
Taxable Formula	$\text{Gross Amount} / (1 + \text{Tax Rate}) = \text{Taxable Amount}$ $1,100 / 1.1 = 1,000$

3.4.1.5 Example 2

This table displays how the system calculates the discount, gross, and taxable amounts when the options Calculate Tax on Gross (Including Discount) and Calculate Discount on Gross (Excluding Tax) are activated.

Formula	Calculation
Discount Formula	$\text{Taxable Amount} \times \text{Discount Percent} = \text{Discount Available}$ $1,000 \times 0.01 = 10.00$
Gross Formula	$\text{Taxable Amount} + \text{Tax Amount} = \text{Gross Amount}$ $1,000 + 100 = 1,100$
Taxable Formula	$\text{Gross Amount} / (1 + \text{Tax Rate}) = \text{Taxable Amount}$ $1,100 / 1.1 = 1,000$

3.4.1.6 Example 3

This table displays how the system calculates the discount, gross, and taxable amounts when the options Calculate Tax on Gross (Excluding Discount) and Calculate Discount on Gross (Including Tax) are activated.

Formula	Calculation
Discount Formula	$(\text{Tax Amount} / [(1 - \text{Discount Percent}) \times \text{Tax Rate}] + \text{Tax Amount}) \times \text{Discount Percent} = \text{Discount Available}$ $(100 / [(1 - 0.01) \times 1] + 100) \times 0.01 = 11.10$

Formula	Calculation
Gross Formula	Taxable Amount + Tax Amount + Discount Amount = Gross Amount 1,000 + 100 + 11.10 = 1,111.10
Taxable Formula	Gross Amount - Tax Amount - Discount Amount = Taxable Amount 1,111.10 - 100 - 11.10 = 1,000

3.4.1.7 Example 4

This table displays how the system calculates the discount, gross, and taxable amounts when the options Calculate Tax on Gross (Excluding Discount) and Calculate Discount on Gross (Excluding Tax) are activated.

Formula	Calculation
Discount Formula	(Taxable Amount x Discount Percent) / (1 - Discount Percent) = Discount Available (1,000 x .01) / (1 - .01) = 10.10
Gross Formula	Taxable Amount + Tax Amount + Discount Amount = Gross Amount 1,000 + 100 + 10.10 = 1,110.10
Taxable Formula	Gross Amount - Tax Amount - Discount Amount = Taxable Amount 1,110.10 - 100 - 10.10 = 1,000

3.4.1.8 (GBR) Example 5

In Great Britain, you must set the options for the calculation rules as:

- Tax on Gross (Including Discount) - Off
- Discount on Gross (Including Tax) - Off

The system calculates the discount and gross amounts as:

Formula	Calculation
Discount Formula	(Taxable Amount x Discount Rate Percent) / ((1 - Discount Rate Percent) x Tax Rate) (1,000 x .01) / ((1 - .01) x .10) = 10.10
Gross Formula	Taxable Amount + Tax + Discount 1,000 + 100 + 10.10 = 1,110.10

3.4.1.9 (DEU) Example 6

In Germany, you must set the options for the calculation rules as:

- Tax on Gross (Including Discount) - On
- Discount on Gross (Including Tax) - On

The system calculates the discount and gross amounts as:

Formula	Calculation
Discount Formula	(Taxable Amount + Tax Amount) x (Discount Rate Percent) = Discount Available (1,000 + 100) x .01 = 11.00

Formula	Calculation
Gross Formula	Taxable Amount + Tax = 1,000 + 100 = 1,100

3.4.1.10 Edit Rules

You have only the option to understate tax amounts when you select the JD Edwards EnterpriseOne Accounts Receivable system.

The edit rules activate the tolerance rules for VAT for the JD Edwards EnterpriseOne Accounts Receivable system only. If you do not allow taxes to be understated, the tolerance rules that you set up apply to sales taxes only.

3.4.2 Forms Used to Set Up Tax Rules

Form Name	FormID	Navigation	Usage
Work With Tax Rules	W0022A	Tax Processing and Reporting (G00218), Tax Rules	Review and select tax rules by company.
Tax Rules Revisions	W0022B	Click Add on the Work With Tax Rules form.	Set up tax rules.

3.4.3 Setting Up Tax Rules

Access the Tax Rules Revisions form.

Company

Enter the company for which you define the tax rules. If you do not define rules for a specific company, the system uses the rules that you define for company 00000.

Tolerance Rate - Warn

Enter a number that specifies the maximum percent of change that you can make to the tax amount on an invoice, voucher, or journal entry before the system issues a warning message. For example, if you specify **5.00**, the system allows you to change the tax amount for a transaction by up to 5 percent without issuing a warning message. The system issues a warning message for changes to the tax amount when the percent of the change is between the percent specified in the Warning field and the percent specified in the Error field.

This system uses the tolerance limits only for tax explanation codes V, B, and C. For all other tax explanation codes, the system issues a warning regardless of the change.

You must select the option Allow Understatement of Tax Amt before the system allows you to understate the tax amounts on AR invoices by up to the percent specified.

Enter the percent as a whole number. For example, to specify 5 percent, enter **5.00** instead of **.05**.

(COL) Enter **1** for Colombian companies.

Tolerance Rate - Error

Enter a number that specifies the maximum percent of change that you can make to the tax amount on an invoice, voucher, or journal entry before the system issues an error message. For example, if you specify **10.00**, the system allows you to change the tax amount for a transaction by up to 10 percent. If the percent of the change exceeds the tolerance limit that you specified, the system does not allow the change. The system issues a warning message for changes to the tax amount when the percent of

the change is between the percent specified in the Warning field and the percent specified in the Error field.

The system uses the tolerance limits only for tax explanation codes V, B, and C. For all other tax explanation codes, the system issues a warning regardless of the change.

You must select the option Allow Understatement of Tax Amt before the system allows you to understate the tax amounts on AR invoices up to the percent specified.

Enter the percent as a whole number. For example, to specify 10 percent, enter **10.00** instead of **.1**.

(COL) Enter **0** for Colombian companies.

Amt (amount)

Specify whether the tolerance that you use to generate warning or error messages is based on a percent or an amount.

% (percent)

Specify whether the tolerance that you use to generate warning or error messages is based on a percent or an amount.

Tax on Gross Including Discount and Tax on Gross Excluding Discount

Select this option to calculate the tax amount based on the gross amount, including the discount.

(COL) Select the Tax on Gross Including Discount option.

Discount on Gross Including Tax

Select this option to specify whether the system calculates the discount based on the gross amount, including the tax amount.

Sales Order Taxes at Order Level

Select this option to specify whether the system calculates taxes and performs rounding for sales orders at the detail level or the order level.

The system calculates taxes at the detail level. The system calculates the tax on each detail line item, and then sums the detail line items for the order.

The system displays this field only when you select the option for AR.

Allow Understatement of Tax Amt

Select this option to specify whether you can override the tax amount on an AR invoice to be less than the system-calculated tax amount. The system displays this field only when you select the option for AR. This option applies to tax explanation codes V and B only, and the amount of the understatement must be within the defined tolerance limits.

The system does not allow you to understate the tax amount. The system generates an error.

Note: If you use tax explanation code S, the system allows you to understate the tax amount if it is within the defined tolerance limits, regardless of the setting of this option.

3.5 Setting Up AAls for Taxes

This section provides overviews of setting up AAls for taxes, including financial AAls and distribution AAls.

3.5.1 Understanding AAls for Taxes

If you are required to collect or pay taxes, you must set up the system so that the tax amounts are applied to the correct general ledger accounts. The system applies tax amounts automatically to the account that you specify in an Automatic Accounting Instruction (AAI).

When you set up AAls for a specific type of tax, such as VAT, specify which accounts you want the system to debit and credit for the tax amount. If you pay taxes in multiple currencies, you need to set up tax AAls for each company.

The financial systems within JD Edwards EnterpriseOne software (JD Edwards EnterpriseOne Accounts Payable, JD Edwards EnterpriseOne Accounts Receivable, and JD Edwards EnterpriseOne General Accounting) use different AAls than the distribution systems within JD Edwards EnterpriseOne software (JD Edwards EnterpriseOne Sales Order Management and JD Edwards EnterpriseOne Procurement).

See Also:

- "Setting Up Automatic Accounting Instructions" in the *JD Edwards EnterpriseOne Applications Financial Management Fundamentals Implementation Guide*.
- "Setting Up AAls for Sales Order Management" in the *JD Edwards EnterpriseOne Applications Sales Order Management Implementation Guide*.

3.5.2 Understanding Financial AAls for Taxes

You can enter taxes on invoices, vouchers, journal entries, purchase orders, and sales orders. If you enter VAT or Use taxes, you must set up an AAI to debit or credit the appropriate tax account for each of these systems:

- JD Edwards EnterpriseOne Accounts Payable
- JD Edwards EnterpriseOne Accounts Receivable
- JD Edwards EnterpriseOne General Accounting
- JD Edwards EnterpriseOne Procurement
- JD Edwards EnterpriseOne Sales Order Management

You use the Automatic Accounting Instructions (P0012) program to set up AAls.

Country-specific setup for AAls for taxes exists for Argentina, Brazil, Chile, Peru, and Russia.

See "Setting Up AAls for Argentina" in the *JD Edwards EnterpriseOne Applications Localizations for Argentina Implementation Guide*.

See "Setting Up AAls for Chile" in the *JD Edwards EnterpriseOne Applications Localizations for Chile Implementation Guide*.

See "Setting Up AAls for Peru" in the *JD Edwards EnterpriseOne Applications Localizations for Peru Implementation Guide*.

See "Setting Up AAls for Tax Processing for Brazil" in the *JD Edwards EnterpriseOne Applications Localizations for Brazil Implementation Guide*.

See "Setting Up AAls for Russian Taxes" in the *JD Edwards EnterpriseOne Applications Localizations for Russia Implementation Guide*.

3.5.2.1 AAI Hierarchy

You can set up the AAI for each company or for company 00000 only. If you do not set up company-specific AAIs, the system uses the AAI that is set up for company 00000. If you do not use a GL offset, the system uses the account associated with the AAI item (PT, RT, GT) only.

If a tax rate area has a GL offset specified, you must set up an AAI with the same GL offset. If the system does not find the PTxxxx, RTxxxx, or GTxxxx, where xxxx is the GL offset specified in the tax rate area, the system returns an error message when you attempt to process the transactions.

You must specify a business unit and object account when you set up tax AAIs for the JD Edwards EnterpriseOne Accounts Payable and JD Edwards EnterpriseOne Accounts Receivable systems. The subsidiary field is optional. For the JD Edwards EnterpriseOne General Accounting system, if you do not specify a business unit for the tax AAI, the system uses the business unit from the account entered on the journal entry.

This table displays the hierarchy that the system uses to determine the account to which tax amounts are posted.

Hierarchy	Company	JD Edwards EnterpriseOne Accounts Payable	JD Edwards EnterpriseOne Accounts Receivable	JD Edwards EnterpriseOne General Accounting
1	Company specific	PT + GL Offset	RT + GL Offset	GT + GL Offset
2	Company 00000	PT + GL Offset	RT + GL Offset	GT + GL Offset

3.5.2.2 VAT Tax AAIs for the JD Edwards EnterpriseOne Accounts Payable, JD Edwards EnterpriseOne Accounts Receivable, and JD Edwards EnterpriseOne General Accounting Systems (PTxxxx, RTxxxx, GTxxxx)

When you post a transaction that has VAT taxes, the system uses an AAI to locate the general ledger account to use to post the tax amount. Because you might require different accounts for different tax authorities, you can specify a GL offset value for each tax authority that you set up in the tax rate/area, and then set up a corresponding AAI that includes that value. The GL offset can be up to four characters in length and it follows the AAI item. Examples are PTVATA, RTVATB, and GTTXX. Specifying a value in the GL Offset field enables you to direct VAT tax amounts to different accounts by offset (or tax authority) for each company and differentiates VAT tax accounts from use tax accounts in the JD Edwards EnterpriseOne Accounts Payable system.

Note: The system uses the GTxxxx AAIs when the journal entry with VAT transaction is entered, not when it is posted.

3.5.2.3 VAT Tax AAIs for JD Edwards EnterpriseOne Procurement (PTVATD)

The JD Edwards EnterpriseOne Procurement system uses the same AAI item as the JD Edwards EnterpriseOne Accounts Payable system (PT), except when you have a purchase order with retainage and you defer VAT. In this case, when you match the voucher to the receipt using the Voucher Match program (P4314), the system uses the AAI item PTVATD to locate the account for the deferred VAT. The system uses this AAI only when:

- The processing option (Retainage tab) for the Voucher Match program (P4314) is set to apply tax to the retained amount.
- You use a tax type of **C** or **V**.

When you release retainage, this AAI reverses debits and credits with the VAT Payables (PCVATP) AAI.

If you do not set up this AAI, the system returns an error.

3.5.2.4 Use Tax AAI (PT) - JD Edwards EnterpriseOne Accounts Payable and JD Edwards EnterpriseOne Procurement Systems

Use taxes (tax explanation code **U** and **B**) do not use a GL offset to specify a tax account; the system always uses PT (blank). You can set up the AAI for each company or for company 00000 only. If you do not set up company-specific AAIs, the system uses the AAI set up for company 00000.

Unlike VAT taxes, you can specify use tax accounts by tax rate/area. Instead of using multiple AAIs to specify different tax accounts, you set up different tax accounts for each tax rate/area by defining the subsidiary portion of the account as the tax rate/area. For example, if the tax account were 1.4433 and the tax rate/area were ONT (for Ontario), you would set up **1.4433.ONT** in the F0901 table. Thus, you would have a unique account number for each tax rate/area.

When you set up the AAI for PT, you do not specify a subsidiary account; you specify the business unit and object account only. The system ignores the subsidiary account if one exists. When you post the voucher, the system looks for the account number specified in the AAI in conjunction with the tax rate/area specified on the voucher. If the account number exists, the system uses it. If the account number, including the tax rate/area, does not exist, the system uses the account number. For example, if you set up PT for **1.4433** and enter tax rate/area **DEN** on the voucher, the system searches for 1.4433.DEN. If the system cannot locate this account number, it uses 1.4433.

3.5.3 Understanding Distribution AAIs for Taxes

Transactions in the JD Edwards EnterpriseOne Sales Order Management and JD Edwards EnterpriseOne Procurement systems use both distribution and financial AAIs. The distribution AAIs are set up in multiple tables, each of which applies to a certain type of transaction. Not all transactions with taxes use the distribution AAIs. you use the Distribution AAIs (P40950) program to set up AAIs for the distribution systems.

This table displays the distribution AAI tables that you must set up to enter purchase orders and sales orders with taxes for the specified tax explanation code. Any other tax explanation codes that you enter on the order revert to the financial AAIs (RT, PT, GT).

System	AAI Table	Description	Tax Explanation Code	Transaction Type
JD Edwards EnterpriseOne Sales Order Management	4250	Tax liability	S	.
JD Edwards EnterpriseOne Procurement	4350	Purchase tax accrual	S	3-Way Match (Inventory)
JD Edwards EnterpriseOne Procurement	4350	Purchase tax accrual	U	3-Way Match (Inventory)

System	AAI Table	Description	Tax Explanation Code	Transaction Type
JD Edwards EnterpriseOne Procurement	4355	Received not vouchered tax	S	3-Way Match (Inventory) 3-Way Match (Non-Inventory)
JD Edwards EnterpriseOne Procurement	4355	Received not vouchered tax	U	3-Way Match (Inventory) 3-Way Match (Non-Inventory)

Note: The system also uses the distribution AAls for tax explanation codes B and C for the sales and use portion of the tax amount.

Each AAI table enables you to set up different general ledger accounts based on the company, document type, and GL category code (offset) that you enter. You enter the same value in the GL Cat field (data item GLPT) for the AAI that you have set up in the GL Offset field in the tax rate/areas. For example, if you had a tax rate/area set up for CO that includes a GL offset **TXTX**, and you had another tax rate/area ONT that includes a GL offset **TXTY**, you would set up two distribution AAls. This example illustrates how the distribution AAls correlate to the tax rate/area.

3.5.3.1 Tax Rate Area Setup

This table describes the Tax Rate Area, GL Offset, and Tax Rate.

Tax Rate Area	GL Offset	Tax Rate
CO	TXTX	7.3
ONT	TXTY	5.0

3.5.3.2 Distribution AAI Set Up

This table describes the Distribution AAI Set Up for AAI Table 4250.

Company	Document Type	GL Cat	Branch/Plant	Object	Subsidiary
00001	SD	TXTX	1	4551	.
00001	SD	TXTY	1	4552	.
00002	SO	TXTX	1	4553	.
00002	SO	TXTY	1	4554	.

Note: You can define a flexible account number for the AAI table 4250. The system searches for the account number in the F4096 based on the AAI table. If the AAI table is not defined to use flexible accounts, the system uses the account number that is set up in the 4095.

3.6 Setting Up Tax Rate Areas

This section provides overviews of tax rate areas and nonrecoverable VAT, lists prerequisites, and discusses how to:

- Set processing options for Tax Rate/ Areas (P4008).
- Set up tax rate/areas.

3.6.1 Understanding Tax Rate Areas

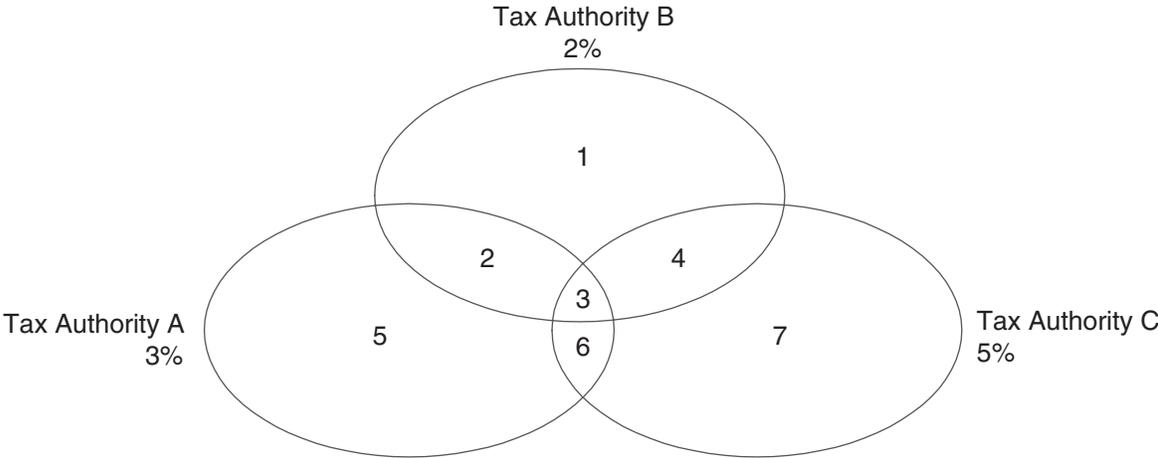
To calculate and track the different taxes that you pay to suppliers or for customers, you must set up tax rate areas. Each tax area is a physical, geographic area, such as a state, province, or county. Different tax authorities assess a variety of taxes for each geographic area. Additionally, each authority within a tax area can have a different tax rate.

When you set up tax rate areas, you must specify effective dates. The system does not check for duplicate tax rate and area information, which means that you can set up different tax rates and effective date ranges for the same tax rate and area. The system checks for overlapping effective date ranges. When an overlap exists, the system issues an error.

The Tax Rates/ Areas (P4008) program also provides features for special situations. For example, you can specify whether tax is calculated as tax-on-tax, whether a portion of the tax is nonrecoverable (available for input credits), and whether maximum unit cost is associated with a particular item.

This diagram illustrates how some tax areas could be organized:

Figure 3-1 Tax Rate Areas



The three circles represent three tax authorities. The seven numbered areas represent tax areas.

Notice that tax authority jurisdiction can overlap and that a tax area can be assessed taxes by one or more tax authorities. The tax rate for a tax authority does not vary from one tax area to another. Tax authority A assesses a 3 percent tax in tax areas 2, 3, 5, and 6.

For each tax area, however, the total tax burden can vary. It is the cumulative effect of multiple tax authorities for a single tax area that causes the tax burden to vary from one tax area to another. For example, the businesses located in tax area 5 must remit

tax to only one tax authority (Tax Authority A for 3 percent). Businesses in tax area 2 remit taxes to two tax authorities (Tax Authorities A for 3 percent and B for 2 percent), and businesses in tax area 3 remit taxes to all three tax authorities.

You can run a report to review all of the tax areas that are set up.

3.6.1.1 Tax Rate Areas for Items

You can specify tax information for an item or group of items. To specify tax information for an item, set the processing option to validate information against the Item Branch File (F4102) table and enter the item number in the tax rate/area.

To specify a tax rate for an item group, enter one of the valid options in the Sales Taxable Y/N field on the Item Branch/Plant Info. form in the Item Branch/Plant (P41026) program. Options 3 through 8 are for grouping items together based on the tax rate. You set up the tax rate by area for one of the options and then specify the option for like items on the Item Branch/Plant Info. form.

See "Setting Up a Base Pricing Structure" in the *JD Edwards EnterpriseOne Applications Sales Order Management Implementation Guide*.

3.6.1.2 Revising Tax Rate Areas

You can revise any of the information for the tax rate/area except the expiration date. If you need to extend the expiration date of a tax rates area, you must enter a new tax rate/area record.

3.6.2 Understanding Nonrecoverable VAT

When they sell their goods, most countries that pay VAT fully recover the amount of VAT that they paid. In other words, VAT paid in accounts payable is offset against any VAT collected in accounts receivable to reduce the amount owed to the government or, in some cases, to generate a tax rebate. Exceptions to this rule might include expenses such as meals and entertainment, which might be only 50 percent recoverable.

When you cannot recover all of the VAT that you pay, you must set up the tax rate area to indicate the percentage of tax that is nonrecoverable (or not available for credit). When you use the tax rate area in a transaction, the system credits the VAT account for the amount that can be recovered only. The system does not create a separate entry to an account for the nonrecoverable amount; however, it does store the amount in the Accounts Payable Ledger (F0411) and Customer Ledger (F03B11) tables.

The system only recognizes nonrecoverable VAT when using type explanation codes **V**, **B**, and **C**.

3.6.2.1 Example: Using Nonrecoverable VAT

When you set up a tax rate area that has nonrecoverable VAT, you enter the percent of the nonrecoverable tax on a separate line. Although the system requires a tax authority, it does not use the tax authority for reporting. When you specify a nonrecoverable percent, such as 50, the percent applies to the total tax on the tax rate area. However, if you set up the tax rate area for multiple tax authorities, the system applies the nonrecoverable tax to the first tax authority defined.

For example, this tax rate/area has two tax authorities specified, as well as a nonrecoverable percent.

Figure 3-2 Tax Rate/Area Revisions form

When you enter a voucher or invoice and use this tax rate area (ONT), the system will apply the entire 50 percent to the account associated with the GL Offset GST.

In this example, the AAIs associated with the tax rate area point to these accounts:

- 1.4444 for RTGST
- 1.4445 for RTPST

If you enter an invoice for a taxable amount of 1,000 USD, the system calculates the tax amount as 150 USD (1,000 x .15) and the gross amount as 1,150 (1,000 + 150). When you post the invoice, the system creates these entries:

Doc Type	Account	Account Description	Debit	Credit	Calculation
RI	3.5010	Store Sales	.	1,075	Taxable + (Tax x 50 percent)
AE	1.1210	AR Trade	1,150	.	Taxable + Tax
AE	1.4444	VAT Payable (GST)	5*	.	(1,000 x 7 percent) - 75 = - 5
AE	1.4445	VAT Payable (PST)	.	80	1,000 x 8 percent = 80

*Normally, the entry to VAT Payable is a credit, but because the system calculates a - 5 (credit), it debits the account.

3.6.3 Prerequisites

Before you complete the tasks in this section:

- Set up the tax authorities in the address book.
- Set up the necessary tax AAls.

3.6.4 Forms Used to Set Up Tax Rate Areas

Form Name	FormID	Navigation	Usage
Work With Tax Rate/ Areas	W4008A	Tax Processing and Reporting (G0021), Tax Rate/Areas.	Review and select tax rate/area records.
Tax Rate/Area Revisions	W4008B	Click Add on the Work With Tax Rate/Areas form.	Add and revise tax rate/area information.

3.6.5 Setting Processing Options for Tax Rate/Areas (P4008)

Processing options enable you to specify the default processing for programs and reports.

3.6.5.1 Display

1. Item Number and Maximum Unit Cost

Specify a value to either display or hide the Item Number and Maximum Unit Cost fields. Values are:

1: Display

0: Hide

3.6.5.2 Edits

1. Validate Item Numbers

Specify a value to validate Item Numbers. Values are:

1: Validate

0: Do not validate

3.6.6 Setting Up Tax Rate Areas

Access the Tax Rate/Area Revisions form.

Tax Rate/Area

Enter a code that identifies a tax or geographic area that has common tax rates and tax authorities. The system validates the code you enter against the F4008 table. The system uses the tax rate/area in conjunction with the tax explanation code and tax rules to calculate tax and GL distribution amounts when you create an invoice or voucher.

Effective Date and Expiration Date

Enter the date when a transaction, contract, obligation, preference, or policy rule becomes effective, or ceases to be in effect.

Tax Auth 1 (tax authority 1)

Enter the address book number of the tax agency that has jurisdiction in the tax area. You pay and report sales, use, or VAT taxes to this agency. Examples include states,

counties, cities, transportation districts, provinces, and so on. You can specify up to five tax authorities for a single tax area.

GL Offset (general ledger offset)

Enter a code that indicates how to locate the tax account for general ledger entries.

This field points to automatic accounting instructions (AAIs) that, in turn, point to the tax account. Examples are:

PTyyyy - for AP (VAT only)

RTyyyy - for AR (VAT only)

GTyyyy - for GL (VAT only)

4320 - for Sales Orders

4400 and 4410 - for Purchase Orders

When setting up VAT and Canadian GST, PTyyyy, RTyyyy, and GTyyyy are the only valid values. For the AP system, a second GL Offset (PT_ _ _ _) is required when the tax setup involves VAT plus use taxes (tax explanation code B). Use AAI PT_ _ _ _ to designate the use tax portion of the setup.

Only tax explanation code V uses the GL Offset for the 2nd and subsequent tax authorities. The system ignores the field for all other tax explanation codes.

For sales taxes, the JD Edwards EnterpriseOne Accounts Payable and JD Edwards EnterpriseOne Accounts Receivable systems ignore the values in this field. However, the JD Edwards EnterpriseOne Sales Order Management and JD Edwards EnterpriseOne Procurement systems require values in this field.

Tax Rate

Enter a number that identifies the percentage of tax that should be assessed or paid to the corresponding tax authority, based on the tax area.

Enter the percentage as a whole number and not as the decimal equivalent. For example, to specify 7 percent, enter 7, not .07.

If you use tax explanation codes **B** (VAT + Use) or **C** (VAT + sales), you must enter the VAT tax authority and tax rate on the first line of the tax rate/area. The nonrecoverable percent applies to the first tax rate only when using tax explanation codes C and B. For other tax explanation codes, the system multiplies the nonrecoverable percent by the total tax, but applies it to the first tax authority only.

For Canadian taxes, always specify on the first line the tax authority and tax rate for the GST portion of the tax.

Compound Tax

Select this option that is used in Canada to specify whether to calculate PST tax after GST has been added to the product value.

The system calculates the PST before GST has been added to the product value.

For example, suppose that you have a tax area set up with 7 percent GST and 8 percent PST, and you select the option to calculate tax on tax. If you enter a voucher for a taxable amount of 1000 CAD, the system calculates the GST as 70 CAD, adds it to the taxable amount, and multiplies the PST by that result (1070 CAD). If you do not use compound taxes, the system calculates PST on the taxable amount only.

Note: This option is valid only for tax explanation codes that begin with the letters B and C. To calculate compound taxes for tax explanation code V, use tax explanation code V+.

This code is available only for the second tax authority (line 2 in the list on this form) and must identify a non-GST tax authority.

VAT Expense

Select this option that indicates the percent of VAT that is not recoverable. You enter the nonrecoverable percentage in the Tax Rate field to the left of this option.

Note: This option is valid only with tax explanation codes that begin with the letters C, B, and V.

This code is available only for the third, fourth, fifth tax authorities (lines 3 through 5).

Item Number

Enter a number that the system assigns to an item. It can be in short, long, or third item number format.

The number of the item or item grouping to which the tax applies.

Values for item groupings are 3 through 8. If you specify a value for an item grouping, you must ensure that the processing option to validate item numbers, which appears on the Edit tab, is set to 0 (off). If this processing option is not set correctly, the system attempts to validate the item grouping number as an actual item number.

Maximum Unit Cost

Enter a number that identifies the maximum amount that an item can be taxed. If the unit cost of an item is more than the amount that you specify in this field, the maximum unit cost becomes taxable.

Note: This field is used for processing sales and purchase orders only. This field is required for processing taxes in the state of Tennessee.

3.7 Setting Up Default Tax Information

This section provides an overview of the default values that you can set up for taxes and discusses how to:

- Set up default tax information for the business unit.
- Set up default tax information for the supplier record.
- Set up default tax information for the customer record.

3.7.1 Understanding Default Values for Taxes

When you enter transactions with taxes, you can enter the tax information on the transaction or set up default values that the system uses during the entry process. Default tax values include the tax rate area and tax explanation code, and can be set up in the customer or supplier record or in the business unit record (tax rate area only).

Regardless of whether you establish default values, you can override the tax information when you enter the transaction.

This table shows where the system retrieves the default tax rate area and tax explanation code from for each type of transaction that you enter:

Transaction Entered	Tax Rate Area Used	Tax Explanation Code Used
Purchase order	Supplier record	Supplier record The system uses tax defaults that you set up in the supplier record when you enter purchase orders. When you enter purchase orders, you use processing options to specify whether to retrieve the tax rate/area from the ship-to or supplier address book number. The system always uses the tax explanation code from the supplier record.
Sales order	Customer record (Ship-to address)	Customer record (Sold-to address) The system uses tax defaults that you set up in the customer record when you enter a sales order. When you enter direct ship, transfer orders, or sales orders with different sold-to or ship-to addresses, the system retrieves the tax rate/area from the ship-to address and the tax explanation code from the sold-to address.
Voucher	Business unit; then supplier record	Supplier record When you enter a voucher, the system uses the tax rate/area associated with the business unit, if one exists. If a tax rate/area is not set up for the business unit, the system uses the tax rate/area from the supplier record. The system uses the tax explanation code from the supplier record regardless of whether it uses the tax rate/area from the business unit.
Invoice	Business unit; then customer record	Customer record When you enter an invoice, the system uses the tax rate/area associated with the business unit, if one exists. If a tax rate/area is not set up for the business unit, the system uses the tax rate/area from the customer record. The system uses the tax explanation code from the customer record regardless of whether it uses the tax rate/area from the business unit.
Journal entry	None	None The system does not use default tax information when you enter a journal entry with VAT.

3.7.2 Forms Used to Set Up Default Tax Information for the Business Unit, Supplier, and Customer Records

Form Name	FormID	Navigation	Usage
Work With Business Units	W0006B	Organization & Account Setup (G09411), Review and Revise Business Units	Review and select business units by company.
Revise Business Unit	W0006A	On Work With Business Units, select a business unit record.	Add and revise default tax information, specifically the Tax Rate Area field, on the More Detail tab.

Form Name	FormID	Navigation	Usage
Work With Supplier Master	W04012D	Supplier & Voucher Entry (G0411), Supplier Master Information.	Review and select supplier records.
Supplier Master Revision	W04012A	On Work With Supplier Master, select a supplier record.	Add and revise default tax information, specifically the Tax Expl Code and Tax Rate/Area fields, on the Tax Information tab.
Work With Customer Master	W03013A	Customer Invoice Entry (G03B11), Customer Master Information.	Review and select customer records.
Customer Master Revision	W03013B	On Work With Customer Master, select a customer record.	Add and revise default tax information, specifically the Tax Expl Code and Tax Rate/Area fields, on the Tax Information tab.

3.8 Assigning Tax Information to General Ledger Accounts

This section provides an overview about tax information for general ledger accounts and discusses how to assign tax information to general ledger accounts.

3.8.1 Understanding Tax Information for General Ledger Accounts

If you track taxes by tax rate/area, you must specify that the general ledger account is taxable by selecting the Taxable Account option on the account. When you specify that an account is taxable, the system enables you to specify a default tax rate area to use. The system uses the tax rate area for the account on journal entries that are generated automatically or when the corresponding field is left blank on the distribution form of the voucher or invoice and you have specified to track taxes.

3.8.2 Forms Used to Assign Tax Information to General Ledger Accounts

Form Name	FormID	Navigation	Usage
Work With Accounts	W0901 H	Organization & Account Setup (G09411), Review and Revise Accounts.	Review and select object accounts by company.
Revise Single Account	W0901 A	On the Work With Accounts form, select an account. Select the More tab.	Add and revise tax information.

3.8.3 Assigning Tax Information to General Ledger Accounts

Access the Revise Single Account form.

3.8.3.1 More

Select the More tab.

Taxable Account

Select this option to specify whether an account is taxable. When the option is turned on, the account is taxable and the system updates the record in the F0901 table with 1.

Default Tax Rate/Area

Enter a code that identifies a tax or geographic area that has common tax rates and tax authorities. The system validates the code you enter against the F4008 table. The system uses the tax rate/area in conjunction with the tax explanation code and tax rules to calculate tax and GL distribution amounts when you create an invoice or voucher.

If the account is taxable, you can specify a default tax rate/area for the system to use. The system uses this value only during voucher and invoice entry when the user specifies to track taxes for a general ledger account and does not enter a tax rate/area.

3.9 Setting Up the Tax Constant by Company

This section provides an overview of tax capture settings and discusses how to set the tax constant for companies.

3.9.1 Understanding Tax Capture Settings

If you track taxes by pay item and G/L account, use the Invoice and Voucher Company Tax Constants program (P00218) to specify whether the system balances G/L distribution entries with revenue or expense accounts by pay item and tax information (tax rate area, tax explanation code, and tax item number) based on the source transaction in the Customer Ledger table (F03B11) or Accounts Payable Ledger table (F0411).

Note: When you use the track taxes by pay item and G/L account method, the system uses tax information from the voucher or invoice record, not from the general ledger account.

You must select the tax constant for every company in which you want to track taxes by pay item and G/L account. When you set up the tax constant for a company, the system applies the functionality to all programs in which you enter account distribution for invoices and vouchers.

Note: Selecting the tax constant does not affect transactions that existed previously for a company.

The system stores the tax capture constant information in the Company Constants Tag Table (F0010T).

3.9.2 Forms Used to Set the Tax Constant by Company

Form Name	FormID	Navigation	Usage
Work with Invoice and Voucher Company Tax Constants	W00218A	Tax Setup (G00218), Invoice and Voucher Company Tax Constants	Review and select company records. Note: The system only displays AR companies that have the Offset Method constant set to S.
Edit Invoice and Voucher Company Tax Constant	W00218B	Click Add on the Work with Invoice and Voucher Company Tax Constants form.	Set the tax constant for companies.

3.9.3 Setting the Tax Constant by Company

Navigate to the Work with Invoice and Voucher Company Tax Constants form.

Figure 3–3 *Edit Invoice and Voucher Company Tax Constant form*

Balance GL Distribution by Pay Item and Tax

Select this check box to balance G/L distribution of revenue or expense accounts in the F0911 table by pay item and tax information with the source transaction in the F03B11 or F0411 tables.

Do not change this constant after it has been set.

3.10 Validating EU VAT ID Using VIES

This section provides an overview of the VAT Information Exchange System (VIES) to validate European Union (EU) value-added tax (VAT) IDs, lists prerequisite, and discusses how to:

- Set up the soft coding record for VIES validation.
- Set up a user-defined code (UDC) for EU VAT ID validation.
- Validate VAT IDs using VIES.
- Review VAT IDs validated by VIES.

3.10.1 Understanding the VIES to Validate EU VAT ID

To validate EU VAT identification numbers using the VIES system, you must activate the VIES validation in the 74/VV UDC table. After you activate the VIES validation, the system automatically validates a new VAT identification number that you enter in the Tax field of the standard application, for example, Address Book, Supplier Master, or Customer Master. You enter the VAT identification number by prefixing the country code of the country issuing the VAT number. For example, you enter the VAT ID 12345678981 issued by Italy as IT12345678981 into the Tax field. If an error occurs in the process, the system displays the error and does not save the address book record until you correct the error.

You can receive a consultation number from VIES for each VAT identification number that you validate if you provide a valid requestor's VAT identification number during validation. You use this consultation number to prove to a tax administrator of a

member country that you validated the VAT identification number and obtained a validation result.

The system fetches the requestor's VAT identification number from the address number of the business unit. If the system finds a valid VAT ID, it generates a consultation number along with the VAT ID validation result from VIES. If an error exists in the record, the system will report the error. If the system finds a blank value in the requestor's VAT ID field, it will not return a consultation number, but it will perform the validation. The system will update the Additional Address Book & Vat table (F74101) with successful VIES validation results.

You can review the VAT identification number for customers and suppliers that have been validated via VIES through the Review VAT ID Additional Information program (P74101).

This table lists and describes the warnings and errors that can occur during the validation process:

Warning/Error	Warning/Error Description
Invalid requestor VAT ID entered in the processing option	<p>The requestor VAT ID set up in the processing option is invalid.</p> <p>Resolution: Enter the correct VAT ID which belongs to a member state in the EU or leave the processing option blank.</p> <p>Note: If you leave the requestor's VAT ID in the processing option blank, the system will search the requestor's details from the business unit setup.</p>
Invalid requester details	<p>The provided requester VAT ID is invalid.</p> <p>Resolution: Check whether the country code and the tax ID are set up correctly for the business unit associated with the address number. Check the VIES Validation UDC table for the country code setup. You must enter the correct details or leave the field blank.</p> <p>Note: If you leave the requester details blank, VIES authorities will not generate a consultation number.</p>
Country code not equal to the VAT number prefix	<p>The first two characters of the VAT number (Tax ID) are not equal to the country code. This happens when the country code of the country that issued the VAT ID is different from the resident country that is set up in the mailing tab of the address book. For example, a customer's resident country entered in the mailing tab of the address book is FR for France, but the customer has the VAT Identification number IT12345678981 issued by Italy.</p> <p>Resolution: Correct the country code or the VAT number in the Address Book Revisions program.</p> <p>Note: If you bypass this, the system will use the country code that is prefixed with the VAT ID for validation.</p>

Warning/Error	Warning/Error Description
Invalid input	The provided country code is invalid or the tax ID field is empty. Resolution: Enter the correct country code and tax ID.
VIES web service unavailable	The VIES web service is unavailable at present. Resolution: Try again later.
Member state (country code) service unavailable	The member state service is unavailable at present. Resolution: Try again later or try with another VAT ID that belongs to a different member state.
VIES web service time out	The member state service could not be reached at the moment. Resolution: Try again later or try with another VAT ID that belongs to a different member state.
VIES server busy	The service cannot process your request. Resolution: Try again later.
Invalid tax ID	The tax ID entered is invalid. Resolution: Enter the correct tax ID and also verify that the country code is set up correctly in the Address Book Revisions program.
Requester details not found	The requester VAT ID is not set up. Resolution: Set up the country code and the tax ID of the business unit associated with the address number. Note. If you leave the requestor details blank, VIES authorities will not generate a consultation number.
Unknown error occurred	The tax ID entered cannot be validated because an unknown error occurred when trying to call the VIES web service. Resolution: Try again later.
Invalid blank tax ID	The tax ID cannot be left blank for the address number. Resolution: Enter the correct tax ID. If you don't know the tax ID, enter 0 in the Personal/Corporation Code field to override the VIES VAT ID validation.

Note: The system saves the country code of the country that issued the VAT ID in the F74101 table. This can be different from the country code set up in the address book mailing tab when the country code of the VAT ID issuing country is different from the resident country.

The system saves the VIES response in the F74101 table after a VAT ID is successfully validated. If you delete the address book number from the Address Book program, Supplier Master program, or Customer Master program, the system automatically deletes the related record from the F74101 table to maintain data integrity.

3.10.1.1 Validating the VAT ID for Italy Using VIES

The VIES system validates the tax ID or the additional tax ID for a customer whose country code entered in the address book is IT for Italy, based on the value in the Person/Corporation Code field (TAXC). You can enter 1, 2, 3, or blank in the Person/Corporation Code field and the system validates accordingly:

1. 2 or blank value as corporate entity
2. 1 as individual
3. 3 as both individual and corporate entity

For Italy, you can enter the 16 character personal identification number or the 11 digit VAT ID number in the Add'l Ind Tax ID field. You must not prefix the country code if you enter the 11 digit VAT ID number in the Add'l Ind Tax ID field.

3.10.1.2 Understanding Batch Validation

You can also select multiple customers or suppliers from the Address Book Master table (F0101) and perform a batch validation using the Validate VAT ID VIES program (R74101). You perform the batch validation in one of the three modes that you set in the processing option:

- **Validation Mode First Run:** If you select this mode, the system processes the records that you select in the F0101 table and saves the valid VAT identification numbers in the F74101 table. The system also generates a report listing the VAT identification numbers that are validated successfully through VIES. If the system finds an error in the process, it logs an error message in the work center with details about the address number and the error returned from VIES. The system also generates an exception report of the VAT IDs that did not validate successfully.
- **Validation Mode Re-Run (for existing records in the F74101 table):** If you select this mode, the system processes related records from the F0101 and F74101 tables according to the date range entered in the processing option. It also generates a report listing the VAT IDs that were validated successfully through VIES. If the system finds an error in the process, it logs an error message in the work center with details about the address number and the error returned from VIES. The system also generates an exception report of the VAT IDs that did not validate successfully.
- **Display Mode:** If you select this mode, the system displays records from the F74101 and F0101 tables. The system does not perform VIES validation in this mode.

Note: The Validation Mode First Run and the Validation Mode Re-Run modes validate only those records that have their country and tax identification number set up in the Address Book system and the corresponding country setup is complete in the VIES Validation UDC table (74/VV).

Note: After you activate the VIES Validation, you can override both the VIES validation and the existing JD Edwards EnterpriseOne validation by entering 0 (zero) in the Personal/Corporation Code field in the Address Book Revision program. In this case, the system will not perform a validation. You will still be able to enter a tax ID and save the address book record, but the F74101 table will not contain a related record.

3.10.2 Prerequisites

Before you perform the tasks in this document, you must:

- Set up the Object Configuration Manager (OCM) record for the user ID using the Object Configuration Manager (OCM) program (P986110) and version ZJDE0003. You set up the server and the port details of the BSSV (Business Services Server).
"Setting Up OCM for Business Functions Calling Business Services" in the *JD Edwards EnterpriseOne Tools Business Services Development Guide*.
- Set up the soft coding record for the soft coding keys J740102 and J740105 in the JD Edwards EnterpriseOne system before proceeding with the other tasks discussed in this document.
- Set up business service properties for J740105.

3.10.2.1 Understanding the Soft Coding Record for VIES Validation

The soft code records the endpoint or the location of the VIES web service. Use the Soft Coding Records program (P953000) to set up a soft code record. You base your soft coding record on a template that you configure using the Soft Coding Template program (P954000). Both of these applications store XML documents.

See "Working with Softcoding" in the *JD Edwards EnterpriseOne Tools Business Services Development Guide*.

3.10.2.2 Forms Used to Set Up Soft Coding Templates

Form Name	FormID	Navigation	Usage
Work With SoftCoding Templates	W95300 0A	Soft Coding Administration (GH9096), Soft Coding Template (P953000)	Locate and review existing templates or delete a template.
Add SoftCoding Template	W95300 0C	On Work with SoftCoding Templates, click Add.	Add a new template.

3.10.2.2.1 Adding a Soft Coding Template

Access the Add SoftCoding Template form.

Field	Description
Template Name	Enter a template name. You must use the JD Edwards EnterpriseOne standard for naming templates, which is E1_{BusinessService}, where BusinessService is the name of the business service; for example, E1_J740102.
Description	Enter a description to identify the purpose of the template.

Field	Description
SoftCoding Key	Enter J740102. This soft coding key identifies related templates and records to work with the VIES web service.
Value	Enter the following XML document: <pre><port-info> <wsdl-port namespaceURI="urn:ec.europa.eu:taxud:vies:services:checkVat" localpart="checkVatPort"/> <operations> <operation name="checkVat"/> <operation name="checkVatApprox"/> </operations> </port-info></pre>

3.10.2.3 Forms Used to Set Up Soft Coding Records

Access the Add Web Service Soft Coding Record form.

Form Name	FormID	Navigation	Usage
Work with Web Service Soft Coding Records	W954000A	Soft Coding Administration (GH9096), Soft Coding Records (P954000)	Locate and review existing records or delete a record.
Add Web Service Soft Coding Record	W954000B	On Work with Web Service Soft Coding Records, click Add.	Add a new record.

3.10.2.3.1 Adding a Soft Coding Record

Field	Description
User/Role	Enter your JD Edwards EnterpriseOne user ID and role, such as *Public.
Environment Name	Enter the name of the JD Edwards EnterpriseOne environment in which you are working.
Template Name	Enter a template name. You must use the JD Edwards EnterpriseOne standard for naming templates, which is E1_{BusinessService}, where BusinessService is the name of the business service, for example, E1_J740102.
Soft Coding Key	Enter one of the following values: <ul style="list-style-type: none"> ■ J740102. This soft coding key identifies related templates and records to work with the VIES web service. ■ J740105. This soft coding key is used to work with a web service proxy on a weblogic server instead of OAS without having to run migration tool.
Soft Coding Description	Enter a description to identify the soft coding record.

Field	Description
Soft Coding Value	<p>Enter the following XML document:</p> <p>In the case of J740102:</p> <pre><port-info> <wsdl-port namespaceURI="urn:ec.europa.eu:taxud:vies:services:checkVat" localpart="checkVatPort"/> <operations> <operation name="checkVat"/> <operation name="checkVatApprox"/> </operations> </port-info></pre> <p>The system populates the XML document when you click the Populate Soft Coding Value button that appears on the form when you enter a valid template name.</p> <p>In the case of J740105:</p> <pre><scwls> <endpoint>http://ec.europa.eu/taxation_ customs/vies/services/checkVatService</endpoint> </scwls></pre> <p>The link in bold should be the endpoint the user wants to connect to invoke the web service.</p>

3.10.3 Understanding Business Service Property Information

You can use the Business Service Property Program (P951000) to manage business service property information. With this program, you can add or delete business service properties, and you can modify the property value.

When you add a new business service property, you indicate whether it is a system-level or service-level business service property. Business service properties categorized at the system level are used by more than one business service. Business service properties categorized at the business service level are used by only one business service.

After you create a business service property, you cannot change the name, because this is the key that the business service uses to call the business service property. You can change the property value.

All business service properties are stored in the Business Service Property table (F951000). You can view system-level, business service-level, or all business service properties that are available in your login environment from the Work with the Business Service Properties form.

See Also:

- "Adding a Business Service Property" in the *JD Edwards EnterpriseOne Tools Object Management Workbench Guide*.

3.10.4 Forms Used to Manage Business Service Properties

Form Name	FormID	Navigation	Usage
Working with Business Service Properties	W951000F	From the System Administration Tools menu, select Business Service Property from the Business Service Property and Business Service Cross Reference Administration folder.	Find, modify, or delete business service properties.
Add BSSV Property	W951000C	From Work with Business Service Properties, click Add.	Create a new business service property or modify the value of an existing business service property.

3.10.5 Set Up the Business Service J740105

Access the Work with Business Service Properties form, select the business service property to be changed (**VIES_APP_SERVER_OAS_OR_WLS**), and then click Select.

Modify Business Service Property form

Key

A name that uniquely identifies the business service property. This name cannot be changed.

Value

The default value is *OAS*. You must change this value to *WLS* if the user has the BSSV deployed in a weblogic server.

Description

A phrase or sentence that identifies the purpose of the business service property.

Level

Select a way to group business service properties for viewing. Verify that this value is set to *SYSTEM*.

Group

A way to classify the business service property at the business service level.

3.10.6 Setting Up a UDC for EU VAT ID Validation

Before you validate VAT identification numbers for EU member countries, you must set up the VIES Validation UDC table (74/VV) to activate validation of VAT identification numbers in the VIES.

To set up the VIES Validation UDC table:

1. Enter the country code in the Codes field if that country code is not already set up in the Codes column. This code identifies the EU member country within the JD Edwards EnterpriseOne system.
2. Enter the name of the country in the Description 01 field. You can leave a country code field blank to set up a default country code. The country code should be the same as the country code set up in the 00/CN UDC table and can consist of three characters.

3. Enter the two-digit country code defined by the government in the Description 02 field. To set up a default country, leave the Country Code field blank and enter the two-digit country code in the Description 02 field. For example, if you want to use Denmark as the default country, enter DK (the two-digit government code for Denmark) in the Description 02 field.
4. Enter 1 in the Special Handling Code field for a country to activate VIES VAT identification number validation for that country.
5. Clear the 1 in the Special Handling Code field for a country to deactivate VIES VAT identification number validation for that country.

Examples of values are:

Codes	Description 01	Description 02	Special Handling
	Default Country	UK	1
AT	Austria	AT	1
AUT	Austria	AT	1
BE	Belgium	BE	1
BEL	Belgium	BE	1
DE	Germany	DE	0
DEU	Germany	DE	1

3.10.7 Setting Processing Options for the Validate VAT ID VIES Program (R74101)

Processing options enable you to set default processing values for programs and reports.

3.10.7.1 General Processing Options

Field	Description
Processing Mode	<p>Specify whether to run new records, rerun existing records, or just display the records. Values are:</p> <p>0: Display (Default). Display records from the F74101 and F0101 tables. The system does not perform VIES validation in this mode.</p> <p>1: First Run. Run address book records for the data selected in the F0101 table.</p> <p>2: Re-Run. Run records from the F74101 table based on the date range entered in the processing option.</p>
Start Date	<p>Specify the start date to select records for processing.</p> <p>Note. The start date is applicable only if you select processing mode 0 - Display (Default) or 2 - Re-Run.</p>
End Date	<p>Specify the start date to select records for processing.</p> <p>Note. The start date is applicable only if you select processing mode 0 - Display (Default) or 2 - Re-Run.</p>

Field	Description
Country code not equal to the VAT number prefix	<p>The first two characters of the VAT number (Tax ID) are not equal to the country code. This happens when the country code of the country that issued the VAT ID is different from the resident country that is set up in the mailing tab of the address book. For example, a customer's resident country entered in the mailing tab of the address book is FR for France, but the customer has the VAT Identification number IT12345678981 issued by Italy.</p> <p>Resolution: Correct the country code or the VAT number in the Address Book Revisions program.</p> <p>Note. If you bypass this, the system will use the country code that is prefixed with the VAT ID for validation.</p>
Invalid input	<p>The provided country code is invalid or the tax ID field is empty.</p> <p>Resolution: Enter the correct country code and tax ID.</p>
VIES web service unavailable	<p>The VIES web service is unavailable at present.</p> <p>Resolution: Try again later.</p>
Member state (country code) service unavailable	<p>The member state service is unavailable at present.</p> <p>Resolution: Try again later or try with another VAT ID that belongs to a different member state.</p>
VIES web service time out	<p>The member state service could not be reached at the moment.</p> <p>Resolution: Try again later or try with another VAT ID that belongs to a different member state.</p>
VIES server busy	<p>The service cannot process your request.</p> <p>Resolution: Try again later.</p>
Invalid tax ID	<p>The tax ID entered is invalid.</p> <p>Resolution: Enter the correct tax ID and also verify that the country code is set up correctly in the Address Book Revisions program.</p>
Requester details not found	<p>The requester VAT ID is not set up.</p> <p>Resolution: Set up the country code and the tax ID of the business unit associated with the address number.</p> <p>Note. If you leave the requestor details blank, VIES authorities will not generate a consultation number.</p>
Unknown error occurred	<p>The tax ID entered cannot be validated because an unknown error occurred when trying to call the VIES web service.</p> <p>Resolution: Try again later.</p>

Field	Description
Invalid blank tax ID	<p>The tax ID cannot be left blank for the address number.</p> <p>Resolution: Enter the correct tax ID.</p> <p>If you don't know the tax ID, enter 0 in the Personal/Corporation Code field to override the VIES VAT ID validation.</p>

3.10.7.2 Requester Information Processing Option

Note: You set this processing option to receive a consultation number from VIES. If you leave the requestor's VAT Registration Number field blank, the system tries to fetch the requestor's VAT number set up in the system by taking the address number of the business unit that the customer or the supplier belongs, from the F0006 table, and the tax ID from the F0101 table. If the system finds a valid VAT identification number, it generates a consultation number along with the VAT ID validation result from VIES. If an error exists in the record, the system will report the error and then proceed with the validation for the next record. If the system finds a blank value in the VAT ID field of the business unit, it will not return a consultation number, but it will perform the validation. The system will update the F74101 table with successful VIES validation results.

Field	Description
Requester VAT Registration Number (VAT number with the country code prefix)	Enter your VAT identification number if you are the person requesting the consultation number. The VAT identification number is issued by a member state of the EU.
Start Date	<p>Specify the start date to select records for processing.</p> <p>Note. The start date is applicable only if you select processing mode 0 - Display (Default) or 2 - Re-Run.</p>
End Date	<p>Specify the start date to select records for processing.</p> <p>Note. The start date is applicable only if you select processing mode 0 - Display (Default) or 2 - Re-Run.</p>

Field	Description
Country code not equal to the VAT number prefix	<p>The first two characters of the VAT number (Tax ID) are not equal to the country code. This happens when the country code of the country that issued the VAT ID is different from the resident country that is set up in the mailing tab of the address book. For example, a customer's resident country entered in the mailing tab of the address book is FR for France, but the customer has the VAT Identification number IT12345678981 issued by Italy.</p> <p>Resolution: Correct the country code or the VAT number in the Address Book Revisions program.</p> <p>Note. If you bypass this, the system will use the country code that is prefixed with the VAT ID for validation.</p>
Invalid input	<p>The provided country code is invalid or the tax ID field is empty.</p> <p>Resolution: Enter the correct country code and tax ID.</p>
VIES web service unavailable	<p>The VIES web service is unavailable at present.</p> <p>Resolution: Try again later.</p>
Member state (country code) service unavailable	<p>The member state service is unavailable at present.</p> <p>Resolution: Try again later or try with another VAT ID that belongs to a different member state.</p>
VIES web service time out	<p>The member state service could not be reached at the moment.</p> <p>Resolution: Try again later or try with another VAT ID that belongs to a different member state.</p>
VIES server busy	<p>The service cannot process your request.</p> <p>Resolution: Try again later.</p>
Invalid tax ID	<p>The tax ID entered is invalid.</p> <p>Resolution: Enter the correct tax ID and also verify that the country code is set up correctly in the Address Book Revisions program.</p>
Requester details not found	<p>The requester VAT ID is not set up.</p> <p>Resolution: Set up the country code and the tax ID of the business unit associated with the address number.</p> <p>Note. If you leave the requestor details blank, VIES authorities will not generate a consultation number.</p>
Unknown error occurred	<p>The tax ID entered cannot be validated because an unknown error occurred when trying to call the VIES web service.</p> <p>Resolution: Try again later.</p>

Field	Description
Invalid blank tax ID	<p>The tax ID cannot be left blank for the address number.</p> <p>Resolution: Enter the correct tax ID.</p> <p>If you don't know the tax ID, enter 0 in the Personal/Corporation Code field to override the VIES VAT ID validation.</p>

3.10.8 Validating VAT ID Using VIES

You can validate a single VAT identification number at the time of data entry. You can also validate multiple records using a batch process.

3.10.8.1 Validating a New VAT ID at the Time of Data Entry

Select Address Book Revisions program (P01012), Supplier Master program (P04012) or Customer Master program (P03013). Click the OK button on the Address Book Revisions form, Supplier Master Revision form, or Customer Master Revision form after you enter the supplier or customer record.

VIES validation processes in the background and, if the validation is successful, it will save the VAT ID in the F74101 table. It will also save other details returned by the VIES web service, such as member state ID code, name and address of the taxable person, consultation number, date on which the request was made, and so on.

3.10.8.2 Validating Multiple Records

Select EU VAT ID Validation menu (G74VIES), Validate VAT ID VIES (R74101).

Select your version and click Select.

Note: To validate the VAT ID for Italy, you must enter the value of the Person/Corporation Code field in the Address Book Revisions program, Supplier Master program, or Customer Master program. Based on this value, the system validates the VAT ID.

3.10.9 Reviewing VAT IDs Validated by VIES

You use the Review VAT ID Additional Information program (P74101) to review the details of the VAT IDs validated through VIES and stored in the F74101 table. You cannot modify the values available in the program.

The program enables you to filter and display the following items:

- Address number: You can search a specific record based on the address number that you enter.
- Start date (Request send date): You can search a specific record based on the date that you send the validation request to VIES.
- End date (Request send date): You can search a specific record based on the date that you receive a validation result from VIES.

3.10.9.1 Form Used to Review VAT IDs Validated Using VIES

Form Name	Form ID	Navigation	Usage
Review VAT ID Additional Information	W74101A	EU VAT ID Validation (G74VIES), Review VAT ID Additional Information (P74101)	Review details about validated VAT IDs.

3.10.9.2 Reviewing VAT IDs Validated Using VIES

Access the Review VAT ID Additional Information form.

Field	Description
Address Number	The system populates this field with the address number returned from the VIES that identifies an entry in the Address Book system, such as employee, applicant, participant, customer, supplier, tenant, or location.
VAT Registration Number	The system populates this field with the VAT identification number returned from the VIES. The VAT ID is issued by a member state of the EU.
Name	The system populates this field with the description of the address returned from the VIES.
Address Line 1	The system populates this field with the first line of a mailing address for an employee, customer, or supplier that is returned from the VIES.
Address Line 2	The system populates this field with the second line of the mailing address for an employee, customer, or supplier that is returned from the VIES.
Address Line 3	The system populates this field with the third line of the mailing address for an employee, customer, or supplier that is returned from the VIES.
Address Line 4	The system populates this field with the fourth line of the mailing address for an employee, customer, or supplier that is returned from the VIES.
Country Code	The system populates this field with the UDC (74/VV) that identifies a country.
Requester Country Code	The system populates this field with the requestor's country code, which is a UDC (74/VV) that identifies a country.
Requester VAT Registration Number	The system populates this field with the VAT identification number of the requestor issued by a member state of the EU.
Request Send Date	The system populates this field with the date on which the VAT identification number was validated by VIES.

Field	Description
Consultation Number	The system populates this field with the consultation number received in response to a successful validation from VIES. This number can be used to prove to a tax administrator of a member state that you have checked a given VAT number at a given time and obtained a validation reply.

Validating Tax IDs

This chapter contains the following topics:

- [Section 4.1, "Validating Tax ID Numbers"](#)
- [Section 4.2, "Validating EU VAT ID Using VAT Information Exchange System \(VIES\)"](#)

4.1 Validating Tax ID Numbers

This section provides overviews of the tax ID validation process, how to activate tax ID validation routine, and how to override tax ID validation routine.

See Also:

"How to Validate Tax IDs in Latin American Countries" in each of these guides:

- *JD Edwards EnterpriseOne Applications Localizations for Argentina Implementation Guide*
- *JD Edwards EnterpriseOne Applications Localizations for Brazil Implementation Guide*
- *JD Edwards EnterpriseOne Applications Localizations for Chile Implementation Guide*
- *JD Edwards EnterpriseOne Applications Localizations for Colombia Implementation Guide*
- *JD Edwards EnterpriseOne Applications Localizations for Ecuador Implementation Guide*
- *JD Edwards EnterpriseOne Applications Localizations for Mexico Implementation Guide*
- *JD Edwards EnterpriseOne Applications Localizations for Peru Implementation Guide*
- *JD Edwards EnterpriseOne Applications Localizations for Venezuela Implementation Guide*

4.1.1 Understanding Tax ID Validation

A tax ID is the identification number that you use when you report information to the various tax authorities. For every transaction that can occur with a company, a customer, or a supplier, you must enter an associated tax identification number. Tax IDs are also called VAT codes, VAT registration numbers, or fiscal codes.

To export goods free of value-added tax (VAT), you must have the tax ID or VAT registration number of customers in other EU (European Union) countries, and you must send your own tax ID or VAT registration numbers to suppliers. The length and format of these numbers vary by country.

When you create an address book record for each company, customer, or supplier, enter the tax ID number in the Tax ID field on the Address Book Revision form. To ensure that the tax ID that you enter is checked for authenticity, enter a country code from UDC table (00/CN) in the Country field on the Mailing tab on the Address Book Revision form. When a country code is on the Mailing tab, the system validates tax IDs for that country.

The system only validates the tax ID if the country code that you have specified is set up and activated for validation in UDC table (70/TI).

(ESP) The system validates foreign and domestic CIF (companies) and NIF (individuals).

Note: The length of Spanish tax IDs is nine characters.

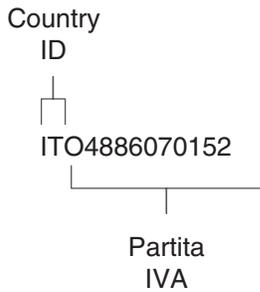
4.1.1.1 Example of Tax ID or VAT Registration Numbers by Country

These examples display the tax ID or VAT number that the system validates according to the country.

4.1.1.2 (ITA) Tax ID or VAT Registration Number for Italy

Italy example:

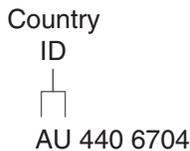
Figure 4–1 Tax ID or VAT Registration Number for Italy



4.1.1.3 (AUT) Tax ID or VAT Registration Number for Austria

Austria example:

Figure 4–2 Tax ID or VAT Registration Number for Austria



4.1.1.4 (NLD) Tax ID or VAT Registration Number for the Netherlands

Netherlands example:

Figure 4–3 Tax ID or VAT Registration Number for the Netherlands

Country
ID
└─┬─┘
NL 80.49.73.787.B01

4.1.1.5 (DEU) Tax ID or VAT Registration Number for Germany

Germany example:

Figure 4–4 Tax ID or VAT Registration Number for Germany

Country
ID
└─┬─┘
DE 823790421

4.1.1.6 (GBR) Tax ID or VAT Registration Number for the United Kingdom

Great Britain example:

Figure 4–5 Tax ID or VAT Registration Number for the United Kingdom

Country
ID
└─┬─┘
UK 678902781112

4.1.1.7 (SWE) Tax ID or VAT Registration Number for Sweden

Sweden example:

Figure 4–6 Tax ID or VAT Registration Number for Sweden

Country
ID
└─┬─┘
SE 123456789101112

4.1.1.8 (FIN) Tax ID or VAT Registration Number for Finland

Finland example:

Figure 4–7 Tax ID or VAT Registration Number for Finland

Country
ID
FI 1234567

4.1.1.9 (DNK) Tax ID or VAT Registration Number for Denmark

Denmark example:

Figure 4–8 Tax ID or VAT Registration Number for Denmark

Country
ID
DN 12345674

4.1.2 Understanding How to Activate Tax ID Validation Routine

You activate tax ID validation routines for specific countries by setting up a Localization Country Code in the user profile and by setting up country codes in UDC (70/TI).

See [Setting Up Tax UDCs](#).

4.1.2.1 User Display Preferences

Completing the Localization Country Code field on the User Profile Revisions form causes the system to search for a tax ID validation routine, but the validation routine to use is not specified. For example, if you specify **UK** in the Localization Country Code field, you can still validate tax IDs for other countries. The system uses the value in the Country field on the Mailing tab on the Address Book Revision form to determine which validation to use for each address book record.

4.1.3 Understanding How to Override Tax ID Validation Routine

You activate tax ID validation routines for specific countries by setting up country codes in the Tax ID Validation UDC table (70/TI). When you set the Special Handling code to **1** for a specific country, the system validates the Tax ID for that country.

(ESP, FRA, ITA) For France, Italy, and Spain, you can override the tax validation routine on a single customer/supplier basis. When you override the tax validation routine for a specific customer or supplier, the system does not validate the Tax ID for the specific customer or supplier, but it continues to validate the Tax ID for all of the other customers and suppliers in the country.

(ESP, FRA, ITA) You override the tax validation routine for these countries by entering **0** (zero) in the Person/Corp field for the supplier or customer. The Person/Corp field is on the Address Book Revisions form in the Address Book (P01012) program.

(BEL) In Belgium, the VAT ID might not be known for some customers, such as recognized healthcare providers. You can override the tax validation routine for a single customer or supplier by specifying **99_unknown** or **99_onbekend** in the Tax ID field on the Address Book Revisions form for that customer or supplier.

For other countries, you can override the tax ID validation routine by setting up the codes for that country in UDC (00/CN) and UDC (70/TI), specifying a **1** in the Special Handling field in UDC (70/TI) for one of the codes and not for the other. When you create an address book record for which you want to validate the tax ID, use the country code that has a 1 in the Special Handling field. When you create an address book record for which you do not want to validate the tax ID, use the country code that does not have a 1 in the Special Handling field.

4.2 Validating EU VAT ID Using VAT Information Exchange System (VIES)

This section provides an overview of the VAT Information Exchange System (VIES) to validate European Union (EU) value-added tax (VAT) IDs, lists prerequisite, and discusses how to:

- Set up a user-defined code (UDC) for EU VAT ID validation.
- Setting Processing Options for the Validate VAT ID VIES Program (R74101)
- Validate VAT IDs using VIES.
- Review VAT IDs validated by VIES.

4.2.1 Understanding the VIES to Validate EU VAT ID

In the EU, the VAT system for intracommunity trade exempts member states that dispatch goods from paying VAT if the receivers of the goods in the other member states are taxable persons who will account for the VAT on receiving the goods. Suppliers must verify if the customers receiving the goods are taxable persons and hold a valid VAT identification number.

The European Commission set up the VAT Information Exchange System (VIES) web service to enable quick and easy validation of VAT identification numbers throughout the EU community. The Central Liaison Office (CLO), which is the unit responsible for controlling intracommunity trade in each member state, has direct access via VIES to the VAT registration database for other member states.

Note: (Release 9.1 Update)

This integration uses a consumer business service to provide functionality. For users who have installed JD Edwards EnterpriseOne Tools Release 9.1.2 or higher, this service is designed to work with a JAX-RPC based service deployment. If this service is directed to a JAW-WS based deployment, it will not function.

See Also:

For additional information about the implications of the JAX-WS build option, refer to document ID 1488986.1 on the My Oracle Support site: <https://support.us.oracle.com>

4.2.1.1 Using JD Edwards EnterpriseOne to Validate EU VAT ID Using VIES

JD Edwards EnterpriseOne is set up to communicate with the VIES web service, enabling you to validate VAT identification numbers for customers or suppliers directly in the JD Edwards EnterpriseOne system. You can activate or deactivate the VIES VAT identification number validation for a customer. When you activate the VIES validation, the system performs the VAT identification number validation via VIES and does not use the JD Edwards EnterpriseOne validation routine.

To validate EU VAT identification numbers using the VIES system, you must activate the VIES validation in the 74/VV UDC table. After you activate the VIES validation, the system automatically validates a new VAT identification number that you enter in the Tax field of the standard application, for example, Address Book, Supplier Master, or Customer Master. You enter the VAT identification number by prefixing the country code of the country issuing the VAT number. For example, you enter the VAT ID 12345678981 issued by Italy as IT12345678981 into the Tax field. If an error occurs in the process, the system displays the error and does not save the address book record until you correct the error.

You can receive a consultation number from VIES for each VAT identification number that you validate if you provide a valid requestor's VAT identification number during validation. You use this consultation number to prove to a tax administrator of a member country that you validated the VAT identification number and obtained a validation result.

The system fetches the requestor's VAT identification number from the address number of the business unit. If the system finds a valid VAT ID, it generates a consultation number along with the VAT ID validation result from VIES. If an error exists in the record, the system will report the error. If the system finds a blank value in the requestor's VAT ID field, it will not return a consultation number, but it will perform the validation. The system will update the Additional Address Book & Vat table (F74101) with successful VIES validation results.

This table lists and describes the warnings and errors that can occur during the validation process:

Warning/Error	Warning/Error Description
Invalid requestor VAT ID entered in the processing option	<p>The requestor VAT ID set up in the processing option is invalid.</p> <p>Resolution: Enter the correct VAT ID which belongs to a member state in the EU or leave the processing option blank.</p> <p>Note: If you leave the requestor's VAT ID in the processing option blank, the system will search the requestor's details from the business unit setup.</p>

Warning/Error	Warning/Error Description
Invalid requester details	<p>The provided requester VAT ID is invalid.</p> <p>Resolution: Check whether the country code and the tax ID are set up correctly for the business unit associated with the address number. Check the VIES Validation UDC table for the country code setup. You must enter the correct details or leave the field blank.</p> <p>Note. If you leave the requester details blank, VIES authorities will not generate a consultation number.</p>
Country code not equal to the VAT number prefix	<p>The first two characters of the VAT number (Tax ID) are not equal to the country code. This happens when the country code of the country that issued the VAT ID is different from the resident country that is set up in the mailing tab of the address book. For example, a customer's resident country entered in the mailing tab of the address book is FR for France, but the customer has the VAT Identification number IT12345678981 issued by Italy.</p> <p>Resolution: Correct the country code or the VAT number in the Address Book Revisions program.</p> <p>Note. If you bypass this, the system will use the country code that is prefixed with the VAT ID for validation.</p>
Invalid input	<p>The provided country code is invalid or the tax ID field is empty.</p> <p>Resolution: Enter the correct country code and tax ID.</p>
VIES web service unavailable	<p>The VIES web service is unavailable at present.</p> <p>Resolution: Try again later.</p>
Member state (country code) service unavailable	<p>The member state service is unavailable at present.</p> <p>Resolution: Try again later or try with another VAT ID that belongs to a different member state.</p>
VIES web service time out	<p>The member state service could not be reached at the moment.</p> <p>Resolution: Try again later or try with another VAT ID that belongs to a different member state.</p>
VIES server busy	<p>The service cannot process your request.</p> <p>Resolution: Try again later.</p>
Invalid tax ID	<p>The tax ID entered is invalid.</p> <p>Resolution: Enter the correct tax ID and also verify that the country code is set up correctly in the Address Book Revisions program.</p>

Warning/Error	Warning/Error Description
Requester details not found	<p>The requester VAT ID is not set up.</p> <p>Resolution: Set up the country code and the tax ID of the business unit associated with the address number.</p> <p>Note. If you leave the requestor details blank, VIES authorities will not generate a consultation number.</p>
Unknown error occurred	<p>The tax ID entered cannot be validated because an unknown error occurred when trying to call the VIES web service.</p> <p>Resolution: Try again later.</p>
Invalid blank tax ID	<p>The tax ID cannot be left blank for the address number.</p> <p>Resolution: Enter the correct tax ID.</p> <p>If you don't know the tax ID, enter 0 in the Personal/Corporation Code field to override the VIES VAT ID validation.</p>

Note: The system saves the country code of the country that issued the VAT ID in the F74101 table. This can be different from the country code set up in the address book mailing tab when the country code of the VAT ID issuing country is different from the resident country.

The system saves the VIES response in the F74101 table after a VAT ID is successfully validated. If you delete the address book number from the Address Book program, Supplier Master program, or Customer Master program, the system automatically deletes the related record from the F74101 table to maintain data integrity.

4.2.1.2 Understanding Batch Validation

You can also select multiple customers or suppliers from the Address Book Master table (F0101) and perform a batch validation using the Validate VAT ID VIES program (R74101). You perform the batch validation in one of the three modes that you set in the processing option:

- **Validation Mode First Run:** If you select this mode, the system processes the records that you select in the F0101 table and saves the valid VAT identification numbers in the F74101 table. The system also generates a report listing the VAT identification numbers that are validated successfully through VIES. If the system finds an error in the process, it logs an error message in the work center with details about the address number and the error returned from VIES. The system also generates an exception report of the VAT IDs that did not validate successfully.
- **Validation Mode Re-Run (for existing records in the F74101 table):** If you select this mode, the system processes related records from the F0101 and F74101 tables according to the date range entered in the processing option. It also generates a report listing the VAT IDs that were validated successfully through VIES. If the system finds an error in the process, it logs an error message in the work center with details about the address number and the error returned from VIES. The system also generates an exception report of the VAT IDs that did not validate successfully.

- **Display Mode:** If you select this mode, the system displays records from the F74101 and F0101 tables. The system does not perform VIES validation in this mode.

Note: The Validation Mode First Run and the Validation Mode Re-Run modes validate only those records that have their country and tax identification number set up in the Address Book system and the corresponding country setup is complete in the VIES Validation UDC table (74/VV).

Note: After you activate the VIES Validation, you can override both the VIES validation and the existing JD Edwards EnterpriseOne validation by entering 0 (zero) in the Personal/Corporation Code field in the Address Book Revision program. In this case, the system will not perform a validation. You will still be able to enter a tax ID and save the address book record, but the F74101 table will not contain a related record.

4.2.1.3 Validating the VAT ID for Italy Using VIES

The VIES system validates the tax ID or the additional tax ID for a customer whose country code entered in the address book is IT for Italy, based on the value in the Person/Corporation Code field (TAXC). You can enter 1, 2, 3, or blank in the Person/Corporation Code field and the system validates accordingly:

1. 2 or blank value as corporate entity
2. 1 as individual
3. 3 as both individual and corporate entity

For Italy, you can enter the 16 character personal identification number or the 11 digit VAT ID number in the Add'l Ind Tax ID field. You must not prefix the country code if you enter the 11 digit VAT ID number in the Add'l Ind Tax ID field.

4.2.2 Prerequisites

Before you can validate EU VAT IDs using VIES, you must:

- Set up the Object Configuration Manager (OCM) record for the user ID using the Object Configuration Manager (OCM) program (P986110) and version ZJDE0003. You set up the server and the port details of the BSSV (Business Services Server).
"Setting Up OCM for Business Functions Calling Business Services" in the *JD Edwards EnterpriseOne Tools 8.98 Business Services Development Guide*.
- Set up the soft coding record for the soft coding keys J740102 and J740105 in the JD Edwards EnterpriseOne system before proceeding with the other tasks discussed in this document.
- Set up business service properties for J740105.

4.2.2.1 Understanding the Soft Coding Record for VIES Validation

The soft code records the endpoint or the location of the VIES web service. Use the Soft Coding Records program (P953000) to set up a soft code record. You base your soft coding record on a template that you configure using the Soft Coding Template program (P954000). Both of these applications store XML documents.

See "Working with Softcoding" in the *JD Edwards EnterpriseOne Tools Business Services Development Guide*.

4.2.2.2 Forms Used to Set Up Soft Coding Templates

Form Name	FormID	Navigation	Usage
Work With SoftCoding Templates	W95300 0A	Soft Coding Administration (GH9096), Soft Coding Template (P953000)	Locate and review existing templates or delete a template.
Add SoftCoding Template	W95300 0C	On Work with SoftCoding Templates, click Add.	Add a new template.

4.2.2.2.1 Adding a Soft Coding Template

Access the Add SoftCoding Template form.

Field	Description
Template Name	Enter a template name. You must use the JD Edwards EnterpriseOne standard for naming templates, which is E1_{BusinessService}, where BusinessService is the name of the business service; for example, E1_J740102.
Description	Enter a description to identify the purpose of the template.
SoftCoding Key	Enter J740102. This soft coding key identifies related templates and records to work with the VIES web service.
Value	Enter the following XML document: <pre><port-info> <wsdl-port namespaceURI="urn:ec.europa.eu:taxud:vies:services:checkVat" localpart="checkVatPort"/> <operations> <operation name="checkVat"/> <operation name="checkVatApprox"/> </operations> </port-info></pre>

4.2.2.3 Forms Used to Set Up Soft Coding Records

Access the Add Web Service Soft Coding Record form.

Form Name	FormID	Navigation	Usage
Work with Web Service Soft Coding Records	W95400 0A	Soft Coding Administration (GH9096), Soft Coding Records (P954000)	Locate and review existing records or delete a record.
Add Web Service Soft Coding Record	W95400 0B	On Work with Web Service Soft Coding Records, click Add.	Add a new record.

4.2.2.3.1 Adding a Soft Coding Record

Field	Description
User/Role	Enter your JD Edwards EnterpriseOne user ID and role, such as *Public.
Environment Name	Enter the name of the JD Edwards EnterpriseOne environment in which you are working.
Template Name	Enter a template name. You must use the JD Edwards EnterpriseOne standard for naming templates, which is E1_{BusinessService}, where BusinessService is the name of the business service, for example, E1_J740102.
Soft Coding Key	Enter one of the following values: <ul style="list-style-type: none"> ■ J740102. This soft coding key identifies related templates and records to work with the VIES web service. ■ J740105. This soft coding key is used to work with a web service proxy on a weblogic server instead of OAS without having to run migration tool.
Soft Coding Description	Enter a description to identify the soft coding record.
Soft Coding Value	Enter the following XML document: In the case of J740102: <pre><port-info> <wsdl-port namespaceURI="urn:ec.europa.eu:taxud:vies:services:checkVat" localpart="checkVatPort"/> <operations> <operation name="checkVat"/> <operation name="checkVatApprox"/> </operations> </port-info></pre> The system populates the XML document when you click the Populate Soft Coding Value button that appears on the form when you enter a valid template name. In the case of J740105: <pre><scwls> <endpoint>http://ec.europa.eu/taxation_customs/vies/services/checkVatService</endpoint> </scwls></pre> The link in bold should be the endpoint the user wants to connect to invoke the web service.

4.2.2.4 Understanding Business Service Property Information

You can use the Business Service Property Program (P951000) to manage business service property information. With this program, you can add or delete business service properties, and you can modify the property value.

When you add a new business service property, you indicate whether it is a system-level or service-level business service property. Business service properties categorized at the system level are used by more than one business service. Business service properties categorized at the business service level are used by only one business service.

After you create a business service property, you cannot change the name, because this is the key that the business service uses to call the business service property. You can change the property value.

All business service properties are stored in the Business Service Property table (F951000). You can view system-level, business service-level, or all business service

properties that are available in your login environment from the Work with the Business Service Properties form.

See Also:

- "Adding a Business Service Property" in the *JD Edwards EnterpriseOne Tools Object Management Workbench Guide*.

4.2.2.5 Forms Used to Manage Business Service Properties

Form Name	FormID	Navigation	Usage
Working with Business Service Properties	W951000F	From the System Administration Tools menu, select Business Service Property from the Business Service Property and Business Service Cross Reference Administration folder.	Find, modify, or delete business service properties.
Add BSSV Property	W951000C	From Work with Business Service Properties, click Add.	Create a new business service property or modify the value of an existing business service property.

4.2.2.6 Set Up the Business Service J740105

Access the Work with Business Service Properties form, select the business service property to be changed (**VIES_APP_SERVER_OAS_OR_WLS**), and then click Select. Modify Business Service Property form

Key

A name that uniquely identifies the business service property. This name cannot be changed.

Value

The default value is *OAS*. You must change this value to *WLS* if the user has the BSSV deployed in a weblogic server.

Description

A phrase or sentence that identifies the purpose of the business service property.

Level

Select a way to group business service properties for viewing. Verify that this value is set to *SYSTEM*.

Group

A way to classify the business service property at the business service level.

4.2.3 Setting Up a UDC for EU VAT ID Validation

Before you validate VAT identification numbers for EU member countries, you must set up the VIES Validation UDC table (74/VV) to activate validation of VAT identification numbers in the VIES.

To set up the VIES Validation UDC table:

1. Enter the country code in the Codes field if that country code is not already set up in the Codes column. This code identifies the EU member country within the JD Edwards EnterpriseOne system.
2. Enter the name of the country in the Description 01 field. You can leave a country code field blank to set up a default country code. The country code should be the same as the country code set up in the 00/CN UDC table and can consist of three characters.
3. Enter the two-digit country code defined by the government in the Description 02 field. To set up a default country, leave the Country Code field blank and enter the two-digit country code in the Description 02 field. For example, if you want to use Denmark as the default country, enter DK (the two-digit government code for Denmark) in the Description 02 field.
4. Enter 1 in the Special Handling Code field for a country to activate VIES VAT identification number validation for that country.
5. Clear the 1 in the Special Handling Code field for a country to deactivate VIES VAT identification number validation for that country.

Examples of values are:

Codes	Description 01	Description 02	Special Handling
	Default Country	UK	1
AT	Austria	AT	1
AUT	Austria	AT	1
BE	Belgium	BE	1
BEL	Belgium	BE	1
DE	Germany	DE	0
DEU	Germany	DE	1

4.2.4 Setting Processing Options for the Validate VAT ID VIES Program (R74101)

Processing options enable you to set default processing values for programs and reports.

4.2.4.1 General Processing Options

Field	Description
Processing Mode	<p>Specify whether to run new records, rerun existing records, or just display the records. Values are:</p> <p>0: Display (Default). Display records from the F74101 and F0101 tables. The system does not perform VIES validation in this mode.</p> <p>1: First Run. Run address book records for the data selected in the F0101 table.</p> <p>2: Re-Run. Run records from the F74101 table based on the date range entered in the processing option.</p>

Field	Description
Start Date	Specify the start date to select records for processing. Note. The start date is applicable only if you select processing mode 0 - Display (Default) or 2 - Re-Run.
End Date	Specify the end date to select records for processing. Note. The end date is applicable only if you select processing mode 0 - Display (Default) or 2 - Re-Run.

4.2.4.2 Requester Information Processing Option

Note: You set this processing option to receive a consultation number from VIES. If you leave the requestor's VAT Registration Number field blank, the system tries to fetch the requestor's VAT number set up in the system by taking the address number of the business unit that the customer or the supplier belongs, from the F0006 table, and the tax ID from the F0101 table. If the system finds a valid VAT identification number, it generates a consultation number along with the VAT ID validation result from VIES. If an error exists in the record, the system will report the error and then proceed with the validation for the next record. If the system finds a blank value in the VAT ID field of the business unit, it will not return a consultation number, but it will perform the validation. The system will update the F74101 table with successful VIES validation results.

Field	Description
Requester VAT Registration Number (VAT number with the country code prefix)	Enter your VAT identification number if you are the person requesting the consultation number. The VAT identification number is issued by a member state of the EU.

4.2.5 Validating VAT ID Using VIES

You can validate a single VAT identification number at the time of data entry. You can also validate multiple records using a batch process.

4.2.5.1 Validating a New VAT ID at the Time of Data Entry

Select Address Book Revisions program (P01012), Supplier Master program (P04012) or Customer Master program (P03013). Click the OK button on the Address Book Revisions form, Supplier Master Revision form, or Customer Master Revision form after you enter the supplier or customer record.

VIES validation processes in the background and, if the validation is successful, it will save the VAT ID in the F74101 table. It will also save other details returned by the VIES web service, such as member state ID code, name and address of the taxable person, consultation number, date on which the request was made, and so on.

4.2.5.2 Validating Multiple Records

Select EU VAT ID Validation menu (G74VIES), Validate VAT ID VIES (R74101).

Select your version and click Select.

Note: To validate the VAT ID for Italy, you must enter the value of the Person/Corporation Code field in the Address Book Revisions program, Supplier Master program, or Customer Master program. Based on this value, the system validates the VAT ID.

4.2.6 Reviewing VAT IDs Validated by VIES

You use the Review VAT ID Additional Information program (P74101) to review the details of the VAT IDs validated through VIES and stored in the F74101 table. You cannot modify the values available in the program.

The program enables you to filter and display the following items:

- Address number: You can search a specific record based on the address number that you enter.
- Start date (Request send date): You can search a specific record based on the date that you send the validation request to VIES.
- End date (Request send date): You can search a specific record based on the date that you receive a validation result from VIES.

4.2.6.1 Form Used to Review VAT IDs Validated Using VIES

Form Name	Form ID	Navigation	Usage
Review VAT ID Additional Information	W74101A	EU VAT ID Validation (G74VIES), Review VAT ID Additional Information (P74101)	Review details about validated VAT IDs.

4.2.6.2 Reviewing VAT IDs Validated Using VIES

Access the Review VAT ID Additional Information form.

Field	Description
Address Number	The system populates this field with the address number returned from the VIES that identifies an entry in the Address Book system, such as employee, applicant, participant, customer, supplier, tenant, or location.
VAT Registration Number	The system populates this field with the VAT identification number returned from the VIES. The VAT ID is issued by a member state of the EU.
Name	The system populates this field with the description of the address returned from the VIES.

Field	Description
Address Line 1	The system populates this field with the first line of a mailing address for an employee, customer, or supplier that is returned from the VIES.
Address Line 2	The system populates this field with the second line of the mailing address for an employee, customer, or supplier that is returned from the VIES.
Address Line 3	The system populates this field with the third line of the mailing address for an employee, customer, or supplier that is returned from the VIES.
Address Line 4	The system populates this field with the fourth line of the mailing address for an employee, customer, or supplier that is returned from the VIES.
Country Code	The system populates this field with the UDC (74/VV) that identifies a country.
Requester Country Code	The system populates this field with the requestor's country code, which is a UDC (74/VV) that identifies a country.
Requester VAT Registration Number	The system populates this field with the VAT identification number of the requestor issued by a member state of the EU.
Request Send Date	The system populates this field with the date on which the VAT identification number was validated by VIES.
Consultation Number	The system populates this field with the consultation number received in response to a successful validation from VIES. This number can be used to prove to a tax administrator of a member state that you have checked a given VAT number at a given time and obtained a validation reply.

Working With Tax Information on Orders and Transactions

This chapter contains the following topics:

- Section 5.1, "Understanding Rounding vs. Soft Rounding"
- Section 5.2, "Understanding Programs that Update the Account Ledger Table (F0911)"
- Section 5.3, "Understanding How the System Calculates Taxes on Foreign Amounts"
- Section 5.4, "Entering Tax Information on Purchase Orders and Sales Orders"
- Section 5.5, "Understanding Tracking Taxes"
- Section 5.6, "Tracking Taxes by Tax Rate/Area on Invoices and Vouchers"
- Section 5.7, "Tracking Taxes by Pay Item and G/L Account on Invoices and Vouchers"
- Section 5.8, "Updating Tax Information"
- Section 5.9, "Revising Invoices and Vouchers with Taxes"
- Section 5.10, "Entering Journal Entries with VAT"
- Section 5.11, "Processing Batch Invoices and Vouchers with Taxes"
- Section 5.12, "Processing Batch Journal Entries with VAT"

5.1 Understanding Rounding vs. Soft Rounding

If you process a significant number of invoices and vouchers that have discounts, or taxes, or both, rounding differences can add up quickly. Rounding occurs on any component of a transaction that involves a calculation. The system uses rounding on transactions with a single pay item and soft rounding on transactions with multiple pay items.

See "Understanding Rounding versus Soft Rounding" in the *JD Edwards EnterpriseOne Applications Financial Management Fundamentals Implementation Guide*.

5.2 Understanding Programs that Update the Account Ledger Table (F0911)

JD Edwards EnterpriseOne software has many invoice and voucher programs that integrate with the F0911 table. If you track taxes by tax rate/area, the system balances

G/L distribution records in the F0911 table based on the invoice or voucher and tax information (tax rate area, tax explanation code and tax item number).

If you track taxes by pay item and G/L account, the system balances G/L distribution records in the F0911 table based on the invoice or voucher pay item and tax information. When you enter invoices, the system updates the values from the Pay Item, Tax Rate Area, Tax Explanation Code, and Tax Item Number fields from the F03B11 or F03B11Z1 tables to the F0911 or F0911Z1 tables. When you enter vouchers, the system updates the values from the pay item, tax rate area, tax explanation code, and tax item number fields from the F0411 or F0411Z1 tables to the F0911 or F0911Z1 tables.

When you use the following JD Edwards EnterpriseOne programs, the system automatically populates the F0911 table:

System	Programs
Accounts Receivable	<ul style="list-style-type: none"> ■ Speed Invoice Entry (P03B11SI) ■ AR Delinquency Fees (R03B22) ■ Credit Reimbursement (R03B610) ■ AR/AP Netting (P03B455)
Accounts Payable	<ul style="list-style-type: none"> ■ A/P Speed Voucher Entry (P0411SV) ■ Multi-Voucher Entry (P041017) ■ Multi Company - Single Supplier (P041016) ■ Store and Forward Upload (R0411Z1) ■ Store and Forward Voucher Batch Processor (R04110Z2) ■ Inbound EDI Voucher Edit/Create (R47041) ■ AR/AP Netting (P03B455)
Procurement	Voucher Match (P4314)
Distribution	Sales Update (R42800)
Advanced Pricing	Ship and Debit Claims (P4576)
Expense Management	Expense Report Reimbursement (R20110)
Real Estate Management	<ul style="list-style-type: none"> ■ G/L Transaction Generation (R15199) ■ Revenue Fee Generation (R15105)
Contract/Service Billing	Journal Edit Register (R48300)
Payroll	Payroll Voucher Upload (R07411Z1)

When you use the following JD Edwards EnterpriseOne programs, the system populates the F0911 table based on the account distribution that you enter:

System	Programs
Accounts Receivable	<ul style="list-style-type: none"> ■ Standard Invoice Entry (P03B11) ■ Batch Invoice Revisions (P03B11Z1) ■ Batch Invoice Processor (R03B11Z1A)

System	Programs
Accounts Payable	<ul style="list-style-type: none"> ▪ A/P Standard Voucher Entry (P0411) ▪ A/P Batch Voucher Entry (P0411Z1) ▪ A/P Voucher Journal Entry Redistribution (P042002) ▪ Batch Voucher Processor Report (R04110ZA)

5.3 Understanding How the System Calculates Taxes on Foreign Amounts

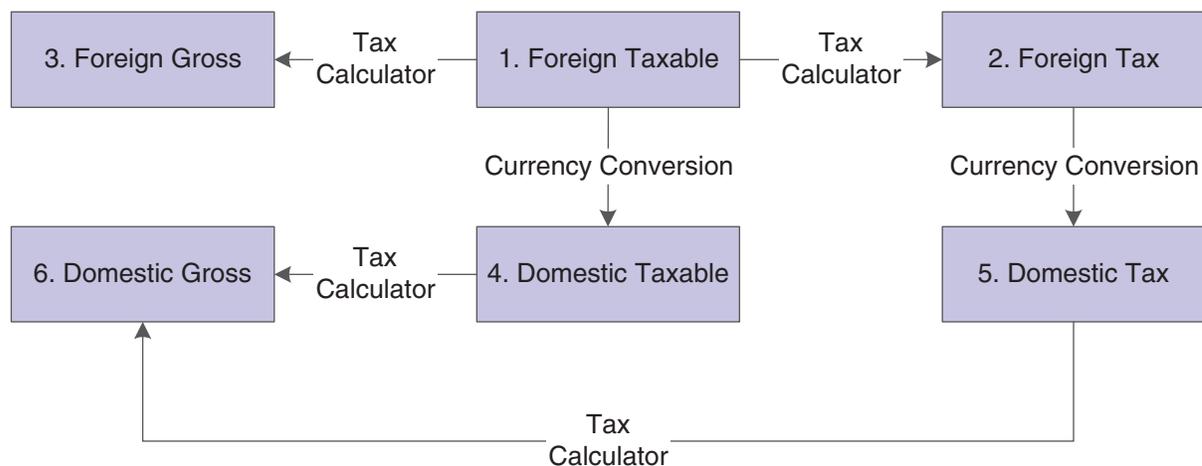
The algorithm that the system uses to calculate domestic amounts when you generate invoices and vouchers from another system is different from the one it uses when you enter invoices and vouchers manually. While the difference between the calculations is minimal, it is important to understand how the system derives domestic amounts and the issues that might arise when you revise a foreign transaction with taxes generated from another system.

5.3.1 Understanding Tax Calculations on Foreign Invoices, Vouchers, and Purchase Orders

When you enter a foreign invoice or voucher with taxes or process a foreign purchase order with taxes, the system uses the tax rate/area to calculate the foreign tax amount, and then adds the foreign taxable amount to the foreign tax amount to derive the foreign gross amount. (If you enter the foreign gross amount, instead of the foreign taxable, the system calculates the foreign tax amount and subtracts it from the foreign gross amount to derive the foreign taxable amount.) Then, the system uses the exchange rate to calculate the domestic taxable and tax amounts, and adds the two amounts together to derive the domestic gross amount.

This graphic illustrates how the system calculates domestic amounts from foreign amounts entered on invoices, vouchers, and purchase orders:

Figure 5–1 Tax Calculation for Invoice Entry



5.3.1.1 Example of Tax Calculation on Foreign Invoice

This example displays how the system calculates tax on foreign invoices.

5.3.1.2 Setup

Setup includes:

- Base Currency: **USD**
- Transaction Currency: **CAD**
- Exchange Rate: **0.6633**
- Tax Explanation Code: **S**
- Tax Rate/Area: **ONT (17 percent)**
- Foreign Taxable Amount: **1,200.38**

5.3.1.3 Calculations

Foreign Taxable Amount (1,200.38) x Tax Rate (.17) = Foreign Tax Amount (204.06)

Foreign Taxable Amount (1,200.38) + Foreign Tax Amount (204.06) = Foreign Gross Amount (1,404.44)

Foreign Taxable Amount (1,200.38) x Exchange Rate (.6633) = Domestic Taxable Amount (796.21)

Foreign Tax Amount (204.06) x Exchange Rate (.6633) = Domestic Tax Amount (135.35)

Domestic Taxable Amount (796.21) + Domestic Tax Amount (135.35) = Domestic Gross (931.56)

Note: If the invoice or voucher has multiple pay items, the system uses soft rounding to ensure that amounts balance.

If the purchase order has multiple lines, the system does not perform soft rounding; it rounds each line separately and passes the calculations to the voucher.

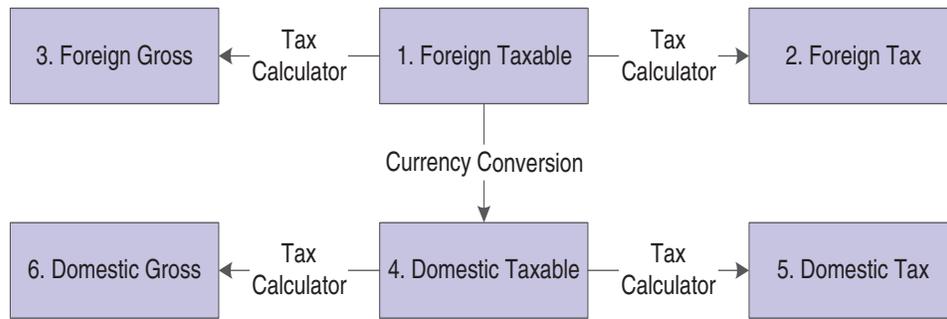
See "Understanding Rounding Versus Soft Rounding" in the *JD Edwards EnterpriseOne Applications Financial Management Fundamentals Implementation Guide*.

5.3.2 Understanding Tax Calculations on Foreign Sales Orders

When you enter a foreign sales order with taxes, and then run end-of-day processing (Update Customer Sales) to create the invoice, the system calculates the foreign tax and foreign gross amounts based on the tax rate/area entered. But it uses the exchange rate to calculate the domestic taxable amount only, and then uses the tax rate/area a second time to calculate the domestic tax and gross amounts.

This graphic illustrates how the system calculates domestic amounts from foreign amounts that entered on sales orders:

Figure 5–2 Tax Calculation for Update Customer Sales



Note: If the sales order has multiple lines, the system does not perform soft rounding; it rounds each line separately and passes the calculations to the invoice.

5.3.2.1 Example of Tax Calculation on Foreign Sales Order

This example displays how the system calculates tax on foreign sales orders:

5.3.2.2 Setup

Setup includes:

- Base Currency: **USD**
- Transaction Currency: **CAD**
- Exchange Rate: **0.6633**
- Tax Explanation Code: **S**
- Tax Rate/Area: **ONT (17 percent)**
- Foreign Taxable Amount: **1,200.38**

5.3.2.3 Calculations

Foreign Taxable Amount (1,200.38) x Tax Rate (.17) = Foreign Tax Amount (204.06)

Foreign Taxable Amount (1,200.38) + Foreign Tax Amount (204.06) = Foreign Gross Amount (1,404.44)

Foreign Taxable Amount (1,200.38) x Exchange Rate (.6633) = Domestic Taxable Amount (796.21)

Domestic Taxable Amount (796.21) x Tax Rate (.17) = Domestic Tax Amount (135.36 after rounding)

Domestic Taxable Amount (796.21) + Domestic Tax Amount (135.36) = Domestic Gross (931.57)

5.4 Entering Tax Information on Purchase Orders and Sales Orders

This section provides an overview of tax information for purchase orders and sales orders and discusses how to:

- Enter tax information on purchase orders.
- Enter tax information on sales orders.

5.4.1 Understanding Tax Information for Purchase Orders and Sales Orders

In most business environments, you are required to pay taxes on the items that you purchase or sell. When you enter a purchase or sales order that has taxes, you must enter a tax rate area and tax explanation code on the order or use default tax information that you set up for the supplier or customer.

During order entry, the system retrieves the tax explanation code and tax rate areas from the customer or supplier record. For direct ship, transfer orders, or sales orders with alternate sold-to and ship-to addresses, the system retrieves the tax explanation code from the sold-to address and the tax rate/area from the ship-to address.

If you enter purchase or sales orders using a header form, which is specified by a processing option, the tax information that you enter applies to all the items that you enter on the detail form. You can override this tax information on the individual order to accommodate each item or service.

You can also enter tax information in the detail area of the Voucher Match form when you match the purchase order to the receipt to create the voucher.

Note: The system creates different journal entries when you enter the tax during the voucher match process than it does when you enter the tax information during purchase order entry.

See [Understanding Tax Explanation Codes](#).

Taxes are applicable for the item or service only if you specify the detail line as taxable. You specify items as taxable for sales or purchasing in the Item Branch/Plant program (P41026), but you can override the Tax (Y/N) field on the detail line.

The system does not store tax amounts on orders; the system stores tax amounts on the voucher or invoice record that the system creates from the order.

Note: The system uses the Invoice date (IVD) for tax calculations. For all processing prior to the prining of the invoice, the system uses the Transaction Date (TRDJ).

5.4.1.1 Releasing Retainage on Purchase Orders with Taxes

When you match purchase orders and create vouchers, you might select to withhold a portion of the payment to the supplier until the completion of the contract or service, or until you receive all of the items on the order. The amount that you withhold is called a retainage. If the purchase order does *not* have valued-added taxes (VAT) applied (tax explanation code V or C), the system automatically calculates and applies the tax amount based on the entire amount of the voucher at the time that the voucher is matched. For example, if the amount of the purchase order is 1,000, but 10 percent is retained, the system calculates taxes for the entire amount (1,000).

However, if the purchase order *has* VAT taxes applied (tax explanation code is V or C), you can specify whether to apply taxes to the entire amount of the voucher or for the amount of the voucher less the amount retained. The Taxes processing option, on the Retainage tab, for the Voucher Match (P4314) program specifies how the system applies taxes. If you enter **1** in the processing option (apply to retained amount), the system defers taxes on the retained amount until the retainage is released. For example, if you enter a purchase order for 1,000 and retain 10 percent (100), then when you match the voucher, the system calculates tax based on 900 (1,000 - 100), instead of

1,000. Later, when you release the retainage, the system calculates taxes on the remaining amount (100).

See "Entering a Voucher with Retainage" in the *JD Edwards EnterpriseOne Applications Procurement Management Implementation Guide*.

See "Entering a Voucher to Release Retainage" in the *JD Edwards EnterpriseOne Applications Procurement Management Implementation Guide*.

5.4.1.2 Taxable and Nontaxable Invoice Pay Items Generated from Sales Orders

In the JD Edwards EnterpriseOne Sales Order Management system, you can consolidate line items by invoice pay item by setting the appropriate option in the customer's billing instructions. For example, if you enter an order that has 50 line items, the system can consolidate the line items by:

- Tax Explanation Code
- Tax Rate Area

All line items with the same tax information can be summarized into one invoice pay item. Line items must not necessarily be specified as taxable to consolidate orders.

For example, instead of adding tax information to each line item, you can let the system use the information that is set up for the customer, and simply specify that a line is not taxable. When you run the Update Customer Sales (R42800) program, the system writes the tax explanation code and tax rate/area on the line item and consolidates it with other line items containing the same information, but writes the amount to the Nontaxable Amount field (ATXN) of the invoice pay item. Thus, an invoice pay item could have both taxable and nontaxable amounts. In this scenario, taxable + tax does not equal gross; taxable + nontaxable + tax equals gross.

You cannot specify a nontaxable amount on invoices that you enter manually, but the system updates the Nontaxable field automatically with the difference between the gross amount entered and the sum of the taxable and tax amounts for the pay item.

5.4.2 Prerequisites

Before you complete the tasks in this section:

- Review the task to enter a purchase order.
See "Entering Order Detail Information" in the *JD Edwards EnterpriseOne Applications Procurement Management Implementation Guide*.
- Review the task to match the voucher to the open receipt.
See "Creating Vouchers" in the *JD Edwards EnterpriseOne Applications Procurement Management Implementation Guide*.
- Review the task to enter a sales order
See "Entering Sales Order Header and Detail Information" in the *JD Edwards EnterpriseOne Applications Sales Order Management Implementation Guide*.

5.4.3 Forms Used to Enter Tax Information on Purchase Orders and Sales Orders

Form Name	FormID	Navigation	Usage
Work With Order Headers	W4310I	Purchase Order Processing (G43A11), Enter Purchase Orders.	Review and select purchase orders.
Order Header	W4310B	On Work With Order Header, click Add.	Add or revise order header information, specifically the Tax Expl Code and Tax Rate/Area fields.
Order Detail	W4310A	On the Order Header form, click OK.	Add or revise order detail information, specifically the Tax Y/N, Expl Code, and Tax Rate/Area fields.
Supplier Ledger Inquiry	W0411G	Receipts Matching and Posting (G43A15), Match Voucher to Open Receipt.	Review and select vouchers.
Voucher Match	W4314A	On Supplier Ledger Inquiry, click Add.	Add tax information to the voucher (detail area of the form) when it is generated by matching the purchase order to the receipt.
Work With Sales Order Headers	W4210H	Sales Order Processing (G4211), Enter Orders Header.	Review and select sales orders.
Sales Order Header	W4210G	On Work With Sales Order Headers, click Add.	Add or revise order header information, specifically the Tax Area/Code fields.
Sales Order Detail Revisions	W4210A	On the Sales Order Header form, click OK.	Add or revise order detail information, specifically to override the Taxable field, and access the SOE Additional form.
SOE - Additional Information	W4210B	On Sales Order Detail Revisions, select an order detail line and select SOE Additional from the Row menu.	Click the Additional Info2 tab to verify and override tax information, specifically the Sales Taxable (Y/N), Tax Expl. Code, and Tax Rate/Area fields.

5.4.4 Entering Tax Information on Purchase Orders

Access the Order Header form.

Note: On the Processing tab, the processing option for Header Display must contain the value **1** for the header form to appear.

Order Date

Enter the date that an order was entered into the system. This date determines which effective level the system uses for inventory pricing.

The system automatically completes this field with the current date.

Tax Expl Code (tax explanation code) and Tax Rate/Area

If you leave these fields blank, the system updates them with the value from the supplier record when you click OK. A processing option specifies whether the system uses values from the supplier or the ship-to record.

Tax Y/N

Enter a code that indicates whether the item is subject to sales tax when you purchase it. The system calculates tax on the item only if the supplier is also taxable.

If you order an item, the system uses the value in the Purchasing Taxable (Y/N) field in the F4102 table. You can override the value for each detail line. The value must be **Y** for the system to calculate taxes on the voucher.

5.4.5 Entering Tax Information on Sales Orders

Access the Sales Order Header form.

Note: The processing option for Header Display, on the Process tab, must contain the value **1** for the header form to appear.

Tax Area/Code

Enter the tax explanation code in the unlabeled field to the right of the Tax Area/Code field. If you leave this field blank, the system uses the default value specified in the customer master record for the Sold-To address entered on the order.

If you do not specify a tax rate/area, the system uses the default value specified in the customer master record for the Ship-To address entered on the order.

Sales Taxable

Enter a code that indicates whether the item is subject to sales tax when you sell it. The system calculates tax on the item only if the customer is also taxable.

The value must be **Y** for the system to calculate taxes on the invoice.

5.5 Understanding Tracking Taxes

To certify compliance with governmental regulations, it is a common business requirement to track and reconcile invoice and voucher tax amounts to revenue and expense accounts by tax rate/area or by pay item and tax information (tax rate area, tax explanation code and tax item number).

The JD Edwards EnterpriseOne General Ledger system provides you with functionality to validate the relationship between invoice and voucher tax information and general ledger revenue and expense accounts. Depending on the program or process you are using, you may manually enter the GL distribution for a voucher or invoice or the system may automatically add entries to the general ledger. When the system automatically creates entries to the general ledger, the system also automatically captures pay item and tax information on general ledger for revenue and expense accounts.

Note: For system-generated journal entries, such as those generated from the distribution AAls, the system automatically selects the Track Taxes field to **1** if the account is taxable.

When you manually enter the GL distribution for a voucher or invoice, the system captures tax information by general ledger account using one of the following two methods:

- Track taxes by tax rate/area

If you use this method, you capture G/L Distribution based on and tax information (tax rate area, tax explanation code) only; you are not required to enter G/L distribution by pay item. Therefore, there is no direct relationship between the taxable pay items and individual G/L distribution lines. After you post transactions, run the Tax Reconciliation Repository program (R0018R) to allocate tax amounts from the F0911 table to the Tax Reconciliation Repository table (F0018R) by pay item. The results of this process are approximate because the system relies on an allocation.

- Track taxes by pay item and G/L account

If you use this method, you are required to enter the G/L distribution by pay item and account. The system captures tax information by pay item and revenue/expense account. The results of this process are exact because you are required to enter complete tax information by pay item in the G/L distribution form. Use this process on a company by company basis.

Note: You can use only one of the tax capture processes for each company, or the system will create unpredictable results. For example, you cannot set the Balance GL Distribution by Pay Item and Tax for company 00001 and also run the Tax Reconciliation Repository program over transactions for company 00001.

5.6 Tracking Taxes by Tax Rate/Area on Invoices and Vouchers

This section provides an overview of tracking taxes by tax rate/area and discusses how to:

- Track taxes by tax rate/area on invoices.
- Track taxes by tax rate/area on vouchers.

5.6.1 Understanding Tracking Taxes by Tax Rate/Area

When you enter invoices and vouchers with taxes, the system calculates amounts according to the information that you enter:

- If you enter the gross amount, the system calculates the taxable and tax amounts.
- If you enter the taxable amount, the system calculates the gross and tax amounts.
- If you enter both taxable and gross amounts, the system calculates the tax amount based on the taxable amount. If the taxable and tax amounts do not sum to the gross amount that you entered, the system updates the difference in the Nontaxable Amount (ATXN) field.

Note: Only the system updates the Nontaxable Amount field. You cannot enter a value into the field using the transaction entry programs.

When you enter a taxes-only transaction, complete the Tax field for the total amount of the transaction.

If you use the track taxes by tax rate/area, the system will track taxes by general ledger account under the following circumstances:

- The pay item of a voucher (F0411) or invoice (F03B11) contains a tax explanation code and tax rate/area.

Use tax explanation codes to specify the amount to distribute in the general ledger. Use the tax explanation codes **ST**, **VT**, and **CT** for invoices; use tax explanation codes **ST**, **UT**, **VT**, **BT**, and **CT** for vouchers. When you use tax explanation codes **ST** or **CT**, you must distribute amounts to the GL accounts. If you enter a tax-only transaction for sales tax (**ST**), the amount to distribute is the tax amount only. If you enter a tax-only transaction for Canadian sales tax (**CT**), the amount to distribute is the sales tax (PST) amount only.

When you have multiple pay items with different tax rate/areas and tax explanation codes, determining the amount to distribute can be challenging. In addition to providing you with the total amount to distribute, the system provides a Tax Amounts to Distribute window that you can access from a Form menu, which displays the tax amount to distribute based on the tax explanation code and tax rate/area. Amounts are based on the mode of the transaction, therefore, if you enter the transaction in a foreign currency, the system displays the tax amounts to distribute in the foreign currency.

- The GL distribution account is set up to track taxes.

When you enter an invoice or voucher, you can also track taxes by general ledger account if the account is set up as taxable. The system does not update accounts with tax information until transactions are posted to the F0018 table and then updated to the F0018R table.

- The Track Taxes field on the GL Distribution form has a value of **1** for vouchers and invoices that you enter manually.

Note: For system-generated journal entries, such as those generated from the distribution AAls, the system automatically updates the Track Taxes field to **1** if the account is taxable.

For manual entries, the system uses these rules to determine whether to update the specific tax information to the Account Ledger table (F0911):

- If tax information does not exist on the F0411 or F03B11 table, and you add tax information to the general ledger account, the system removes the tax information from the record when you click OK
- If the general ledger account is taxable, and you do not complete the Tax Rate Area field on the GL Distribution form, the system uses the default tax rate/area that is set up on the F0901 table. You must enter a tax explanation code.
- If the general ledger account is taxable, but you do not want to track taxes for the transaction, you can override the Track Taxes field to **0**.

After the system updates the F0911 table with tax information, you must post the transactions to update the F0018 table.

When you track taxes by tax rate/area, there is no direct relationship between the taxable pay items and individual G/L distribution lines. After you post transactions, run the Tax Reconciliation Repository program (R0018R) to allocate tax amounts from

the F0911 table to the Tax Reconciliation Repository table (F0018R) by pay item. The results of this process are approximate because the system relies on an allocation.

See [Understanding Tracking Taxes](#).

See Also:

- "Entering Standard Vouchers" in the *JD Edwards EnterpriseOne Applications Accounts Payable Implementation Guide*.
- "Working with Standard Invoices" in the *JD Edwards EnterpriseOne Applications Accounts Receivable Implementation Guide*.
- [Setting Up Tax Rules by Company](#).
- [Understanding Tax Explanation Codes](#).

5.6.2 Prerequisites

Before you complete the tasks in this section:

- Verify that the processing option for the Invoice Entry MBF Processing Options program (P03B0011) is set appropriately for the service/tax date (on the Defaults tab) and for entering invoices with VAT (on the Taxes tab).
- Verify that the processing option for the Voucher Entry MBF Processing Options program (P0400047) is set appropriately for the service/tax date (on the Defaults tab) and for entering vouchers with VAT (on the Currency tab).
- Set up the appropriate tax AAIs.
- Set up the appropriate tax rate/areas.
- Set up the tax rules.
- Select the Taxable option for the appropriate general ledger accounts.

See [Assigning Tax Information to General Ledger Accounts](#).

5.6.3 Forms Used to Track Taxes by Tax Rate/Area

Form Name	FormID	Navigation	Usage
Work with Customer Ledger Inquiry	W03B2002A	Customer Invoice Entry (G03B11), Standard Invoice Entry.	Review and select invoice records.
Standard Invoice Entry	W03B11A	Click Add on the Work with Customer Ledger Inquiry form.	Add and revise invoice records with taxes.
GL Distribution	W03B11C	Click OK on the Standard Invoice Entry form.	Distribute the invoice amount among multiple accounts. Track taxes by general ledger account.
Tax Amounts to Distribute	W0000209A	On the GL Distribution form, select Amt To Dist from the Form menu.	Review the tax amounts to distribute by tax rate/area or tax item number based on the tax explanation code.

Form Name	FormID	Navigation	Usage
Supplier Ledger Inquiry	W0411G	Supplier & Voucher Entry (G0411), Standard Voucher Entry.	Review and select voucher records.
Enter Voucher - Payment Information	W0411A	Click Add on the Supplier Ledger Inquiry form.	Add and revise voucher records with taxes.
GL Distribution	W0411K	Click OK on the Enter Voucher - Payment Information form.	Distribute the voucher amount among multiple accounts. Track taxes by general ledger account.
Tax Amounts to Distribute	W0000209A	On the GL Distribution form, select Amt To Dist from the Form menu.	Review the tax amounts to distribute by tax rate/area or tax item number based on the tax explanation code.

5.6.4 Tracking Taxes by Tax Rate/Area on Invoices

Access the Standard Invoice Entry form.

5.6.4.1 Standard Invoice Entry

Customer

Enter a user-defined name or number that identifies an address book record. You can use this number to locate and enter information about the address book record. If you enter a value other than the address book number (AN8), such as the long address or tax ID, you must precede it with the special character that is defined in the Address Book constants. When the system locates the record, it returns the address book number to the field.

For example, if address book number 4100 (Total Solutions) has a long address TOTAL and an * distinguishes it from other entries (as defined in the Address Book constants), you could type *TOTAL into the field, and the system would return 4100.

Company

Enter a code that identifies a specific organization, fund, or other reporting entity. The company code must already exist in the F0010 table and must identify a reporting entity that has a complete balance sheet. At this level, you can have intercompany transactions.

Note: You can use company 00000 for default values such as dates and automatic accounting instructions. You cannot use company 00000 for transaction entries.

Invoice Date

Enter the date that either you or the system assigns to an invoice or voucher. This can be either the date of the supplier's invoice to you or the date of the invoice to the customer.

GL Date (general ledger date)

Enter a date that identifies the financial period to which the transaction will be posted. You define financial periods for a date pattern code that you assign to the company record. The system compares the date that you enter on the transaction to the fiscal

date pattern assigned to the company to retrieve the appropriate fiscal period number, as well as to perform date validations.

Gross Amount

Enter a value that specifies the total amount of the invoice or voucher pay item. The gross amount might include the tax amount, depending on the tax explanation code. The system does not decrease the gross amount when payments are applied. When you void a transaction, the system clears the Gross Amount field.

Taxable Amount

Enter the amount on which taxes are assessed.

You can either enter an amount in this field and the system will calculate the tax for you, or you can enter an amount in the Tax Amount field. If you decide to type an amount in the Taxable Amount field, the system will validate it according to the tax rules you set up on Tax Rules by Company.

If you are using the Vertex Sales Tax Q Series system, you must complete the Taxable Amount field (not the Gross Amount field).

Tax Area

Enter a code that identifies a tax or geographic area that has common tax rates and tax authorities. The system validates the code you enter against the F4008 table. The system uses the tax rate/area in conjunction with the tax explanation code and tax rules to calculate tax and GL distribution amounts when you create an invoice or voucher.

Tax Expl (tax explanation)

Enter a hard-coded user-defined code (00/EX) that controls the algorithm that the system uses to calculate tax and GL distribution amounts. The system uses the tax explanation code in conjunction with the tax rate/area and tax rules to determine how the tax is calculated. Each transaction pay item can be defined with a different tax explanation code.

5.6.4.2 GL Distribution

Amount

Enter a number that identifies the amount that the system will add to the account balance of the associated account number. Enter credits with a minus sign (-) either before or after the amount.

Track Taxes

Enter a value to indicate whether the system updates the F0018R table with tax information for the specified account. You must set up the general ledger account as taxable to enter information in this field. Values are:

- 1:** The account is available for tracking taxes.
- 0:** The account is not available for tracking taxes.

Note: The system automatically changes the field to **1** if the account is set up as taxable and at least one pay item on the invoice has taxes. If you do not want to track taxes for the account, change the value to **0**. If the account is not set up as taxable and you enter a **1** in the field, the system automatically changes the value to **0**.

Tax Rate/Area

If you enter 1 in the Track Taxes field you must complete this field.

Enter one of the tax rates that was entered on the invoice. If you leave this field blank, the system uses the tax rate/area that is assigned to the GL account. If the tax rate/area assigned does not match one of the tax rate/areas on the invoice, the system will not update the F0018R table.

Tax Exp Code (tax explanation code)

If you enter 1 in the Track Taxes field, you must complete this field.

5.6.5 Tracking Taxes by Tax Rate/Area on Vouchers

Access the Enter Voucher - Payment Information form.

5.6.5.1 Enter Voucher - Payment Information

Company

Enter a code that identifies a specific organization, fund, or other reporting entity. The company code must already exist in the F0010 table and must identify a reporting entity that has a complete balance sheet. At this level, you can have intercompany transactions.

Note: You can use company 00000 for default values such as dates and automatic accounting instructions. You cannot use company 00000 for transaction entries.

This code identifies which company is responsible for the voucher. This code affects the journal entries that the post program generates. AAs use the company number to determine the appropriate accounts payable liability and cash accounts, as well as tax accounts and the default expense account.

Supplier Number

Enter a user-defined name or number that identifies an address book record. You can use this number to locate and enter information about the address book record. If you enter a value other than the address book number (AN8), such as the long address or tax ID, you must precede it with the special character that is defined in the Address Book constants. When the system locates the record, it returns the address book number to the field.

For example, if address book number 4100 (Total Solutions) has a long address TOTAL and an * distinguishes it from other entries (as defined in the Address Book constants), you could type *TOTAL into the field, and the system would return 4100.

Invoice Number

Enter the supplier's invoice number that is used for voucher entry. Voucher entry allows only one invoice per voucher number. If multiple invoice numbers exist on a voucher, you must set them up as multiple vouchers or combine the invoices and enter them as one voucher. Depending on how you set the JD Edwards EnterpriseOne Accounts Payable constants, the system can:

Accept a duplicate invoice number without warning or error.

Generate a warning message in which the duplicate invoice number can still be accepted.

Generate an error message.

Blank values are treated in the same manner as any other invoice number. Two blank invoice numbers are treated as duplicates.

To test for duplicate invoice numbers that might have been entered in error, run the Suspected Duplicate Payments report (R04601).

Note: The duplicate invoice number validation is not run for vouchers with document type NO. These vouchers are created by the Generate Reimbursements program (R03B610).

GL Date (general ledger date)

Enter a date that identifies the financial period that the transaction will be posted to. The company constants table for general accounting specifies the date range for each financial period. You can have up to 14 periods.

Invoice Date

Enter the date of the supplier's invoice.

The default date for a voucher is the GL date.

Gross Amount

Enter a value that specifies the total amount of the invoice or voucher pay item. The gross amount might include the tax amount, depending on the tax explanation code. The system does not decrease the gross amount when payments are applied. When you void a transaction, the system clears the Gross Amount field.

Taxable Amount

Enter the amount on which taxes are assessed.

You can either enter an amount in this field and the system will calculate the tax for you, or you can enter an amount in the Tax Amount field. If you decide to type an amount in the Taxable Amount field, the system will validate it according to the tax rules you set up on Tax Rules by Company.

Tax Ex (tax explanation)

Enter a hard-coded user-defined code (00/EX) that controls the algorithm that the system uses to calculate tax and GL distribution amounts. The system uses the tax explanation code in conjunction with the tax rate/area and tax rules to determine how the tax is calculated. Each transaction pay item can be defined with a different tax explanation code.

Tax Rate/Area

Enter a code that identifies a tax or geographic area that has common tax rates and tax authorities. The system validates the code you enter against the F4008 table. The system uses the tax rate/area in conjunction with the tax explanation code and tax rules to calculate tax and GL distribution amounts when you create an invoice or voucher.

5.6.5.2 GL Distribution

Account Number

Enter a value that identifies an account in the general ledger. Use one of these formats to enter account numbers:

Standard account number (business unit.object.subsidiary or flex format).

Third GL number (maximum of 25 digits).

Account ID number. The number is eight digits long.

Speed code, which is a two-character code that you concatenate to the AAI item SP. You can then enter the code instead of an account number.

The first character of the account number indicates its format. You define the account format in the General Accounting constants.

Amount

Enter the amount that the system adds to the account balance of the associated account number. Enter credits with a minus sign (-) either before or after the amount.

Track Taxes

Enter a value to indicate whether the system updates the F0018R table with tax information for the specified account. You must set up the general ledger account as taxable to enter information in this field. Values are:

1: The account is available for tracking taxes.

0: The account is not available for tracking taxes.

Note: The system automatically changes the field to **1** if the account is set up as taxable and at least one pay item on the invoice has taxes. If you do not want to track taxes for the account, change the value to **0**. If the account is not set up as taxable and you enter a **1** in the field, the system automatically changes the value to **0**.

Tax Exp Code (tax explanation code)

If you enter **1** in the Track Taxes field, you must complete this field.

Tax Rate Area

If you enter **1** in the Track Taxes field, you must complete this field.

Enter one of the tax rates that was entered on the voucher. If you leave this field blank, the system uses the tax rate/area that is assigned to the GL account. If the tax rate/area assigned does not match one of the tax rate/areas on the voucher, the system will not update the F0018R table.

5.7 Tracking Taxes by Pay Item and G/L Account on Invoices and Vouchers

This section provides an overview of tracking taxes by pay item and G/L account, lists prerequisites, and discusses how to enter tax information by pay item and G/L account.

5.7.1 Understanding Tracking Taxes by Pay Item and G/L Account

To support tax reporting and auditing requirements, use the tax capture by pay item and account functionality to trace every taxable invoice or voucher from the original document to the GL accounts and the tax declaration and vice versa. Depending on the transaction type and the program, the system captures the values from the Pay Item, Tax Rate Area, Tax Explanation Code, and Tax Item Number fields for revenue and expense accounts. Every revenue and expense record in the Account Ledger table (F0911) corresponds to an individual line in the Customer Ledger table (F03B11) or Accounts Payable Ledger table (F0411), and the Taxes table (F0018).

Use the Amount to Distribute by Pay Item and Tax program (P0001300) to distribute the invoice or voucher amount by pay item and tax information to different accounts. You must enable the Balance GL distribution by Pay Item and Tax constant for an invoice or voucher company to enter revenue or expense accounts for each pay item. You set the constant in the Invoice and Voucher Company Tax Constants program (P00218). The system validates that the amounts balance to the invoice or voucher pay item amount.

Where there is a single pay item on an invoice or voucher record, the system populates the pay item and tax information (tax rate area, tax explanation code and tax item number) on each revenue and expense G/L record. Where there are multiple pay items on an invoice and voucher record, you can manually enter the G/L distribution by pay item and tax information.

5.7.1.1 Tracking Taxes by Pay Item and G/L Account With Split Payments or Installments

If you use split payments or installments, the system will not automatically distribute G/L entries by pay item and taxes. However, you can create the G/L distribution entries by pay item and taxes in the Standard Invoice Entry (P03B11) or Voucher Entry (P0411) programs for existing invoices or vouchers that contain split payments or installments.

5.7.1.2 Tracking Taxes by Pay Item and G/L Account in the Journal Edit Register Program

If you track taxes by pay item and G/L account and you use the Journal Edit Register program (R48300) in the JD Edwards EnterpriseOne Contract Service Billing system, the system creates invoices or vouchers by pay item and tax information automatically without user intervention.

5.7.1.3 Tracking Taxes by Pay Item and G/L Account in the A/P Voucher Journal Entry Redistribution Program

If you are tracking taxes by pay item and G/L account, the system captures pay item and tax information during logged voucher journal entry re-distribution in the A/P Voucher Journal Entry Redistribution program (P042002).

When you enter a logged voucher, the system creates a preliminary expense account for G/L distribution. The system defines the preliminary expense account through AAI PPxxxx, but you can override this value. When you enter a logged voucher and the tax constant is enabled, you cannot capture tax information for the preliminary expense account because this account represents all the pay items on the voucher and each pay item can have a different tax rates area. Also, the system populates the pay item for preliminary expense account with the value of 000.

5.7.2 Prerequisites

Before you complete the tasks in this section, you must:

- Set both the Account Receivable and Account Payable Offset Method constants to S, (Single Offset per pay item) to specify that the system populates the pay item on AR and AP trade account G/L entries.

See "Setting Up Accounts Payable Constants" in the *JD Edwards EnterpriseOne Applications Accounts Payable Implementation Guide*.

See "Setting Up Constants for Accounts Receivable" in the *JD Edwards EnterpriseOne Applications Accounts Receivable Implementation Guide*.

- Set up the Balance GL Distribution by Pay Item and Tax constant for the company.
See [Setting Up the Tax Constant by Company](#)
- If you use tax adjustments, set up tax rules (Tax on Gross Including Discount and Discount on Gross Including Tax) for AR and AP in the Tax Rules program (P0028).
See [Setting Up Tax Rules by Company](#)
- Set the Update Tax File processing option in the version of the General Ledger Post program (R09801) to update taxes in the Taxes table (F0018).
See [Understanding the General Ledger Post Program and Updating Tax Information](#)

5.7.3 Forms Used to Enter Tax Information by Pay Item and G/L Account

Form Name	FormID	Navigation	Usage
Amount to Distribute by Pay Item and Tax	W0001300A	Click OK on the transaction entry form, such as Standard Invoice Entry form or Enter Voucher - Payment Information form.	Enter tax capture information by pay item and account.

5.7.4 Entering Tax Information by Pay Item and G/L Account

Access the Amount to Distribute by Pay Item and Tax form.

The system displays forms that enable you to distribute the amounts by pay item and account. The system displays the same forms when you use the following programs:

- Standard Invoice Entry (P03B11)
- Batch Invoice Revisions (P03B11Z1)
- Standard Voucher Entry (P0411)
- Batch Voucher Revisions (P0411Z1)

Note: When the tax constant is enabled and you use programs that contain the Track Taxes field, the system automatically sets the value to 1 if the invoice or voucher pay item has tax information; otherwise the system sets the field to 0. The Track Taxes field is not input capable.

1. Enter invoice or voucher header information and pay items on the transaction entry form. Verify that the Balance GL Distribution by Pay Item and Tax constant is set for the company number that you enter in the Company field. Click OK.

Figure 5-3 Standard Invoice Entry form

Standard Invoice Entry - Standard Invoice Entry

Document No/Type/Co: 3074 RI 00050 Batch No * 6006

Customer: 3001 Global Enterprises

Company: 00050 Project Management Company Discount %

Invoice Date: 07/11/2005 G/L Date: 06/30/2005 Payment Terms:

Currency: USD Exchange Rate: Base: USD Foreign

Pay Item	Gross Amount	Remark	Pymt Terms	Disc Percent	Discount Available	Taxable Amount	Tax
001	5.901,51	Application 1 Adjust. 0	001		55,00	5.900,00	401,51
002	5.472,30	Application 1 Adjust. 0	001		51,00	5.100,00	372,30
003	5.633,25	Application 1 Adjust. 0	001		52,50	5.250,00	383,25
004	670,63	Application 1 Adjust. 0	001		6,25	625,00	45,63
005							

Gross: 17.677,69 Disc: 164,75 Tax: 1.202,69 Taxable: 16.475,00

- On the Amount to Distribute by Pay Item and Tax form, the system displays invoice information in the header and displays pay item, tax information, and amount to distribute in the records grid. You can select Exit Out of Bal from the Form menu to exit this program without balancing the amounts.

Figure 5–4 Amount to Distribute by Pay Item and Tax form

Amount to Distribute by Pay Item and Tax

Document No./Type/Co: 2073256 PV 00001 Batch Number: 971623

Address Number: 4343 *Parts Emporium changed*

G/L Date: 06/06/2006 Amount To Distribute: 123.98

Currency: USD Exchange Rate: Base: USD

Filters

Pay Item: * Show Incomplete Only

Records 1 - 1

Pay Item	Tax Rate/Area	Tx Ex	Tax Item No	Amount To Distribute	Remaining Amount
001	CEN	ST	0	123.98	123.98

Amount Distributed: Remaining: 123.98

Account Distribution

Get Model JE

Pay Item

Remaining Amount

No records found. Customize Grid

Account Number	Account Description	Amount To Distribute
----------------	---------------------	----------------------

Delete

When you select a pay item from the records grid, the system displays the information in the Pay Item and Remaining Amount fields in the Account Distribution grid. Use the Account Distribution grid to distribute the amount to different accounts. You must select each pay item individually to distribute the amounts. If you are updating a record, the system disables the pay items that were already fully distributed in the Account Distribution grid.

If the customer or supplier master record has a default G/L account, the system displays this account for each pay item that is selected. If the customer or supplier master record has a default model journal entry, the system displays this model journal entry for each pay item that is selected. You are able to override both a default G/L account and a default model journal entry.

You can select the Show Incomplete Only check box to display only the pay items that have not been distributed.

On the Amounts to Distribute by Pay Item and Tax form, click OK after you distribute each pay item.

3. The system displays the G/L Distribution form with the account and amount distribution from the Amounts to Distribute by Pay Item and Tax form. When you click OK, the system balances each G/L amount total by pay item with the invoice pay item amount. If the G/L amount total by pay item is not in balance, the system displays an error message for that pay item. If you click cancel, the system cancels the entire transaction.

Note: You can also access from the Amounts to Distribute by Pay Item and Tax form by selecting Amount to Distribute from the Form menu on the G/L Distribution form. If the tax constant is disabled and you select Amount to Distribute from the Form menu, the system displays the Tax Amount to Distribute program (P0000209), which displays only the amount to distribute by tax information.

5.8 Updating Tax Information

This section provides an overview of the General Ledger Post program as it relates to updating tax information to the Taxes table (F0018) and discusses how to run the General Ledger Post program.

5.8.1 Understanding the General Ledger Post Program and Updating Tax Information

To report on tax amounts that you owe or collect, you must update the F0018 table. The system automatically updates the F0018 table when you post invoices, vouchers, and journal entries that have taxes if you set the appropriate processing options for the versions of the General Ledger Post Report program (R09801) that you use to post these transactions.

Note: If you bypass creating invoices when you run the Update Customer Sales program (R42800), the system does not update the Taxes table.

The default versions of the General Ledger Post Report program are:

- ZJDE0001 (General Ledger Post)
If you enter journal entries with VAT tax, you must set the processing options for this version in order to update the F0018 table.
- ZJDE0002 (Voucher Post)
If you enter invoices with taxes, you must set the processing options for this version in order to update the F0018 table.
- ZJDE0006 (Invoice Post)
If you enter invoices with taxes, you must set the processing options for this version in order to update the F0018 table.

If you use different versions of the General Ledger Post Report program to post transactions with taxes, you must set the processing option for those versions in order to update the F0018 table.

You can update the table for all tax explanation codes, all tax amounts, or tax explanation codes relating to Use and VAT tax only.

Note: If you post transactions with taxes and do not have the processing options set to update the F0018 table, you must manually enter tax information in the F0018 table. You cannot post transactions again to update the table.

See [Working with the Taxes Table](#)

5.8.2 Running the General Ledger Post Program

Use one of these navigations:

Select Journal Entry, Reports, & Inquiries (G0911), Post General Journal.

Select Supplier & Voucher Entry (G0411), Post Vouchers to GL.

Select Customer Invoice Entry (G03B11), Post Invoices to GL.

5.9 Revising Invoices and Vouchers with Taxes

To change the amount of a posted invoice or voucher that has taxes, enter a new gross amount and remove the tax amount and taxable amount information. The system recalculates the tax information. When a transaction has multiple tax rates, you must change tax information for each pay item that differs from the default information.

You can also change tax amounts that the system calculates. For sales and use tax, the system returns a warning message. For VAT taxes (tax explanation code V, B, and C), tax amounts that you enter manually on the transaction are validated against tolerance ranges that you set up for each company. If you exceed the tolerance range, the system returns an error or warning.

Although you can revise tax information on a posted invoice or voucher, you cannot add tax information to a posted transaction. However, you can enter tax information as an additional pay item using the tax-only explanation codes (ST, UT, VT, BT, or CT), or enter a new tax-only transaction.

To add tax-only information, complete the Taxable Amount field instead of the Gross Amount field.

When you post revised transactions, the system updates the F0018 table with the revision.

Important: When you revise an invoice or voucher that has taxes, the system attempts to recalculate tax amounts, even if you do not attempt to revise an amount field. For example, if you revise the invoice remark on an invoice that has taxes, the system will attempt to recalculate the tax and gross amount on the invoice. If the gross amount does not equal the taxable plus tax amounts, within the tolerance ranges established in the Tax Rules, the system returns a warning or error message and the change will not be accepted.

If you do not need to change an amount, use the Speed Status Change programs (P03B114 and P0411S) to revise transaction information, such as due dates and remarks.

5.9.1 Splitting Vouchers for Payment

If you use the Speed Status Change (P0411S) program to split a voucher that has taxes, based on a processing option setting, you can specify that the tax amount be split proportionately based on the amount of each pay item. This eliminates the need to clear tax fields and specify tax information for each pay item.

See Also:

- [Working with the Taxes Table.](#)

5.10 Entering Journal Entries with VAT

This section provides an overview of journal entries with VAT and discusses how to:

- Set processing options for Journal Entries with VAT (P09106).
- Enter journal entries with VAT.

5.10.1 Understanding Journal Entries with VAT

If you do business in a country that assesses a recoverable value-added tax (VAT) or similar taxes, you might need to enter a journal entry with VAT. Use the Journal Entries with VAT (P09106) program when you want to record a taxable entry without updating the F0411 or F03B11 tables. For example, you would do this if you wanted to enter bank charges.

The system provides a field for the address book number, which you can use to associate the entry with an employee, supplier, customer, or company. Depending on the setting of the processing option, the system might require an address book number for each detail line (general ledger distribution). You can enter a default address book number in the header area. The system uses this number for address book numbers that you leave blank on detail lines.

When you enter a journal entry with VAT, you can specify either the taxable or gross amount. The system calculates the tax and the amount that you did not specify (gross or taxable) based on the tax rate/area. You must use a tax explanation code of V, V+ (tax on tax), or VT (tax only); the program does not accept any other tax explanation codes.

Because only one GL distribution line might be specified for taxes, the system does not use the default tax rate/area based on the business unit entered on the account; however, if the account is set up as taxable, the system will use the tax rate/area that is set up for the account if the tax rate/area is not specified on the form.

When you enter a journal entry with VAT, the system:

- Automatically updates the F0018 table.
The system ignores the tax processing options when you post the journal entry.
- Creates Account Ledger records in the F0911 table for the tax account specified in the AAI item GTxxxx (where xxxx is the GL offset from the tax rate/area).

Note: The system creates the offsetting tax entries when the journal entry with VAT transaction is entered, not when it is posted.

The additional entries that the system creates based on the GTxxxx AAI cannot be reviewed from the Journal Entries with VAT program. You must use the standard Journal Entries program (P0911) to review these entries. The system differentiates entries that you enter from those that the system creates by updating the ALT5 field in the F0911 table as:

V: This code identifies the entry as the account entered in the Journal Entries with VAT program that has tax information specified.

T: This code identifies the entry as the tax account that the system creates based on the AAI item GTxxxx.

O: This code identifies the entry as the offset account entered in the Journal Entries with VAT program (P09106).

The system updates the Taxable Amount field even when you do not specify tax information. The system uses the gross amount as the taxable amount. The system does not update these journal entry lines in the F0018.

You can revise journal entries with VAT in the same way that you revise journal entries without VAT.

- If the journal entry is not posted, the system updates the existing record in the Taxes table.
- If the journal entry is posted, the system writes a revision record in the Taxes table.

You cannot create model or reversal journal entries using the Journal Entries with VAT program. You can, however, void reversal journal entries.

5.10.1.1 (COL) Journal Entries with VAT for Colombia

You can only use tax explanation codes V and VT. When you need to save allocation with tax area (even if the tax rate/area has no tax), you must record the area with a GL offset without percentage.

Industry and commerce tax is calculated based on the economic activity parameter specified in the regional information in the JD Edwards EnterpriseOne Address Book system. You can change this value on the Journal Entries with VAT form in the Pay Item field.

5.10.1.2 Example: Journal Entry with VAT

This example displays the same unposted transaction using the Journal Entry program (P0911). The system uses GT.

Figure 5–5 Journal Entry

Account Number *	Amount	Account Description	Subledger Type	Subledger
70.8630	100,000,00	Bank Charges		
70.1240	6,440,00	VAT Recoverable		
70.1240	8,560,00	VAT Recoverable		
70.1110.BBL	115,000,00	Banque Bruxelles Lambert		

5.10.2 Prerequisite

Set up the tax AAIs for the JD Edwards EnterpriseOne General Accounting system.

5.10.3 Forms Used to Enter Journal Entries with VAT

Form Name	FormID	Navigation	Usage
Work with Journal Entries with VAT	W09106C	Tax Processing and Reporting (G0021), Journal Entries with VAT. (COL) Vouchers Entry (G76C12), Journal Entries with taxes.	Review and select journal entry with VAT records.
Journal Entries with VAT	W09106A	Click Add on the Work with Journal Entries with VAT form.	Add and revise journal entries with VAT.

5.10.4 Setting Processing Options for Journal Entries with VAT (P09106)

Processing options enable you to specify the default processing for programs and reports.

5.10.4.1 Addr # Required

1. Address Book Number

Enter **1** if the address book number field is required to be filled in the grid. If left blank, the system does not display an error message.

5.10.4.2 MBF Version

1. Version

Specify an override version number to override standard journal entry processing (version ZJDE0001 for application P0900049). This should only be changed by persons responsible for system wide setup.

5.10.5 Entering Journal Entries with VAT

Access the Journal Entries with VAT form.

Use the Alternate Home Business Unit, Job Type, Job Step, Employee Pool Grouping Code, and Job Pool Group Code fields, which appear in the detail area of the Journal Entries with VAT form, to simulate transactions from other JD Edwards EnterpriseOne systems such as Time and Labor and Subcontract Management. For example, if you are using burdening, you can use these fields to enter a correcting journal entry for burdening transactions.

Taxable Amount

Enter a number that identifies the amount that the system will add to the account balance of the associated account number. Enter credits with a minus sign (-) either before or after the amount.

If you enter an amount in the Taxable Amount field, the system calculates the gross amount and the tax. If you enter an amount in the Gross Amount field, the system calculates the taxable amount and the tax.

Gross Amount

Enter the gross amount and the system calculates the taxable amount.

Tax

Enter the amount assessed and payable to tax authorities. It is the total of the VAT, use, and sales taxes (PST).

If you change the tax amount, the system validates the change against the Tax Rules.

Tx Ex (tax explanation)

Enter a user-defined code (00/EX) that controls how a tax is assessed and distributed to the general ledger revenue and expense accounts.

You must use a tax explanation code that begins with V (V, VT, or V+). No other tax explanation codes are valid.

Tax Area

Enter a code that identifies a tax or geographic area that has common tax rates and tax authorities. The system validates the code you enter against the F4008. The system uses the tax rate/area in conjunction with the tax explanation code and tax rules to calculate tax and GL distribution amounts when you create an invoice or voucher.

Track Taxes

Enter a value that specifies whether the system updates the F0911 table with tax information in order to track taxes for a general ledger account. Values are:

1: Update.

0: Do not update.

You must set up the account as taxable in the F0901 for the system to accept a value of 1 in this field.

5.11 Processing Batch Invoices and Vouchers with Taxes

This section provides an overview of batch processing for invoices and vouchers with taxes.

5.11.1 Understanding Batch Processing for Invoices and Vouchers with Taxes

When you use batch processing to create invoices and vouchers from transactions entered in a legacy system, you might want to include tax information on the transactions. Aside from specifying additional tax information, you process batch invoices and vouchers that have taxes exactly as you would if taxes were not present.

5.11.1.1 Tax Rate Area and Tax Explanation Code Defaults

If you do not enter the tax rate/area or tax explanation code in the batch tables, but have default values in the F0006, F03012, or the F0401 tables, the system uses the appropriate values to calculate taxes.

Note: The F0006 table contains only the Tax Rate Area field. For the value in the Tax Rate Area field to be supplied as the default for this record, you must provide a value in the Tax Explanation Code field.

To bypass the tax defaults, set the appropriate processing option on the Defaults tab of the Batch Invoice Processor program (R03B11Z1A) or the Batch Voucher Processing program (R04110Z).

5.11.1.2 Fields Required for Processing Tax Information on Batch Invoices and Vouchers

In addition to the fields required for processing invoices and vouchers that do not have taxes, you must complete these additional tax fields in the F03B11Z1 table to process invoices that have taxes and in the F0411Z1 table to process vouchers that have taxes.

Field Name	Alias	Type	Length	Values to Enter/Definition
Taxable Amount	ATXA	Number	15	<p>Enter the amount of the transaction that is taxable. If the total gross amount of the transaction is not taxable, you must enter the nontaxable portion of the transaction in the Non-Taxable field (ATXN). The sum of the Taxable (ATXA), Non-Taxable (ATXN), and Tax Amounts (STAM) fields must equal the gross amount of the transaction.</p> <p>If you leave the Gross Amount field (AG) blank, the system calculates the gross amount based on the taxable (ATXA) and nontaxable (ATXN) amounts.</p>
Non-Taxable Amount	ATXN	Number	15	<p>Enter the amount of the transaction that is not taxable. The sum of the taxable, nontaxable, and tax amounts must equal the gross amount of the transaction.</p>
Tax Amount	STAM	Number	15	<p>This field identifies the amount of tax that is calculated for the transaction.</p> <p>If you leave this field blank, the system calculates the tax amount based on values in the Taxable Amount (ATXA), Tax Explanation Code (EXR1), and Tax Rate/Area (TXA1) fields.</p>
Tax Rate/Area	TXA1	Alpha	10	<p>The tax rate/area specifies at what percent the tax is calculated and defines the taxing authority.</p> <p>The value that you enter in this field must exist in the F4008 table.</p>
Tax Expl Code 1	EXR1	Alpha	1	<p>The value that you enter in this field must exist in UDC 00/EX (Tax Explanation Codes). All values are hard coded to perform tax calculations specific to the setup of the tax rate/area and in conjunction with the tax rules by company.</p>
Service/Tax Date	DSVJ	Date	6	<p>This date corresponds to the effective date used in the Tax Rate Area field (TXA1). Enter the date in the format that the database accepts.</p> <p>If you leave this field blank, the system uses the value from the GL date.</p> <p>Alternatively, you can leave this field blank and complete the fields DSVM (mm), DSVD (dd), DSVY (yy), and DSV# (cc) in the month/day/year/century format. Enter the prefix of the year in the Century field (DSV#). For example, enter 19 for 1999, or enter 20 for 2005.</p>

5.11.1.3 Distribution Information for Batch Processing

When you process batch invoices or batch vouchers, in addition to entering information in the F03B11Z1 or F0411Z1 tables, you must enter corresponding account distribution information in the F0911Z1 table for the batch invoice or voucher that you are processing. The amount that you distribute varies depending on the tax explanation code that you use on the invoice or voucher.

Enter the following tax information if you are using the track taxes by tax rate area method:

- Tax Rate/Area

If you do not complete this field, but you enter **1** in the Track Taxes field, the system uses the default tax rate/area that is set up for the account.

- Tax Explanation Code
- Track Taxes

Enter **1** to track taxes. The account must be designated as *Taxable* in the F0901 table or the system ignores this field.

If you are using the track taxes by pay item and G/L account method, the system automatically enters tax information from the invoice or voucher when you add the pay item.

5.11.1.4 Processing Foreign Amounts and Taxes

The system calculates taxes for foreign amounts in the same manner that it calculates taxes for domestic amounts. If you provide the foreign taxable amount, it calculates the foreign tax and gross amounts. Conversely, if you provide the foreign gross amount, it calculates the foreign tax and taxable amounts. If you specify foreign amounts in the F03B11Z1 or F0411Z1 table, the distribution amounts that you specify in the F0911Z1 table must also be foreign.

5.12 Processing Batch Journal Entries with VAT

This section provides an overview of batch journal entries with VAT.

5.12.1 Understanding Batch Journal Entries with VAT

If you use either the Store and Forward or the Batch Journal Entry programs, you might want to process journal entries with VAT taxes. When you process batch journal entries, you must create records in the F0911Z1 table, and then process them using the R0911Z1 program (depending on the menu, this program is referenced as either Journal Entries Batch Processor or Store & Forward Journal Entry Upload). When you run the R0911Z1 program, provided there are no errors, the system updates transactions in the F0911 table.

You can specify to post successfully processed batches automatically by setting a processing option or you can manually post them at a later date. Regardless of whether you select to post transactions automatically, when the system successfully processes the journal entry in the F0911Z1 table and creates it in the F0911 table, it also writes the appropriate records to the F0018 table.

The system processes journal entries with VAT exactly as if you had used the Journal Entry with VAT program (P09106). In addition to the fields required for processing journal entries without taxes, you must complete the fields in this table to process journal entries with taxes:

Field Name	Alias	Type	Length	Values to Enter/Definition
Taxable Amount	AA	Number	15	<p>If you enter the taxable amount, the system calculates the tax and gross amounts based on the tax explanation code and tax rate/area.</p> <p>If you enter the gross amount, the system calculates the taxable and tax amounts based on the tax explanation code and tax rate/area.</p> <p>Note: If you enter any other combination of fields, the system validates the information based on the tax rate/area, tax explanation code, and tax rules that are set up. Tax amounts that you enter must be within the tolerance limits established for the tax rule. If you do not want the system to validate tax amounts that you specify, specify a tolerance of 100 percent or do not set up tax rules.</p>
Gross Amount	AG	Number	15	.
Tax Amount	STAM	Number	15	.
Tax Expl Code 1	EXR1	Alpha	1	Enter a VAT tax explanation code (V, V+ or VT) only. No other values are valid.
Tax Rate/Area	TXA1	Alpha	10	<p>The tax rate/area specifies at what percent the tax is calculated and defines the taxing authority.</p> <p>The value that you enter in this field must exist in the F4008 table.</p>
Track Taxes	TKTX	Alpha	1	Enter 1 to update tax information to the F0018R table. The account specified must be set up as taxable in the F0901 table or the system changes the Track Taxes field to 0 when the journal entry is processed, and does not update the F0018R table.

5.12.1.1 Processing Foreign Amounts with Taxes

The system calculates taxes for foreign amounts in the same manner that it calculates taxes for domestic amounts. If you provide the foreign taxable amount, it calculates the foreign tax and gross amounts. Conversely, if you provide the foreign gross amount, it calculates the foreign tax and taxable amounts. If you want to process domestic and foreign amounts simultaneously, enter 3 in the Currency Mode field (CRCM). The system processes the amounts specified and bypasses currency exchange rate calculations.

Working with the Taxes Table

This chapter contains the following topics:

- [Section 6.1, "Understanding the Process to Update the Taxes Table"](#)
- [Section 6.2, "Adding Transactions in the Taxes Table"](#)
- [Section 6.3, "Purging Transactions in the Taxes Table"](#)

6.1 Understanding the Process to Update the Taxes Table

After you generate vouchers and invoices, you must post them to the general ledger to create offsetting entries and update the Account Balances table (F0902). Additionally, if the transactions have taxes that you want to reconcile or report on, you must update the Taxes table (F0018). The transaction type determines how the system updates the F0018 table:

- For invoices and vouchers with taxes, the system updates the F0018 table when you set the appropriate processing option in the General Ledger Post Report program (R09801).

The system creates one record in the F0018 table for each invoice or voucher pay item that has taxes. When you revise a posted pay item and post the revision, the system generates an additional record in the Taxes table for that pay item and increases the Line Number field incrementally.

- For journal entries entered with valued-added tax (VAT), the system updates the F0018 table when you enter the transaction, regardless of whether it is posted.

The system creates one record in the F0018 table for each journal entry line that has taxes. If you revise a journal entry with VAT, the system writes a record for the revision if the journal entry was posted when it was revised. Otherwise, the system changes the information on the existing F0018 record.

Each record in the F0018 table contains fields for each tax authority, tax rate, and tax amount so that when you run reports, the system can provide you with a total tax amount by tax authority.

6.2 Adding Transactions in the Taxes Table

This section provides an overview of the Tax File Revisions (P0018) program and discusses how to add transactions to the Taxes table.

6.2.1 Understanding the Tax File Revisions Program

Use the Tax File Revisions program to review, add, delete, and modify records in the F0018 table. For example, if you did not set the appropriate processing option in the version of the General Ledger Post Report program (R09801) to update the F0018 table, you might need to enter the tax information manually using the Tax File Revisions program. Similarly, you might want to delete a transaction from the table.

The system does not allow revisions to documents that begin with the letter P or R (which are normally used for voucher and invoice transactions). Because you cannot revise invoice or voucher records in the F0018 table, you must either:

- Make revisions using the standard entry program, and then post those changes to update the F0018 table.
- Add a new transaction to the F0018 table to adjust the tax amount appropriately.

If you revise the taxable or nontaxable amounts of a journal entry and you clear the Tax field, the system recalculates the tax amount.

Note: The system does not update the original transaction with revisions that you make to the transaction in the F0018 table.

6.2.2 Forms Used to Add Transactions to the Taxes Table

Form Name	FormID	Navigation	Usage
Work With Tax File	W0018A	Tax Revisions (G00216), Tax File Revisions.	Review and select tax records.
Tax File Revisions	W0018C	Click Add on the Work With Tax File form.	Add transactions to the Taxes table.

6.2.3 Adding Transactions to the Taxes Table

Access the Tax File Revisions form.

Document Type

Enter a number that identifies an original document. This document can be a voucher, a sales order, an invoice, unapplied cash, a journal entry, and so on.

If you need to add a document for tax explanation code V, the document type, document number, and document company that you specify must exist in the F0911 table.

Order Suffix

Enter a code that corresponds to the pay item in the JD Edwards EnterpriseOne Accounts Receivable and JD Edwards EnterpriseOne Accounts Payable systems. In the JD Edwards EnterpriseOne Sales Order Management and JD Edwards EnterpriseOne Procurement systems, this code identifies multiple transactions for an original order.

For purchase orders, the code is always 000.

For sales orders with multiple partial receipts against an order, the first receiver used to record receipt has a suffix of 000, the next has a suffix of 001, the next 002, and so on.

Company

This field is required.

Account Number

Enter value that identifies an account in the general ledger.

Address Number

Enter a number that identifies an entry in the JD Edwards EnterpriseOne Address Book system, such as employee, applicant, participant, customer, supplier, tenant, or location.

This field is required.

Tx Ex (tax explanation)

Enter a user-defined code (00/EX) that controls how the system assesses a tax and distributes it to the general ledger revenue and expense accounts.

This field is required.

Tax Rate/ Area

Enter a code that identifies a tax or geographic area that has common tax rates and tax authorities. The system validates the code you enter against the F4008 table. The system uses the tax rate/area in conjunction with the tax explanation code and tax rules to calculate tax and GL distribution amounts when you create an invoice or voucher.

This field is required.

Tax Point Date

Enter a date that indicates when you purchased goods or services, or when you incurred a tax liability.

GL Date (general ledger date)

Enter a date that identifies the financial period to which the transaction is to be posted.

The company constants specify the date range for each financial period. You can have as many as 14 periods. Generally, period 14 is used for audit adjustments. The system validates this field for PBCO (posted before cutoff), PYEB (prior year ending balance), PACO (post after cutoff), and WACO (post way after cutoff) messages.

This field is required.

Line Number

Enter a number that identifies multiple occurrences, such as line numbers on a purchase order or other document. Generally, the system assigns this number, but in some cases you can override it.

Non-Taxable Amount

Enter the amount upon which taxes are not assessed. This is the portion of the transaction not subject to sales, use, or VAT taxes because the products are tax-exempt or zero-rated.

Taxable Amount

Enter the amount that the system uses to assess taxes.

This field is required.

Tax

Enter the amount assessed and payable to tax authorities. It is the total of the VAT, use, and sales taxes (PST).

Although you can enter the tax amount, the system might return an error if the amount that you enter differs from the system-calculated amount. For error-free processing, leave this field blank and let the system assign the amount.

Extended Cost

Enter the invoice (gross) amount for account receivable and account payable. For sales orders and purchase orders, the unit cost times the number of units.

Enter the sum of the taxable and tax amounts. This field is required.

6.3 Purging Transactions in the Taxes Table

Periodically, you might want to purge the F0018 table to remove records that are no longer required. Use the Tax File Purge (R0018PURGE) program remove records from the F0018 table based on the data selection.

6.3.1 Purging Transactions in the Taxes Table

Select Tax Processing and Reporting (G0021), Tax File Purge.

Updating the Tax Reconciliation Repository

This chapter contains the following topics:

- [Section 7.1, "Updating the Tax Reconciliation Repository"](#)
- [Section 7.2, "Reviewing the Tax Reconciliation Repository"](#)

7.1 Updating the Tax Reconciliation Repository

This section provides an overview of the process to update the tax reconciliation repository and discusses how to:

- Run the Update Tax Reconciliation Repository program.
- Set processing options for Update Tax Reconciliation Repository (R0018R).

7.1.1 Understanding the Process to Update the Tax Reconciliation Repository

If you are using the track taxes by tax rate/area method, you must run the Update Tax Reconciliation Repository (R0018R) program after you post vouchers and invoices and update the Taxes (F0018) table. The system allocates tax amounts to the taxable general ledger accounts that were used to distribute voucher and invoice transactions, as well as any journal entries with valued-added tax (VAT).

The system stores these tax amounts in the Tax Reconciliation Repository (F0018R) table for reporting purposes.

Important: Do not use data selection to update records to the F0018R table. Instead, use the processing options for the Update Tax Reconciliation Repository program.

7.1.1.1 Reconciling Tax Amounts by GL Account

The Update Tax Reconciliation Repository program uses this process to reconcile tax amounts by GL account and update the F0018R table:

1. Locates an unprocessed record from the F0018 table (an unprocessed record is one in which the Tax Processed Flag field (PROCFL) is not Y).
2. Uses these key fields in the order specified to locate the corresponding taxable records in the Account Ledger (F0911) table:
 - Document number
 - Document type
 - Document company

- GL date
 - Tax rate/area
 - Tax explanation code
 - Tax item number
3. Totals the records in the F0911 table.
 4. Determines a relative percent for each F0911 record by dividing the amount of each account by the total amount.
 5. Multiplies the relative percent by the tax amount in the F0018 table to determine the tax amount per account.
 6. Performs an allocation for each tax rate/area and tax-explanation code combination.
 7. Creates records in the F0018R table.

Note: Although the system writes tax amounts to both the AA and CA ledgers in the F0911 table, it updates only AA amounts to table F0018R.

8. Updates the F0018 record to processed (PROCFL field is Y).

7.1.1.2 Revising Reconciled Transactions

If you revise transaction amounts or general ledger accounts, you must first post them to the F0018 table, and then rerun the Update Tax Reconciliation Repository program to update the F0018R table. When you post the revised transaction, the system creates a new record in the F0018 table for that pay item and increases the Line Number field by an increment of one. When you rerun the Update Tax Reconciliation Repository program, the system:

1. Locates unprocessed records from the F0018 table.
2. Locates processed records in the F0018 table that have the same key fields and removes the 1 from the PROCFL field so that all records can be considered for new tax calculations.
3. Deletes all records that have the same key fields from the F0018R table so that new relative percentages can be calculated.
4. Reruns the reconciliation process as described in steps 1-8.

7.1.1.3 Example: Updating the Tax Reconciliation Repository

This example displays how the system updates the F0018R table using the setup information in the tables:

7.1.1.4 Tax Rate Area Setup

This table lists the Tax Rate Area fields and values:

Field	Value	Value
Tax Rate Area	G10	G20
Tax Authority	4555	25551

Field	Value	Value
GL Offset	A1	A2
Tax Rate	10 percent	20 percent

7.1.1.5 AAI Setup

This table lists the automatic accounting instruction (AAI) items and accounts:

AAI Item	Account
RTA1	1.4333
RTA2	1.4444
RC	1.1210

7.1.1.6 Invoice Entry

Enter an invoice with three pay items for these taxable amounts using tax explanation code V and two tax rate/areas:

7.1.1.7 Invoice: 11223 RI 00001

This table lists the field values on the Invoice Entry form:

Pay Item	Gross Amount*	Taxable Amount	Tax Amount*	Tax Rate Area	Tax Expl. Code	Item Number
001	1,100	1,000	100	G10	V	0
002	2,400	2,000	400	G20	V	0
003	3,300	3,000	300	G10	V	0

* The system calculates these amounts as:

- Gross Amount = Taxable Amount + Tax Amount
- Tax Amount = Taxable Amount x Tax Rate

Note: Because the invoice was entered manually and not created by the Update Customer Sales program (R42800), the system does not use or update the Item Number field.

Distribute the invoice to these general ledger accounts and tax rate/areas:

7.1.1.8 GL Distribution: 11223 RI 00001

This table describes the field values on the GL Distribution form:

JE Line Number	Account Number	Track Taxes	Amount	Tax Rate Area	Tax Expl. Code	Item Number
1	3.5010	Y	1,600	G10	V	0
2	3.5020	Y	1,400	G10	V	0
3	3.5030	Y	1,500	G20	V	0
4	3.5010	Y	500	G20	V	0

JE Line Number	Account Number	Track Taxes	Amount	Tax Rate Area	Tax Expl. Code	Item Number
5	3.5040	Y	1,000	G10	V	0

The type of tax is VAT; therefore, the amounts to distribute do not equal the gross amount of the invoice. The amounts equal the taxable amount of the invoice.

7.1.1.9 Post Report

When you post the report, the system updates the accounts for these amounts:

Account	Description	Doc Type	Amount	Amounts
3.5010	Store Sales 1	RI	.	- 2,100
3.5020	Store Sales 2	RI	.	- 1,400
3.5030	Store Sales 3	RI	.	- 1,500
3.5040	Store Sales 4	RI	.	- 1,000
1.1210	AR Trade	AE	6,800	.
1.4333	VAT Payable G10	AE	.	- 400
1.4444	VAT Payable G20	AE	.	- 400

The system also updates the F0018 table accordingly:

Doc Number	Doc Type	Pay Item	Taxable Amount	Tax Amount	Tax Rate Area	Tax Expl. Code	Processed Flag
11223	RI	001	1,000	100	G10	V	.
11223	RI	002	2,000	400	G20	V	.
11223	RI	003	3,000	300	G10	V	.

7.1.1.10 Update Tax Reconciliation Repository

When you run the Update Tax Reconciliation Repository program, the system performs for each pay item:

1. Locates the first record in table F0018 that is not processed (PROCFL field is not 1):
Invoice 11223, RI, 001, G10, V
2. Locates the corresponding F0911 records based on the key fields (document number, document type, document company, GL date, tax rate/area, tax explanation code, and tax item number).
 - 3.5010 (1,600)
 - 3.5020 (1,400)
 - 3.5040 (1,000)
3. Sums the amount of the records, and then calculates each percent of the total amount per account for the tax rate/area.

G10

1,600 + 1,400 + 1,000 = 4,000
 (1,600 / 4,000) x 100 = 40 percent (1,400 / 4,000) x 100 = 35 percent (1,000 / 4,000) x 100 = 25 percent

Note: The system performs soft rounding for these calculations.

4. Multiplies the percent by the tax amount to determine the tax amount per account.

Pay Item 001 - G10

.40 x 100 = 40.35 x 100 = 35.25 x 100 = 25

Note: The system performs soft rounding for these calculations.

5. Updates the F0018R table.

This table displays the resulting records in the F0018R table:

Doc Number	Doc Type	Pay Item	Account	Journal Entry Line	Amount	Tax Amount	Tax Rate Area	Tax Expl. Code
11223	RI	001	3.5010	1.0	1,600	40	G10	V
11223	RI	001	3.5020	2.0	1,400	35	G10	V
11223	RI	001	3.5040	3.0	1,000	25	G10	V

6. Updates the Processed Flag field (PROCFL) to P on the F0018 record.

This table displays the resulting records in the F0018 table.

Doc Number	Doc Type	Pay Item	Taxable Amount	Tax Amount	Tax Rate Area	Tax Expl. Code	Processed Flag
11223	RI	001	1,000	100	G10	V	P
11223	RI	002	2,000	400	G20	V	.
11223	RI	003	3,000	300	G10	V	.

7. Locates the second record in table F0018 that is not processed: Invoice 11223, RI, 002, G20, V.

8. Locates the corresponding F0911 records:

- 3.5030 (1,500)
- 3.5010 (500)

9. Sums the amount of the records, and then calculates each percent of the total amount per account for the tax rate/area.

G20

$1,500 + 500 = 1,500$

$(1,500 / 2,000) \times 100 = 75 \text{ percent}$ $(500 / 2,000) \times 100 = 25 \text{ percent}$

10. Multiplies the percent by the tax amount to determine the tax amount per account.

Pay Item 002 - G20

$.75 \times 400 = 300.25 \times 400 = 100$

11. Updates table F0018R.

This table displays the resulting records in the F0018R table:

Doc Number	Doc Type	Pay Item	Account	Journal Entry Line	Amount	Tax Amount	Tax Rate Area	Tax Expl. Code
11223	RI	001	3.5010	1.0	1,600	40	G10	V
11223	RI	001	3.5020	2.0	1,400	35	G10	V
11223	RI	001	3.5040	3.0	1,000	25	G10	V
11223	RI	002	3.5030	1.0	1,600	300	G20	V
11223	RI	002	3.5010	2.0	500	100	G20	V

12. Updates the Processed Flag field (PROCFL) to P on the F0018 record.

This table displays the resulting records in the F0018 table:

Doc Number	Doc Type	Pay Item	Taxable Amount	Tax Amount	Tax Rate Area	Tax Expl. Code	Processed Flag
11223	RI	001	1,000	100	G10	V	P
11223	RI	002	2,000	400	G20	V	P
11223	RI	003	3,000	300	G10	V	.

13. Locates the third record in table F0018 that is not processed:

Invoice 11223, RI, 003, G10, V.

14. Locates the corresponding F0911 records:

- 3.5010 (1,600)
- 3.5020 (1,400)
- 3.5040 (1,000)

15. Because the first and third pay items have the same tax rate/area and tax explanation code, the relative percentages will be the same. For performance purposes the system does not recalculate them.

G10

$1,600 + 1,400 + 1,000 = 4,000$

$(1,600 / 4,000) \times 100 = 40 \text{ percent}$ $(1,400 / 4,000) \times 100 = 35 \text{ percent}$ $(1,000 / 4,000) \times 100 = 25 \text{ percent}$

16. Multiplies the percent by the tax amount to determine the tax amount per account.

Pay Item 003 - G10

$$.40 \times 300 = 120.35 \times 300 = 105.25 \times 300 = 75$$

17. Updates table F0018R.

This table displays the resulting records in the F0018R table:

Doc Number	Doc Type	Pay Item	Account	Journal Entry Line	Amount	Tax Amount	Tax Rate Area	Tax Expl. Code
11223	RI	001	3.5010	1.0	1,600	40	G10	V
11223	RI	001	3.5020	2.0	1,400	35	G10	V
11223	RI	001	3.5040	3.0	1,000	25	G10	V
11223	RI	002	3.5030	4.0	1,500	300	G20	V
11223	RI	002	3.5010	5.0	500	100	G20	V
11223	RI	003	3.5010	6.0	1,600	120	G10	V
11223	RI	003	3.5020	7.0	1,400	105	G10	V
11223	RI	003	3.5040	8.0	1,000	75	G10	V

18. Updates the Processed Flag field (PROCFL) to P on the F0018 record.

This table displays the resulting records in the F0018 table:

Doc Number	Doc Type	Pay Item	Taxable Amount	Tax Amount	Tax Rate Area	Tax Expl. Code	Processed Flag
11223	RI	001	1,000	100	G10	V	P
11223	RI	002	2,000	400	G20	V	P
11223	RI	003	3,000	300	G10	V	P

7.1.2 Running the Update Tax Reconciliation Repository Program

Select Global Tax Reconciliation (G00217), Update Tax Reconciliation Repository.

7.1.3 Setting Processing Options for Update Tax Reconciliation Repository (R0018R)

Processing options enable you to specify the default processing for programs and reports.

7.1.3.1 Selection Criteria

These processing options specify the records to select from the F0018 table that the system uses to locate corresponding records from the F0911 table.

Document Type

Specify the document type that the system uses to select records from the F0018 table.

Tax Rate/Area

Specify the tax rate/area that you want the system to use to retrieve records from the F0018 table.

Tax Explanation Code

Specify the tax explanation code that the system uses to select records from the F0018 table.

G/L Date (general ledger date)

Specify the GL date that the system uses to select records from the F0018 table. The system selects records with a GL date that is equal to or greater than the date that you enter.

7.2 Reviewing the Tax Reconciliation Repository

This section provides an overview of the process to review the tax reconciliation repository and lists the form used to review the tax reconciliation repository.

7.2.1 Understanding the Process to Review the Tax Reconciliation Repository

When you review tax records using the Review Tax Reconciliation Repository (P0018R) program, the system automatically displays all records in the F0018R table. You can use the QBE line to limit the number of records that the system displays. You cannot add, delete, or revise records in the F0018R table; changes must be made to the transaction tables, and then updated to the F0018R table.

7.2.2 Form Used to Review Records in the Tax Reconciliation Repository

Form Name	FormID	Navigation	Usage
Work With Tax Reconciliation Repository	W0018RA	Global Tax Reconciliation (G00217), Review Tax Reconciliation Repository.	Review tax reconciliation records.

Working With VAT Processing

This chapter contains the following topic:

- [Section 8.1, "Understanding VAT Terminology and Principles"](#)

8.1 Understanding VAT Terminology and Principles

VAT is a noncumulative tax that tax authorities impose at each stage of the production and distribution cycle. If you work with VAT, you should understand these terms and principles:

Term	Description
Output VAT	<p>Suppliers of goods and services must add VAT to their net prices. They must record output VAT for goods on the date that they issue invoices and for services on the date that they receive payment. The amount of VAT is determined by applying specific rates to the net selling prices of certain goods and services.</p> <p>Output VAT is also called:</p> <ul style="list-style-type: none"> ■ AP VAT Receivable ■ Recoverable VAT ■ Collectable VAT
Input VAT	<p>Input VAT is the VAT paid by the purchaser of goods and services.</p> <p>If the purchaser is subject to output VAT, the purchaser can recover input VAT by offsetting it against output VAT. When input VAT exceeds output VAT, the purchaser can forward the VAT balance as a credit toward the tax authority for the next reporting period; or receive a cash refund, depending on the policies of the tax authority.</p> <p>Input VAT is also called:</p> <ul style="list-style-type: none"> ■ AR VAT Payable ■ Deductible VAT
Nonrecoverable Input VAT	<p>Input VAT cannot be recovered for:</p> <ul style="list-style-type: none"> ■ Goods and services that are not necessary for running the business. ■ Expenses that are related to business entertainment. ■ Transport of persons. ■ Oil-based fuels and lubricants that are transformed and then resold. ■ Goods that are provided free of charge or at a substantially reduced price. ■ Purchase of cars. ■ Services related to goods that are normally excluded from the right of recovery.

County-specific information about VAT processing exists for many countries supported by JD Edwards EnterpriseOne applications. Refer to the documentation for each country for information about VAT for the supported countries.

Setting Up the Interface to Vertex Sales Tax Q Series

This chapter contains the following topics:

- Section 9.1, "Understanding the Interface to Vertex Sales Tax Q Series"
- Section 9.2, "Understanding JD Edwards EnterpriseOne Tax Calculation Components"
- Section 9.3, "Understanding Databases Used by Vertex Sales Tax Q Series"
- Section 9.4, "Prerequisite"
- Section 9.5, "Setting Up Vertex Sales Tax Q Series"
- Section 9.6, "Setting Up AAIs for Vertex Sales Tax Q Series"
- Section 9.7, "Setting Up User-Defined Codes for Vertex Sales Tax Q Series"
- Section 9.8, "Processing Taxes for Stock and Nonstock Items"
- Section 9.9, "Defining Tax Information for Items"
- Section 9.10, "Working With GeoCodes and Address Book Records"
- Section 9.11, "Processing Vertex Sales Tax Q Series Tax Information"
- Section 9.12, "Printing Tax Information"

9.1 Understanding the Interface to Vertex Sales Tax Q Series

Vertex Sales Tax Q Series is a product of Vertex, Inc. It provides a means to calculate sales and use tax based on the zip code, city, county, and state of a customer or supplier.

You can use Vertex Sales Tax Q Series with these JD Edwards EnterpriseOne systems:

- JD Edwards EnterpriseOne Accounts Receivable
- JD Edwards EnterpriseOne Accounts Payable
- JD Edwards EnterpriseOne Sales Order Management
- JD Edwards EnterpriseOne Procurement
- JD Edwards EnterpriseOne Service Management
- JD Edwards EnterpriseOne Contract Billing
- JD Edwards EnterpriseOne Service Billing

Important: If you use the JD Edwards EnterpriseOne Payroll system, you are required to use the Vertex Payroll Tax Q Series system.

Vertex Sales Tax Q Series:

- Reduces the setup required for multiple tax rate/areas.
- Reduces processing time and rate maintenance.
- Creates tax compliant records.
- Allows exceptions and overrides to the default tax rates.

Vertex Sales Tax Q Series is integrated with the JD Edwards EnterpriseOne software, which means that you can perform tax calculations automatically using Vertex Sales Tax Q Series, the JD Edwards EnterpriseOne Tax Rate/Areas program (P4008), or both. The JD Edwards EnterpriseOne system writes and supports the software interface between JD Edwards EnterpriseOne and Vertex Sales Tax Q Series.

For specialized exemption conditions or the automatic update of tax rate changes, you must use the Tax Decision Maker. The Tax Decision Maker enables you to record exceptions to the standard rates. When tax laws and rates change, the new requirements for each tax authority are distributed in monthly updates to the tax rate tables used by the Vertex Tax Decision Maker so that you can apply taxes correctly.

Vertex Sales Tax Q Series calculates tax based on the standard rates and rules for the United States and Canada and its territories and possessions. To perform all other foreign tax calculations, you have two options:

- Use the JD Edwards EnterpriseOne Tax Rate/Areas program. The Tax Rate/Areas program processes transactions using Vertex Sales Tax Q Series if a GeoCode is in the Tax Rate/Area field (TXA1). If no GeoCode is in the field, the Tax Rate/Areas program uses standard JD Edwards EnterpriseOne taxing.
- Use the Vertex Sales Tax Q Series system, but maintain tax rates manually for foreign locations using the Tax Decision Maker (TDM).

In addition to Vertex Sales Tax Q Series, you can also purchase a Returns module, which completes the sales tax cycle by automating the preparation of state and local tax returns. If you plan to use the Vertex Sales Tax Returns Q Series module, ensure that you install it after you perform all of the Vertex Sales Tax Q Series setup tasks.

See "Setting Up Tax Information" in the *JD Edwards EnterpriseOne Applications Payroll Implementation Guide*.

9.2 Understanding JD Edwards EnterpriseOne Tax Calculation Components

The interface between JD Edwards EnterpriseOne and Vertex Sales Tax Q Series is used to transfer selected JD Edwards EnterpriseOne components to Vertex Sales Tax Q Series and then return tax information to the JD Edwards EnterpriseOne systems.

The standard JD Edwards EnterpriseOne tax calculation components that are used with Vertex Sales Tax Q Series are described in this table:

Component	Description
Tax authorities	You use tax authorities in the JD Edwards EnterpriseOne software to define the government agencies that assess and collect taxes. You define tax authorities in the JD Edwards EnterpriseOne tax processing system only for international tax authorities. The U.S. and Canada tax authorities are stored in Vertex Sales Tax Q Series.
Tax rate/area	For U.S. and Canadian taxes, you specify a GeoCode for each tax rate/area so that the Vertex Sales Tax Q Series system can determine the correct taxing jurisdictions. Vertex, Inc. compiles the data that makes up the GeoCode, using state, city, zip code, and county, and maintains the tax rates associated with each.
Automatic accounting instructions (AAIs)	<p>For U.S. and Canadian taxes, you use these AAI items:</p> <ul style="list-style-type: none"> ■ PTxxxx for the JD Edwards EnterpriseOne Accounts Payable system. ■ RTxxxx for the JD Edwards EnterpriseOne Accounts Receivable, Contract Billing, and JD Edwards EnterpriseOne Service Billing systems. ■ 4250 for the JD Edwards EnterpriseOne Sales Order Management and JD Edwards EnterpriseOne Service Management systems. ■ 4350 for the JD Edwards EnterpriseOne Procurement system. <p>For non-U.S. and non-Canadian taxes, you assign an AAI to each taxing authority within each tax rate/area.</p>
Tax rules by company	<p>You can define tax rules for the JD Edwards EnterpriseOne Accounts Receivable (JD Edwards EnterpriseOne Sales Order Management), JD Edwards EnterpriseOne Accounts Payable (JD Edwards EnterpriseOne Procurement), and JD Edwards EnterpriseOne General Accounting systems. When you enter transactions for these systems, taxes are calculated according to the tax rules. Tax rules:</p> <ul style="list-style-type: none"> ■ Calculate discounts on a gross amount that already includes tax. ■ Calculate tax on a gross amount that includes the discount amount. <p>The tax rules apply to taxes for all countries.</p>

Component	Description
Tax explanation codes	<p>Tax explanation codes control how a tax is assessed and how it is distributed to the general ledger revenue and expense accounts. JD Edwards EnterpriseOne software provides a number of tax explanation codes. Because tax explanation codes are user-defined codes (UDC table 00/EX), you can set up additional codes for the specific business needs. The Sales Tax Q Series interface recognizes only tax codes E, S, and U:</p> <ul style="list-style-type: none"> ▪ E (exempt) - used by all systems that use Vertex Sales Tax Q Series. You can use the tax explanation code to make a customer or a specific transaction tax exempt. For example, a customer with a tax explanation code E is exempt. To make a specific transaction exempt, you can use this code for purchase orders, sales orders, accounts receivable invoices, service management invoices, and contract billing and service billing invoices. Currently, service order routings for the JD Edwards EnterpriseOne Service Management system are taxable and cannot be overridden with E. Vertex recommends you use the Tax Decision Maker (TDM) to make the customer exempt. ▪ S (sales) - used by the JD Edwards EnterpriseOne Sales Order Management, JD Edwards EnterpriseOne Procurement, JD Edwards EnterpriseOne Accounts Receivable, JD Edwards EnterpriseOne Accounts Payable, JD Edwards EnterpriseOne Service Management, JD Edwards EnterpriseOne Contract Billing, and JD Edwards EnterpriseOne Service Billing systems. JD Edwards EnterpriseOne Procurement and JD Edwards EnterpriseOne Accounts Payable transactions with a tax explanation code of S are not written to the Vertex register. ▪ U (use) - used by the JD Edwards EnterpriseOne Procurement, JD Edwards EnterpriseOne Accounts Payable, and JD Edwards EnterpriseOne Service Management systems.

9.2.1 Tax Considerations

Before you set up the Vertex Sales Tax Q Series constants, which includes activating the interface between JD Edwards EnterpriseOne and Vertex Sales Tax Q Series, carefully consider the specific conditions and requirements of the company, product, customer, and supplier, and the international tax obligations. This table includes tax considerations that could impact the company:

Tax Consideration	Explanation
Company and Division	You should understand any special dispensations that the company has arranged with state or local jurisdictions for collecting sales and use taxes at a reduced rate. Then consider whether tax returns are filed for one company or for multiple companies.
Product	You should understand the business and how products fit into appropriate tax categories. For example, rebuilt machinery might be taxed differently than spare parts for the same machinery. Decide how you will set up the taxing policies for JD Edwards EnterpriseOne and Vertex Sales Tax Q Series.
Customer and Supplier	You must properly identify the tax category to which customers and suppliers belong. For example, a customer might be a provider of goods or services, a reseller, a charitable organization, or other tax group. Decide how you will set up customers and suppliers in JD Edwards EnterpriseOne and Vertex Sales Tax Q Series.

Tax Consideration	Explanation
International Tax	Be aware of international tax obligations. Decide whether to use the tax calculation software for JD Edwards EnterpriseOne or Vertex Sales Tax Q Series to manage and process non-U.S. and non-Canadian tax transactions.

9.3 Understanding Databases Used by Vertex Sales Tax Q Series

The Vertex Sales Tax Q Series system stores information in these databases:

Database	Description
GeoCoder Database	<p>The GeoCoder database stores jurisdictional tax data for all U.S. and Canadian tax authorities, which include over 66,000 locations. Tax jurisdictions are identified in Vertex Sales Tax Q Series by a GeoCode. All states and counties are on file, as well as all cities with populations over 250. If a city has a population under 250 and levies a tax, that city is also included in the data modules.</p> <p>Vertex Sales Tax Q Series accesses the GeoCoder database to retrieve GeoCodes based on address book information.</p>
TDM Database	<p>You can customize the Vertex Sales Tax Q Series system for the special needs. You use Tax Decision Maker (TDM) to automate product, customer, and jurisdictional tax exceptions. With TDM, you can set up and maintain tax exceptions and override customer and product exemptions. This information is stored in the TDM database.</p> <p>You access TDM from Vertex Sales Tax Q Series menus.</p>
Rate Database	<p>The Rate database stores tax rates and other tax information for over 66,000 locations in the United States, its trusts and possessions, and Canada. Rates and rules are stored in the Rate database according to GeoCode.</p>
Register Database	<p>The Register database contains a record of transaction processed by Vertex Sales Tax Q Series. The information is used for report management and tax returns processing.</p> <p>You access tax reports from Vertex Sales Tax Q Series menus.</p>

9.4 Prerequisite

For additional information, ensure that you have this Vertex documentation for Vertex Sales Tax Q Series:

- Reference Manual.
- GeoCoder Master List.
- National Tax Rate Directory.
- Tax Decision Maker Taxability Guide.
- User's Guide.
- Training Guide for Tax Professionals.
- Returns User's Guide.

9.5 Setting Up Vertex Sales Tax Q Series

This section provides an overview of the setup for Vertex Sales Tax Q Series and discusses how to:

- Set up the Vertex Sales Tax Q Series constants.
- Test the Vertex Sales Tax Q Series connection.
- Activate Vertex Sales Tax Q Series logging.

9.5.1 Understanding the Setup for Vertex Sales Tax Q Series

To automatically perform tax calculations using Vertex Sales Tax Q Series, you must first set up the system.

9.5.1.1 Vertex Sales Tax Q Series Constants

You must set up the Vertex Sales Tax Q Series constants, which includes activating the interface prior to using Vertex Sales Tax Q Series with JD Edwards EnterpriseOne software.

Note: Settings for constants are loaded during software initialization. Therefore, in order for the settings to take effect, you must exit and restart JD Edwards EnterpriseOne.

9.5.1.2 Vertex Sales Tax Q Series Connection Verification

After you set up the Vertex Sales Tax Q Series constants, you should conduct a test to determine whether you have successfully connected to the Vertex Sales Tax Q Series system. This test requires that you enter a city, state, and ZIP Code on the Retrieve GeoCode form to see whether a GeoCode is returned. If you receive a GeoCode, the connection is working.

9.5.1.3 Vertex Sales Tax Q Series Logging

During the initial testing of the interface between JD Edwards EnterpriseOne and Vertex Sales Tax Q Series, you might want to review the values that you send to Vertex Sales Tax Q Series and the values that are generated by that system after processing. To review these before and after values, you must activate the Vertex Sales Tax Q Series logging option.

The Vertex Sales Tax Q Series logging option creates a two-page text file (debug log). The before values that you send are on the first page, and the after values that Vertex Sales Tax Q Series generates are on the second page.

Important: The Vertex Sales Tax Q Series debug log prints two pages of data for every transaction that you process for all users. When the log is activated, it has a negative impact on system performance. After initial setup and testing, be sure to disable the Vertex Sales Tax Q Series logging option.

9.5.2 Prerequisites

Set up database connections to establish communication with databases for:

- Vertex Sales Tax Q Series
- Vertex Payroll Tax Q Series

9.5.3 Forms Used to Set Up Vertex Sales Tax Q Series

Form Name	FormID	Navigation	Usage
Work With Vertex Q Series Constants Revision	W7306B	Vertex Q Series (G731), Constants.	Set up the constants for using Vertex Q Series.
Retrieve GeoCode	W73GE OA	Enter P73GEO in the Fast Path field.	Review and select GeoCodes by State, City, County or Zip Code.
Vertex Sales Tax Q Series Debug Log	W7306D	On Work With Vertex Q Series Constants Revision, select Vertex Log from the Form menu.	Activate the Vertex Sales Tax Q Series debug log and establishing the path to store the log.

9.5.4 Setting Up Vertex Q Series Constants

Access the Work With Vertex Q Series Constants Revision form.

Vertex Q Series Active

Specify whether to use the Vertex Tax Compliance system for tax calculations.

Y: Use Vertex system.

N: Do not use Vertex system. Instead, use JD Edwards EnterpriseOne tax calculations.

U.S. Country Code

Enter the code used to indicate to the Vertex Sales and Use Tax system that you select to represent the United States.

Canada Country Code

Enter the code used to specify Canada to the Vertex Sales and Use Tax System.

GL Offset

Enter a code that indicates how to locate the tax account for general ledger entries. This field points to automatic accounting instructions (AAIs) that, in turn, point to the tax account.

Examples are:

PTyyyy - for AP (valued-added tax (VAT) only)

RTyyyy - for AR (VAT only)

GTyyyy - for GL (VAT only)

4320 - for Sales Orders

4400 and 4410 - for Purchase Orders

When setting up VAT and Canadian GST, PTyyyy, RTyyyy, and GTyyyy are the only valid values. For the AP system, a second GL Offset (PT____) is required when the tax setup involves VAT plus use taxes (tax explanation code B). Use AAI PT____ to designate the use tax portion of the setup.

For sales taxes, the JD Edwards EnterpriseOne Accounts Payable and JD Edwards EnterpriseOne Accounts Receivable systems ignore the values in this field. However, the JD Edwards EnterpriseOne Sales Order Management and JD Edwards EnterpriseOne Procurement systems require values in this field.

Vertex Q Series City Compression

Enter an option that specifies whether Vertex Q Series uses the GeoCode city compression capability. With this capability, Vertex Q Series can recognize common abbreviations and misspellings of city names. It is not necessary to fully spell out city names, such as St. Louis (Saint Louis), for Vertex Q Series to recognize them and return the correct GeoCodes. In addition, common misspellings are corrected automatically.

For example, it will recognize *Bch Haven* as Beach Haven, and *Filadelphia* as Philadelphia.

Division Code

Enter the Vertex Tax Interface the Address Book Category Code to use for Division/Store Code for Sales Tax. The Division/Store Code is used by the Vertex Tax Decision Maker module. The interface will use the corresponding category code based on the value specified in this field.

Customer Class Code

Enter the Address Book Category Code that the Vertex Sales Tax Q Series Interface uses for Customer Class Code for Sales Tax. The Customer Class Code is passed to Vertex Sales Tax Q Series and matched to the Customer Class Code in the Vertex Tax Decision Maker module.

Product Category/ID

Enter the Vertex Tax Interface the Item Branch/Plant category code to use for Product Category for Sales Tax. The Product Category code is used by the Vertex Tax Decision Maker module. The interface will use the corresponding category code from the Item Branch/Plant file based on the value specified in this field.

9.5.5 Testing the Vertex Sales Tax Q Series Connection

Access the Retrieve GeoCode form.

To test the Vertex Sales Tax Q Series connection:

1. On Retrieve GeoCode, complete these fields and click Find:
 - State
Enter **CO** in this field.
 - City
Enter **DENVER** in this field

If you are properly connected to the Vertex Sales Tax Q Series system, 060310140 appears in the GeoCode column. Click Close.

If nothing appears in the GeoCode column, you might have a setup or configuration error. Click Close and complete the remaining steps.
2. From the Vertex Q Series menu (G731), select Constants.
3. On Work With Vertex Q Series Constants Revision, verify the values in these fields and change them if necessary:
 - Vertex Q Series Active
The value in this field must be **Y**.
 - Canada Country Code
The value in this field must be **CA**.
4. Exit and restart JD Edwards EnterpriseOne.

This caches the values in the Vertex Q Series Tax Constants program (P7306).

5. Ensure that the database administrator verifies:
 - The Data Source, Server, User ID, and Password are set up properly in the Database Connections table.
 - All of the required business functions are mapped to the server where the Vertex Sales Tax Q Series software is located.

9.5.6 Activating Vertex Sales Tax Q Series Logging

Access the Vertex Sales Tax Q Series Debug Log form.

On

Enter a value to print Vertex Link/Parm Area. If this field is set to **1**, then the Vertex Link Parm Area will be printed before and after calling the Vertex Tax Calculator Program. This feature is to be used with caution, two pages of data will be printed for every transaction going through the Tax Calculator for all users.

Path

Enter the path and file name where the Vertex Sales Tax Q Series debug log will reside, such as C: \Debug\VertexDebug.txt.

If you enter the path, be sure to use the correct format for the specific server.

If you enter the path and file name as Quantum/debug.txt, the file will be stored on the root directory of the server where Sales Tax Q Series is being run.

9.6 Setting Up AAI for Vertex Sales Tax Q Series

This section provides an overview of AAI for Vertex Sales Tax Q Series.

9.6.1 Understanding AAI for Vertex Sales Tax Q Series

When you set up AAI for a specific type of tax, such as use tax, you must specify the general ledger accounts to debit and credit for the tax amount. These AAI items are used for taxes:

- PTxxxx - JD Edwards EnterpriseOne Accounts Payable system
- RTxxxx - JD Edwards EnterpriseOne Accounts Receivable system
- 4250 - JD Edwards EnterpriseOne Sales Order Management and JD Edwards EnterpriseOne Service Management systems
- 4350 - JD Edwards EnterpriseOne Procurement system

In the JD Edwards EnterpriseOne Accounts Payable and JD Edwards EnterpriseOne Accounts Receivable systems, you set up AAI for business units and object accounts by company. In the JD Edwards EnterpriseOne Sales Order Management, JD Edwards EnterpriseOne Service Management, and JD Edwards EnterpriseOne Procurement systems, you set up AAI for business units and object accounts by company as well as by document type and GL offset.

9.6.1.1 AAI Items PTxxxx and RTxxxx

The system is hard coded to use the tax AAI for the company. If a GL offset exists in the Vertex Q Series constants, the system uses AAI item PTxxxx or RTxxxx, where xxxx is the GL offset. Otherwise, it uses PT or RT.

In this example, the company is 200, the GL offset is 0400, and the search sequence is:

- GL offset 400, Company 00200
- GL offset 400, Company 00000
- Blank GL offset, Company 00200
- Blank GL offset, Company 00000

When you set up AAIs for accounts payable and accounts receivable taxes, you can set up GL accounts by state. If you do this, you must assign the state code to the subsidiary of the base account in the F0901 table.

Note: (CAN) The Vertex GeoCode database considers all of Canada a single state. If you set up GL accounts by state, you must use state code 70 for Canada. Vertex Sales Tax Q Series does not recognize the different provinces of Canada as separate states.

During the post process, the system follows this sequence to identify the proper account:

- The system retrieves the business unit and object that AAI item PTxxxx or RTxxxx specifies, based on the company on the invoice or voucher.
- The system retrieves the state code from the GeoCode.
- The system attaches the state code, which is the first two digits of the GeoCode, to the business unit and object as the subsidiary.
- The system searches the F0901 table for an account number with that business unit, object, and subsidiary combination.
- If the system finds the account combination, it uses it as the GL account.
- If the system does not find the account combination, it searches the F0901 table for an account with the business unit and object only. If the system finds the account combination, it uses it as the GL account.
- If the system does not find the account combination, it searches the F0901 table using the business unit and object for Company 00000 for the specific AAI item PTxxxx or RTxxxx. If the system finds the account combination, it uses it as the general ledger account.

9.6.1.2 JD Edwards EnterpriseOne Sales Order Management, JD Edwards EnterpriseOne Service Management, and JD Edwards EnterpriseOne Procurement

The system uses AAI items 4250 and 4350 for the document type. In this example, the company is 200, the GL offset is 400, and the search sequence is as:

- Company 00200, OP, GL offset 0400.
- Company 00000, OP, GL offset 0400.
- Company 00200, OP, blank GL offset.
- Company 00000, OP, blank GL offset.

9.7 Setting Up User-Defined Codes for Vertex Sales Tax Q Series

For you to assign a GeoCode or change a GeoCode on an address book record, the record must contain a valid search type code from UDC table 73/ST (GeoCode

Assignment Search Type). The search type validation is for address book records only, not transactions.

Typically, UDC table 73/ST contains these search types:

- C
Customer
- F
Facilities
- V
Supplier

The Update Address Book GeoCodes program (R730101) uses the values in UDC table 73/ST to add GeoCodes to existing address book records.

9.8 Processing Taxes for Stock and Nonstock Items

This section provides an overview of processing taxes for stock and nonstock items and discusses how to assign non-stock product categories to order types.

9.8.1 Understanding the Tax Process for Stock and Nonstock Items

Vertex Sales Tax Q Series processes taxes for these items:

- Stock items. Typically, these items are products that need to have records in the Item Master (F4101) and Item Branch File (F4102) tables.
- Nonstock items. These items are not required to have records in the F4101 and F4102 tables; however, they can exist on an order and have taxes assigned to them.

For both stock and non-stock items, Sales Tax Q Series searches for a value in the Product Category and Transaction Type fields to be used by the Tax Decision Maker (TDM).

For stock items, the value in the Product Category/ID field is typically derived from the category code on the item branch/plant record. The category code that is used depends on what is set up in the Vertex Q Series constants. The transaction type is usually derived from the system code of the order. For the JD Edwards EnterpriseOne Accounts Payable and JD Edwards EnterpriseOne Procurement systems, the transaction type is PURCH, and for the JD Edwards EnterpriseOne Accounts Receivable and JD Edwards EnterpriseOne Sales Order Management systems, the transaction type is SALE.

For nonstock items, you can specify a Vertex Sales Tax Q Series product category and transaction type for an order type and line type combination. The Vertex Sales Tax Q Series product category is used for product exceptions in TDM. The Vertex Sales Tax Q Series transaction type specifies the type of transaction, such as sales, purchase, rental, or service, so that Vertex Sales Tax Q Series can apply the appropriate tax.

For non-stock order lines such as freight or lease charges, use the Non-Stock Product Categories program (P7307) to specify the product category and transaction type.

9.8.1.1 Hierarchy for Product Category IDs and Transaction Types

The JD Edwards EnterpriseOne software determines the values that it passes to the Vertex Sales Tax Q Series Product Category/ID and Transaction Type fields in the Tax Decision Maker (TDM) based on a specific hierarchy.

The system searches for a value in the Product Category/ID field on the Work With Vertex Q Series Constants Revision form. Depending on whether the field is blank, the system continues to one of these:

- If the field is blank, the system searches the Quantum Non-Stock Product Category (F7307) table and uses the document type and line type of the order.
If a record exists in the F7307 table for that document type and line type combination, the system uses the product category ID and transaction type that corresponds to that record.
If no record exists in the F7307 table for that document type and line type combination, the system uses a blank for the product category/ID. The transaction type is determined by the system code on the order.
- If the field is not blank, the system searches the corresponding category code in the item branch/plant record for that item on the order. Then,:
If an item branch/plant record does not exist, or if the respective category code on the item branch/plant record is blank, the system returns to step 1 to determine *both* the product category ID and the transaction type.
If the item branch/plant record does exist and if the respective category code on the item branch/plant record is not blank, the system uses the category code for the product category/ID and returns to step 1 to determine the transaction type.

9.8.2 Forms Used to Assign Non-Stock

Form Name	FormID	Navigation	Usage
Work With Non-Stock Product Categories	W7307C	Vertex Q Series (G731), Non-Stock Product Categories.	Review and select non-stock product categories.
Non-Stock Product Categories Revision	W7307D	Click Add on the Work With Non-Stock Product Categories form.	Add and revise non-stock product category information.

9.8.3 Assigning Non-Stock Product Categories to Order Types

Access the Non-Stock Product Categories Revision form.

Order Type

Enter a user-defined code (00/DT) that identifies the type of document. This code also indicates the origin of the transaction. The JD Edwards EnterpriseOne system has reserved document type codes for vouchers, invoices, receipts, and time sheets, which create automatic offset entries during the post program. (These entries are not self-balancing when you originally enter them.)

These document types are defined by The JD Edwards EnterpriseOne system and should not be changed:

P: JD Edwards EnterpriseOne Accounts Payable

R: JD Edwards EnterpriseOne Accounts Receivable

T: JD Edwards EnterpriseOne Payroll

I: JD Edwards EnterpriseOne Inventory Management

O: JD Edwards EnterpriseOne Procurement

J: JD Edwards EnterpriseOne General Accounting/Joint Interest Billing

S: JD Edwards EnterpriseOne Sales Order Management

Line Type

Enter a code that controls how the system processes lines on a transaction. It controls the systems with which the transaction interfaces, such as JD Edwards EnterpriseOne General Accounting, JD Edwards EnterpriseOne Job Cost, JD Edwards EnterpriseOne Accounts Payable, JD Edwards EnterpriseOne Accounts Receivable, and JD Edwards EnterpriseOne Inventory Management. It also specifies the conditions under which a line prints on reports, and it is included in calculations. Codes include:

S: Stock item

J: Job cost

N: Nonstock item

F: Freight

T: Text information

M: Miscellaneous charges and credits

W: Work order

Vertex Product Category

Enter a user-defined code used in the Vertex Tax Decision Maker for products or services that are non-taxable or are at a non-standard rate.

Enter a value from UDC table (73/PC) (Vertex Product Categories) in this field. You can have only one line type and order type combination for a product category code.

Vertex Transaction Type

Vertex Sales Tax Q Series transaction type.

Enter a value from UDC table (73/TY) (Vertex Transaction Type) in this field.

9.9 Defining Tax Information for Items

This section provides an overview of defining tax information for items and discusses how to:

9.9.1 Understanding Tax Information for Items

To apply a tax to the sales or purchase of an item, you perform two tasks to specify that the item is taxable:

- Set the Sales Taxable and Purchasing Taxable fields for the item on the Item Branch/Plant Info form to yes. For non-stock items, set these fields on the line type definition.
- Assign the item to a tax category code.

In Vertex Sales Tax Q Series, the tax category corresponds to product categories that you define in Tax Decision Maker (TDM) for any special tax exceptions or overrides. For example, when you sell a stock item, the JD Edwards EnterpriseOne Sales Order Management system passes the tax category code to Vertex Sales Tax Q Series.

Before Vertex Sales Tax Q Series calculates the tax, it compares the tax category code with TDM product categories. If it finds a TDM setting for the category as taxable, exempt, or otherwise, TDM dictates how Vertex Sales Tax Q Series specifies a tax. If it does not find a TDM setting for the category, Vertex Sales Tax Q Series taxes the item at the standard rate for that jurisdiction.

Taxes are calculated for items only if the customer or supplier master record is specified as taxable. If no tax information exists on the customer or supplier master record, no record is written to the Vertex Sales Tax Q Series register.

9.9.2 Prerequisite

Set the processing option for Category Code on the Process tab to 1 to automatically display the Category Codes form when you add a new item.

9.9.3 Forms Used to Define the Tax Fields for an Item

Form Name	FormID	Navigation	Usage
Work With Item Branch	W41026E	Inventory Master/Transactions (G4111), Item Branch/Plant.	Review and select items that are set up for the branch/plant.
Item/Branch Plant Info.	W41026A	On the Work With Item Branch form, select an item record.	Add and revise item records, specifically to define the tax fields.
Category Codes	W41026G	On the Work With Item Branch form, select Category Codes from the Row menu. Click OK on the Item/Branch Plant Info form.	Depending on the setting of the processing option, the Category Codes form appears automatically when you add a new item and click OK.

9.9.4 Defining the Tax Fields for an Item

Access the Item/Branch Plant Info. form.

For sales tax, complete the field for which the alias is the same as the value that you specified in the Product Category/ID field under Sales Tax Category Codes on the Work With Vertex Q Series Constants Revision form.

For example, if you entered SRP7 in the Produce Category/ID field on the Work With Vertex Q Series Constants Revision form, locate the field with an alias of SRP7 (Category Code 7) on the Category Codes form and enter a value in that field.

For use tax, complete the field for which the alias is the same as the value that you specified in the Product Category/ID field under Use Tax Category Codes on the Work With Vertex Q Series Constants Revision form.

The category codes that you enter in these fields can be the same if that meets the business requirements.

9.10 Working With GeoCodes and Address Book Records

This section provides overviews of how to assign GeoCodes, assigning GeoCodes globally, assigning GeoCode manually, and how to override GeoCodes; lists a prerequisite, and discusses how to:

- Run the Update Address Book GeoCodes program.
- Run the Effective Address Update program.

9.10.1 Understanding How to Assign GeoCodes to Address Book Records

After you activate the Vertex Sales Tax Q Series system, you must assign GeoCodes to existing address book records. That is, you must set up GeoCodes for every customer, supplier, ship to address, ship from address, warehouse, or branch/plant in the address book. The Tax Decision Maker uses GeoCodes to calculate sales and use taxes for each customer and specific location.

A GeoCode is a nine-digit code that represents a taxing jurisdiction. All GeoCodes are defined and maintained by Vertex, Inc. Each GeoCode has this format:

XXYYZZZZ where

XX = State

YYY = County

ZZZZ = City

You can assign GeoCodes to address book records manually or use a batch program. You should run the batch program first in order to automatically assign as many address book records as possible. You can use the manual process to assign a GeoCode to a new address book record.

If you use Vertex Sales Tax Q Series, the Tax Rate/ Area field in the JD Edwards EnterpriseOne master and transaction tables is used to store the assigned GeoCode. Alternatively, you can use the Vertex Sales Tax Q Series system as well as the JD Edwards EnterpriseOne Tax Rate/ Areas program (P4008).

Each GeoCode has a prefix of V, M, or O within JD Edwards EnterpriseOne systems:

GeoCode	Description
V (Vertex GeoCode)	A prefix of V on the nine-digit GeoCode identifies the code as a GeoCode assigned by Vertex.
M (Multicity Situation)	A prefix of M is assigned when postal codes cross two or more county boundaries. You must review the records and manually assign the appropriate GeoCode based on the county.
O (Outside City Limits)	A prefix of O indicates that an address is not physically located within the city limits and, therefore, is not subject to city tax. You must manually change the first character of the GeoCode to O. Sales Tax Q Series does not calculate the city tax for that GeoCode.

Note: Vertex does not define GeoCode jurisdictions outside of the U.S. and Canada and does not maintain tax rates for these jurisdictions. You can create GeoCodes, beginning each GeoCode with 77 (in the state field), to create records in TDM for each non-U.S. or non-Canadian jurisdiction.

Additionally, you can set up the Vertex TDM Override table to maintain tax rates for each non-U.S. or non-Canadian taxing authority.

9.10.1.1 Calculating Taxes for Related Addresses

For Vertex Sales Tax Q Series to calculate taxes for various jurisdictions, laws, and regulations, the GeoCodes might be based on one of these three locations:

Field	Description
Ship To	The Ship To location is generally the customer's location in a sales or purchase transaction. For example, the cost center, office, or plant location for the customer might be the Ship To location. The system calculates consumer's use tax if you are the customer for the purchase.
Ship From	The Ship From location is generally the plant or warehouse of the seller who is delivering the product or service. Different sales tax calculation rules might apply for intrastate (Ship To and Ship From locations are in the same state) or interstate (Ship To and Ship From locations are in different states) transactions.
Order Acceptance	The Order Acceptance location is the place where the seller accepts, acknowledges, or receives the actual order. The Order Acceptance location is integral to determining the correct tax on an interstate or intrastate transaction.

9.10.2 Understanding How to Assign GeoCodes Globally

You can use these batch programs to update GeoCode information in multiple address book records:

- Update Address Book GeoCodes (R730101).
- Effective Address Update (R01840).

9.10.2.1 Update Address Book GeoCodes

Use the Update Address Book GeoCodes program (R730101) to add GeoCodes to existing address book records. The system stores the GeoCode in the Tax Rate/Area field of either the Customer Master by Line of Business (F03012) or the Supplier Master (F0401) tables.

When you run the Update Address Book GeoCodes program, the system updates the Tax Rate/Area field with the appropriate GeoCode.

The system does not update the field if any of these are true:

- The customer master or supplier master does not have a tax explanation code of E, U, or S.
- An address book record crosses multiple tax jurisdictions.
- Not enough information is available for the address in order to find a GeoCode.
- The country code on the address does not match the codes that are set up in the constants for the United States and Canada.
- The state code on the address is incorrect.

The system generates a report that contains this summary information:

- Number of records updated.
- Number of *multi-county invalid* messages.
- Number of *country code invalid* messages. The code must match the value in the Vertex Q Series Constants.
- Number of *state invalid* messages.
- Number of *tax explanation code invalid* messages.

Note: F03012 and F0401 records must have a valid tax explanation code before you run the Update Address Book GeoCodes program. In addition, UDC 73/ST must contain all of the search types to be used by this program.

9.10.2.2 Updating Effective Dates on Address Book Records

Run the Effective Address Update (R01840) program to verify effective dates of addresses and to update corresponding supplier and customer records accordingly. The system stores the GeoCode in the Tax Rate/Area field of either the F03012 or the F0401 tables.

The Effective Address Update program does not update the supplier master and customer master records if any of these are true:

- The Tax Explanation Code field is missing the correct code of S, U, or E.
- The Tax Rate/Area field contains a value that is not a GeoCode or is blank.
- A GeoCode cannot be assigned because of incomplete information or an address (city, state, and zip code) crossing multiple tax jurisdictions.

The system generates a report that displays both unmatched records and records that you might want to match. The system sends messages to the Work Center that identify unmatched records. Messages in the Work Center are sent to the user who is processing the batch report, based on the User ID. You will need to manually update these records.

9.10.3 Understanding How to Assign GeoCodes Manually

The system assigns a GeoCode to the records in the Business Unit Master (F0006), F0401, and F03012 tables, based on these fields in the mailing address for the corresponding address book record:

- City
- State
- Postal Code
- County

You might need to manually change or assign GeoCodes for these reasons:

- You have added a new address book record for a customer or supplier.
- An existing Address Book Master (F0101) table was changed.
- The address is outside city limits.
- A multicounty situation exists for an address book record. The possible GeoCodes display in a multicounty window.
- Due to data errors, records were not updated when you ran the Update Address Book GeoCodes and Effective Address Update programs.

When a multicounty situation exists, use the Retrieve GeoCode form to select a GeoCode. The Retrieve GeoCode form lists all of the possible GeoCodes that correspond to county names and postal code ranges.

When you change an address, the system updates any existing GeoCode. If the address change results in a different GeoCode, the system also updates the Tax Rate/Area field in the F03012 and F0401 tables.

If any of these conditions exist, the system does not update the Tax Rate/ Area field:

- The proper tax explanation code is not assigned (S, U, or E).
- Errors occurred.
- The mailing address resides in multiple tax jurisdictions.

Depending on the type of address book record, perform one of these tasks to assign GeoCodes to business units, suppliers, and customers:

- Assign GeoCodes to business units manually.

You assign the GeoCode to a business unit as you would any other tax rate area, however, the GeoCode must begin with a prefix of V, M, or O.

Note: The business unit tax explanation code is always S (sales tax) if you are working with the JD Edwards EnterpriseOne Service Management system.

See [Setting Up Default Tax Information](#).

- Assign GeoCodes to suppliers manually.

You assign GeoCodes to suppliers as you would any other tax information.

- Assign GeoCodes to customers manually.

You assign GeoCodes to customers as you would any other tax information.

Note: When you use the Search button to find the value for the Tax Rate/ Area field on any form, the system verifies whether Vertex Sales Tax Q Series is activated in the Vertex Q Series Constants. If so, the system first displays GeoCodes from which you can review and select appropriately. If no GeoCodes are displayed, either the connection to Vertex Sales Tax Q Series is not correct or the address is incorrect.

To review JD Edwards EnterpriseOne tax rates/areas, click Close. The system displays JD Edwards EnterpriseOne tax rates/areas.

9.10.4 Understanding How to Override GeoCodes

After you assign GeoCodes to address book records, you might need to override a GeoCode on a specific transaction such as an invoice, voucher, or contract billing line. You might need to override a GeoCode if a tax jurisdiction changed or if the wrong address was used for a particular transaction, resulting in an incorrect GeoCode.

Note: Locate the correct GeoCode for the address that you will be using to override tax information by entering P73GEO in the Fast Path field.

You use the Vertex Tax Decision Maker (TDM) to set up overrides to standard GeoCodes as contained in the Vertex database. TDM works in conjunction with these JD Edwards EnterpriseOne systems and associated programs:

System	Program
JD Edwards EnterpriseOne Accounts Payable	<p>These programs apply to the JD Edwards EnterpriseOne Accounts Payable system:</p> <ul style="list-style-type: none"> ■ Supplier Master (P04012) ■ Multi Company - Single Supplier (P041016) ■ Multi-Voucher Entry (P041017) ■ AP Standard Voucher Entry (P0411) ■ AP Speed Voucher Entry (P0411SV)
JD Edwards EnterpriseOne Procurement	<p>These programs apply to the JD Edwards EnterpriseOne Procurement system:</p> <ul style="list-style-type: none"> ■ Purchase Orders (P4310) ■ Purchase Order Workbench (P43101) ■ Voucher Match (P4314) ■ Order Revision History (P43205) ■ Release Open Quotations (P43360)
JD Edwards EnterpriseOne Accounts Receivable	<p>These programs apply to the JD Edwards EnterpriseOne Accounts Receivable system:</p> <ul style="list-style-type: none"> ■ Customer Master (P03013) ■ Standard Invoice Entry (P03B11) ■ Speed Invoice Entry (P03B11SI)
JD Edwards EnterpriseOne Sales Order Management	<p>These programs apply to the JD Edwards EnterpriseOne Sales Order Management system:</p> <ul style="list-style-type: none"> ■ Sales Order Entry (P4210) ■ Online Invoice Inquiry (P42230)
JD Edwards EnterpriseOne Service Management System	<p>These programs apply to the JD Edwards EnterpriseOne Service Management system:</p> <ul style="list-style-type: none"> ■ Contract Revisions (P1721) ■ Work Order Revisions (P17714) ■ Work Order Quote (R17711) ■ On Line Work Order Quote Inquiry (P17717) ■ Maintenance Request Entry (P17501)
JD Edwards EnterpriseOne Contract Billing	<p>The Contract Billing Line Detail Revisions (P5202) program applies only to the JD Edwards EnterpriseOne Contract Billing system.</p>
JD Edwards EnterpriseOne Service Billing	<p>These programs apply to the JD Edwards EnterpriseOne Service Billing system:</p> <ul style="list-style-type: none"> ■ Tax Derivation Information (P48127) ■ Work With Work Orders (P48201) ■ Job Cost Master (P51006) ■ Business Units (P0006)

When a JD Edwards EnterpriseOne program calls TDM, the TDM determines:

- Whether the transaction is interstate or intrastate.
- The taxing jurisdiction of the transaction.
- The appropriate tax rate.

- The maximum tax base.
- Excess amounts, if applicable.

TDM then:

- Retrieves the appropriate tax rate.
- Calculates tax amounts.
- Returns the amount to the JD Edwards EnterpriseOne program.

Note: In the JD Edwards EnterpriseOne Service Management system, the system does not calculate taxes until you run the Service Contract Workfile Generation program (R1732) or the S&WM Work Order Workfile Generation program (R1775) in final mode. However, the system does calculate taxes when you create a service order quote or enter a call.

Vertex Sales Tax Q Series does not calculate tax based on the gross amount of the transaction. You must enter the taxable amount for the system to make the calculation.

The GeoCode must begin with a V, M, or O.

9.10.4.1 Overriding GeoCodes on an Invoice

This information is supplied based on the sold to and ship to addresses on the F0301 table.

Vertex Sales Tax Q Series does not calculate tax based on the gross amount of the transaction. You must enter the taxable amount for the system to make the calculation.

After you assign GeoCodes to the customers, the system uses the GeoCode to supply default tax information when you enter an invoice. You can override the tax information that is supplied by the system when you enter the invoice.

The system creates accounting entries for sales taxes when you post the invoice based on the AAI item RTxxxx, which points to the sales tax account.

You can also override tax information using the Speed Invoice Entry program (P03B11SI).

9.10.4.2 Overriding GeoCodes on a Voucher

After you assign GeoCodes to the suppliers, the system uses the GeoCode on the voucher header to supply default tax information when you enter a voucher. You can override the tax information that is supplied by the system when you enter the voucher.

The system creates accounting entries for use taxes when you post the voucher. AAI item PT (no GL offset) points to the use tax account.

You can also override tax information using other voucher-entry methods.

9.10.4.3 Overriding GeoCodes on a Sales Order

You can override GeoCodes on the order header or on a detail line of the sales order. When you enter or revise the information on the detail lines, the system calculates taxes only for those items containing tax information, not on the entire sales order. This enables you to use different tax rates or tax types (sales, use, or exempt) on a line-by-line basis.

If you need to override GeoCodes that were retrieved from the customer master record, you can use either the Sales Order Header form or the Sales Order Detail Revisions form. You can also revise the GeoCode either before or after you generate the invoice from the sales order. If you revise the GeoCode after the invoice is generated, you must change the GeoCode on the sales order and then regenerate the invoice.

Important: You can override a GeoCode on a sales order detail line either before or after you accept the entry of the sales order. If you change the tax information after you accept the entry and create the invoice, be sure to change the tax information on the sales order and regenerate the invoice.

9.10.4.4 Overriding GeoCodes on a Purchase Order

You can override GeoCodes for tax information that is specific to a detail line in a purchase order. This tax information is used by the system to determine whether taxes apply to the items or services on the detail line and how the system calculates the taxes.

Note: You can review and revise tax information on the Order Detail, Purchase Order Workbench, and Voucher Match forms.

9.10.4.5 Overriding GeoCodes on a Service Contract

When you enter service contracts, you can revise and override detail information about the contract such as customer entitlements, service packages, item numbers, billing information.

You can override tax information on a contract when you create a contract using direct entry, or you can later change tax information using the same form.

Note: In the JD Edwards EnterpriseOne Service Management system, the system does not calculate taxes until you run the Service Contract Workfile Generation program (R1732) in final mode.

9.10.4.6 Overriding GeoCodes on a Service Order

You can override tax information when you enter or modify a service order. Typically, you enter a service order under these circumstances:

- You need to bill for the parts that are required to fix a piece of equipment.
- You need to send a technician to the site to repair the problem.
- You use a service provider to resolve the problem, and you need to create a voucher for payment.

You can retrieve numerous default values from a parent service order. For example, you can use values from a parent service order to retrieve this information:

- Service type
- Start date
- Planned completion date

Note: You should override the GeoCode for a service order prior to running the S&WM Work Order Workfile Generation program (R1775). In the S&WM Work Order Workfile Generation program, the system calculates taxes when you create a service order quote. The system does not calculate final taxes until you run the program in final mode.

9.10.4.7 Overriding GeoCodes on a Call

When you enter a call record, you store customer tax information to use for billing. The tax information is stored in the F0301 table. You can override tax information if the initial GeoCode assigned to the call record needs to be revised.

Note: To calculate taxes on a call, you must set the Maintenance Request MBF Processing Options (P1700140).

9.10.4.8 Overriding GeoCodes on a Contract Billing Line

When you bill the customers, you might need to override or set up tax information to meet specific tax requirements associated with the type of work that you perform for the customer.

To override tax information, the system uses these tables, in the order listed, to search for and calculate tax information:

1. F5202
2. F5201
3. F0301

You can override tax information on the contract header record and at the billing line level.

9.10.4.9 Overriding GeoCodes in the JD Edwards EnterpriseOne Service Billing System

When you bill the customers, you might need to override or set up tax information to meet specific tax requirements associated with the type of service that you perform for the customer.

To override tax information, the system uses these tables, in the order listed, to search for and calculate tax information:

1. F48127
2. F4801
3. F0006

9.10.5 Prerequisite

Verify that you have set up the address book search types in UDC 73/ST for GeoCode assignments. When you update GeoCodes, the system determines which address book records to update with GeoCodes, based on the search type. Only those records with search types specified in UDC 73/ST will be updated.

9.10.6 Running the Update Address Book GeoCodes Program

Select Vertex Sales Tax Q Series (G731), Update Address Book GeoCodes.

9.10.7 Running the Effective Address Update Program

Select A/B Advanced & Technical Operations (G0131), Effective Address Update.

9.11 Processing Vertex Sales Tax Q Series Tax Information

This section provides an overview of the tax process when using Vertex Sales Tax Q Series.

9.11.1 Understanding the Tax Process When Using Vertex Sales Tax Q Series

The JD Edwards EnterpriseOne system calculates preliminary tax information when transactions are entered. In some cases, the taxes cannot be changed after this calculation. In some systems the final calculation is not completed until the transactions are processed. The software uses the value entered in the Tax Rate/Area field to calculate the taxes on any transaction or portion of a transaction.

When you post accounts payable and accounts receivable information to the general ledger, the system posts tax information for the Vertex Sales Tax Q Series system to the Vertex Tax Register. In some cases, you can specify the general ledger accounts to which the system posts the taxes.

When you post transactions from software suites that have already written tax records in the Vertex Tax Register, the post ignores the tax information. If you are using the JD Edwards EnterpriseOne Tax Rate/Areas program (P4008), the post will write to the F0018 table.

You can select to print tax information when you print documents for the customers.

These JD Edwards EnterpriseOne product suites can create records in the Vertex tax register:

- Financial Management.
- Logistics.
- Service Management.
- JD Edwards EnterpriseOne Contract Billing and JD Edwards EnterpriseOne Service Billing.

9.11.1.1 Financial Processes

When JD Edwards EnterpriseOne financial applications such as the JD Edwards EnterpriseOne Accounts Receivable and JD Edwards EnterpriseOne Accounts Payable systems create financial records, the General Ledger Post Report program (R09801) writes tax information to the Vertex Tax Register.

Tax information is calculated based on the value in the Tax Rate/Area field of the F0411 and F03B11 tables, and appears on the voucher and invoice transactions as they are entered. If sales or use taxes exist, the amount that is recorded in the general ledger income or expense distribution equals the invoice or voucher amount plus the tax amount. Sales tax amounts are included in the gross amount of the invoice or voucher. Use tax amounts are not included in the gross amount of the invoice or voucher.

9.11.1.2 Distribution Processes

When financial records are created in a Distribution system, such as the JD Edwards EnterpriseOne Sales Order Management system or the JD Edwards EnterpriseOne Procurement system, that system writes tax information to the Vertex Tax Register. JD Edwards EnterpriseOne financial programs ignore tax information from transactions that originate with Distribution processes and do not write to the Vertex Tax Register in order to prevent duplicate records.

For example, when the Sales Update program (R42800) creates accounts receivable records, the General Ledger Post Report program (R09801) ignores these accounts receivable records and does not write to the Vertex Tax Register.

9.11.1.3 JD Edwards EnterpriseOne Service Management System Processes

The JD Edwards EnterpriseOne Service Billing system creates financial records for the JD Edwards EnterpriseOne Service Management system. The JD Edwards EnterpriseOne Service Billing system stores the tax information in the Vertex Tax Register when records are created in the F03B11 and F0911 tables. Records are created in these tables by running the Invoice Generation program (R48121) in final mode. The General Ledger Post Report program (R09801) ignores the tax information in the invoice records that are created by the Invoice Generation program and does not create any records in the Vertex Tax Register.

9.11.1.4 Contract Billing and Service Billing Processes

When financial records are created in the F03B11 and F0911 tables through the JD Edwards EnterpriseOne Contract Billing and JD Edwards EnterpriseOne Service Billing systems, tax information is written to the Vertex Tax Register. Records are written to these tables when you run the Create AR Entries program (R48199). The General Ledger Post Report program (R09801) ignores the tax information on the invoice and general ledger records created for the account by the JD Edwards EnterpriseOne Contract Billing and JD Edwards EnterpriseOne Service Billing systems.

9.12 Printing Tax Information

You can print calculated taxes when you print a contract, sales order, purchase order, invoice, or voucher in these JD Edwards EnterpriseOne programs:

System	Report
JD Edwards EnterpriseOne Accounts Payable	Voucher Journal Report (R04305)
JD Edwards EnterpriseOne Procurement	Purchase Order Print (R43500) Order Detail Print (R4401P)
JD Edwards EnterpriseOne Accounts Receivable	Invoice Print (R03B505)
JD Edwards EnterpriseOne Sales Order Management	Print Invoices (R42565)
JD Edwards EnterpriseOne Service Management	Work Order Quote (R17711)
JD Edwards EnterpriseOne Contract Billing and JD Edwards EnterpriseOne Service Billing	Invoice Print Selection (R48504)

Mapping Fields from Vertex Sales Tax Q Series System to JD Edwards EnterpriseOne Software

This appendix contains the following topics:

- [Section A.1, "JD Edwards EnterpriseOne Accounts Payable"](#)
- [Section A.2, "JD Edwards EnterpriseOne Accounts Receivable"](#)
- [Section A.3, "JD Edwards EnterpriseOne Contract Billing and JD Edwards EnterpriseOne Service Billing and JD Edwards EnterpriseOne Service Management"](#)
- [Section A.4, "JD Edwards EnterpriseOne Sales Order Management"](#)
- [Section A.5, "JD Edwards EnterpriseOne Procurement"](#)

Field maps display the fields used to pass data from JD Edwards EnterpriseOne software to the Sales Tax Q Series system that will be printed in the Vertex register. A one-to-one relationship exists between the JD Edwards EnterpriseOne fields that hold data and the fields in Sales Tax Q Series that receive the data.

The field maps also display the selection hierarchy for the JD Edwards EnterpriseOne Address Book fields to which JD Edwards EnterpriseOne passes GeoCodes. The hierarchy is dependent upon the tax explanation code and the address being used to determine tax rates.

A.1 JD Edwards EnterpriseOne Accounts Payable

These tables display the mappings to the Accounts Payable Ledger table, as well as the address selection hierarchy:

A.1.1 Accounts Payable Ledger Table (F0411)

Vertex Field	JD Edwards EnterpriseOne Field or Value Passed	Comments
Invoice Date	RPDGJ (F0411)	The GL date of the voucher equals the date in the Invoice Date field of Vertex.
Line Item Extended Amt	RPATXA (F0411)	.
Quantity	1.0000	.
Line Item Number	RPSFX (F0411)	.
Transaction Type	1	Vertex records 1 as PURCH.

Vertex Field	JD Edwards EnterpriseOne Field or Value Passed	Comments
Transaction Code	0	.
Register File Indicator	1 or NULL	.
Ship-To Address	RPTXA1 (F0411)	A GeoCode is assigned to the business unit on the voucher according to the hierarchy in Address Selection Hierarchy. Only one GeoCode is stored in the F0411 table. The address used is determined by rules developed by Vertex.
Ship-From Address	RPTXA1 (F0411)	A GeoCode is assigned to the supplier master record (F0401) of the address number on the voucher according to the hierarchy in Address Selection Hierarchy. Only one GeoCode is stored in the F0411 table. The address used is determined by rules developed by Vertex.
Order-Acceptance Address	RPTXA1 (F0411)	A GeoCode is assigned to the supplier master record (F0401) of the address number on the voucher according to the hierarchy in Address Selection Hierarchy. Only one GeoCode is stored in the F0411 table. The address used is determined by rules developed by Vertex.
Company Code	RPCO (F0411)	.
Division Code	NULL	.
Customer Code	RPAN8 (F0411)	The customer code in Vertex equals the supplier address book number in the JD Edwards EnterpriseOne Accounts Payable system.
Customer Class	NULL	.
Product Code	NULL	.
Product Set Code	NULL	.
Component Code	NULL	.
Invoice Number	RPDOC (F0411)	The document number (voucher number) equals the value in the Invoice Number field.
Invoice Control Number	NULL	.
User Area	PV ++ RPDOC ++ RPKCO	.
Store Code	NULL	.

A.1.2 Address Selection Hierarchy

These tables describe the Accounts Payable tax explanation codes, ship to, ship from, and order acceptance.

A.1.2.1 Accounts Payable, Tax Explanation Code U or E

Ship To	Ship From	Order Acceptance
<ol style="list-style-type: none"> 1. Select if a GeoCode is assigned to the business unit on the Voucher. If no GeoCode is assigned to the business unit, then 2. Select if a GeoCode is assigned to the supplier master record (F0401) for the address number of the business unit on the voucher. If no address number is assigned to the business unit, or if no GeoCode is assigned to the supplier master record, then 3. Select if a GeoCode is assigned to the supplier master record for the address number of the business unit on the voucher. 4. If no address number is assigned to the business unit, or if no GeoCode is assigned to the supplier master record, then set an error. 	<ol style="list-style-type: none"> 1. Select if a GeoCode is assigned to the supplier master record of the address number on the voucher. 2. If no GeoCode is assigned to the supplier master record, then set an error. 	Same as Ship From hierarchy.

A.1.2.2 Accounts Payable, Tax Explanation Codes

Ship To	Ship From	Order Acceptance
<ol style="list-style-type: none"> 1. Select if a GeoCode is assigned to the business unit on the voucher. If no GeoCode is assigned to the business unit, then 2. Select if a GeoCode is assigned to the supplier master record (F0401) for the address number of the business unit on the voucher. If no address number is assigned to the business unit, or if no GeoCode is assigned to the supplier master record, then 3. Select if a GeoCode is assigned to the supplier master record for the address number of the business unit on the voucher. 4. If no address number is assigned to the business unit, or if no GeoCode is assigned to the supplier master record, then set an error. 	<ol style="list-style-type: none"> 1. Select if a GeoCode is assigned to the supplier master record of the address number on the voucher. 2. If no GeoCode is assigned to the supplier master record, then set an error. 	Same as Ship To hierarchy.

A.2 JD Edwards EnterpriseOne Accounts Receivable

This table describes the Customer Ledger tables, vertex fields, value passed, and comments.

A.2.1 Customer Ledger Table (F03B11)

Vertex Field	JD Edwards EnterpriseOne Field or Value Passed	Comments
Invoice Date	RPDSVJ (F03B11)	.
Line Item Extended Amt	RPATXA (F03B11)	.

Vertex Field	JD Edwards EnterpriseOne Field or Value Passed	Comments
Quantity	1.0000	.
Line Item Number	RPSFX (F03B11)	.
Transaction Type	0	Vertex records 0 as SALE.
Transaction Code	0	.
Register File Indicator	1 or NULL	.
Ship-To Address	RPTXA1 (F03B11)	In the F03B11 table, the Ship-To Address is the GeoCode assigned to the customer master record of the address number on the invoice. Only one GeoCode is stored in the F03B11 table. The address used is determined by rules developed by Vertex.
Ship-from Address	RPTXA1 (F03B11)	In the F03B11 table, the Ship-From Address is the GeoCode assigned to the business unit on the invoice according the hierarchy Address Selection Hierarchy. Only one GeoCode is stored in the F03B11 table. The address used is determined by rules developed by Vertex.
Order-Acceptance Address	RPTXA1 (F03B11)	In the F03B11 table, the Order-Acceptance Address is the GeoCode assigned to the business unit on the invoice, according to the hierarchy in Address Selection Hierarchy. Only one GeoCode is stored in the F03B11 table. Vertex chooses which address to use according to rules developed by Vertex.
Company Code	RPCO (F03B11)	.
Division Code	NULL	.
Customer Code	RPAN8 (F03B11)	.
Customer Class	NULL	.
Product Code	NULL	.
Product Set Code	NULL	.
Component Code	NULL	.
Invoice Number	RPDOC (F03B11)	.
Invoice Control Number	NULL	.
User Area	RI + + RPDOC + + RPKCO	.
Store Code	NULL	.

A.2.2 Address Selection Hierarchy

This table describes the Accounts Receivable sales tax, ship to, ship from and order acceptance.

A.2.2.1 Accounts Receivable - Sales Tax

Ship To	Ship From	Order Acceptance
1. Select if a GeoCode is assigned to the customer master record of the address number on the invoice. 2. If no GeoCode is assigned to the customer master record, then set an error.	1. Select if a GeoCode is assigned to the business unit on the invoice. If no GeoCode is assigned to the business unit, then 2. Select if a GeoCode is assigned to the customer master record for the address number of the business unit on the Invoice. If no address number is assigned to the business unit or if no GeoCode is assigned to the customer master record, then 3. Select if a GeoCode is assigned to the customer master record for the address number of the business unit on the invoice. 4. If no address number is assigned to the business unit or if no GeoCode is assigned to the customer master record, then set an error.	Same as Ship From hierarchy.

A.3 JD Edwards EnterpriseOne Contract Billing and JD Edwards EnterpriseOne Service Billing and JD Edwards EnterpriseOne Service Management

This table describes the Billing Detail Workfile table, vertex field, values passed, and comments.

A.3.1 Billing Detail Workfile Table (F4812)

Vertex Field	JD Edwards EnterpriseOne Field or Value Passed	Comments
Invoice Date	WDDSVJ (F4812)	.
Line Item Extended Amt	WDITXA (F4812)	.
Quantity	1.0000	.
Line Item Number	WDSFX (F4812)	.

Vertex Field	JD Edwards EnterpriseOne Field or Value Passed	Comments
Transaction Type	WDVVTY (F4812)	<p>JD Edwards EnterpriseOne Service Billing: If no value is entered in the Tax Derivation Table program (P48127), the value SERVIC is supplied by default.</p> <p>JD Edwards EnterpriseOne Contract Billing: If no value is entered in the Contract Billing Line Details program (P5202), the SERVIC is supplied by default.</p> <p>JD Edwards EnterpriseOne Service Management: The system populates this field based on transactions entered in the JD Edwards EnterpriseOne Service Management system.</p>
Transaction Code	0	.
Register File Indicator	1	.
Ship-To Address	WDTXA1 (F4812)	<p>A GeoCode is selected according to the appropriate hierarchy in Address Selection Hierarchy.</p> <p>The address used is determined by rules developed by Vertex.</p> <p>JD Edwards EnterpriseOne Service Billing and JD Edwards EnterpriseOne Contract Billing pass all three address numbers.</p>
Ship-From Address	WDTXGCSF (F4812)	<p>A GeoCode is selected according to the appropriate hierarchy in Address Selection Hierarchy.</p> <p>The address used is determined by rules developed by Vertex.</p> <p>JD Edwards EnterpriseOne Service Billing and JD Edwards EnterpriseOne Contract Billing pass all three address numbers.</p>
Order-Acceptance Address	WDGCOA (F4812)	<p>A GeoCode is selected according to the appropriate hierarchy in Address Selection Hierarchy.</p> <p>The address used is determined by rules developed by Vertex.</p> <p>JD Edwards EnterpriseOne Service Billing and JD Edwards EnterpriseOne Contract Billing pass all three address numbers.</p>
Company Code	WDCO (F4812)	.
Division Code	NULL	.
Customer Code	WDAN8O (F4812)	.

Vertex Field	JD Edwards EnterpriseOne Field or Value Passed	Comments
Product Code	WDVVTC (F4812)	<p>JD Edwards EnterpriseOne Service Billing: If no value is entered in the Tax Derivation Table program (P48127), blank is supplied by default.</p> <p>JD Edwards EnterpriseOne Contract Billing: If no value is entered in the Contract Billing Line Details program (P5202), blank is supplied by default.</p> <p>JD Edwards EnterpriseOne Service Management: The system populates this field based on transactions entered in the JD Edwards EnterpriseOne Service Management system.</p>
Product Set Code	NULL	.
Component Code	NULL	.
Invoice Number	WDDOCZ (F4812)	.
Invoice Control Number	NULL	.
User Area	NULL	.
Store Code	NULL	.

A.3.2 Address Selection Hierarchy

This table describes the Contract Billing and Service Billing Sales Tax, ship to, ship from, and order acceptance.

A.3.2.1 JD Edwards EnterpriseOne Contract Billing and JD Edwards EnterpriseOne Service Billing - Sales Tax

Ship To	Ship From	Order Acceptance
<p>1. Select if a GeoCode is assigned to the customer master record of the address number on the invoice.</p> <p>2. If no GeoCode is assigned to the customer master record, then set an error.</p>	<p>1. Select if a GeoCode is assigned to the business unit on the Invoice. If no GeoCode is assigned to the business unit, then</p> <p>2. Select if a GeoCode is assigned to the customer master record for the address number of the business unit on the invoice. If no address number is assigned to the business unit or if no GeoCode is assigned to the customer master record, then</p> <p>3. Select if a GeoCode is assigned to the customer master record for the address number of the business unit on the invoice.</p> <p>4. If no address number is assigned to the business unit, or if no GeoCode is assigned to the customer master record, then set an error.</p>	Same as Ship From hierarchy.

A.3.2.2 JD Edwards EnterpriseOne Service Management System - Contract Sales Tax

This table describes the JD Edwards EnterpriseOne Service Management System Contract Sales Tax, ship to, ship from, and order acceptance.

Ship To	Ship From	Order Acceptance
1. Select if a GeoCode is assigned to the customer master record of the site address number on the Contract Detail line. 2. If no GeoCode is assigned to the customer master record, then set an error.	1. Select if a GeoCode is assigned to the business unit on the Contract Detail line. If no GeoCode is assigned to the business unit, then 2. Select if a GeoCode is assigned to the supplier master record for the address number of the business unit on the Contract Detail line. If no address number is assigned to the business unit, or if no GeoCode is assigned to the supplier master record, then set an error.	1. Select if a GeoCode is assigned to the business unit on the contract header. If no GeoCode is assigned to the business unit, then 2. Select if a GeoCode is assigned to the supplier master record for the address number of the business unit on the contract header. If no address number is assigned to the business unit, or if no GeoCode is assigned to the supplier master record, then set an error.

A.3.2.3 JD Edwards EnterpriseOne Service Management System - Service Order Sales Tax

This table describes the JD Edwards EnterpriseOne Service Management System Service Order Sales Tax, ship to, ship from, and order acceptance.

Ship To	Ship From	Order Acceptance
1. Select if a GeoCode is assigned to the customer master record of the site address number on the service order. 2. If no GeoCode is assigned to the customer master record, then set an error.	1. Select if a GeoCode is assigned to the responsible business unit on the service order. If no GeoCode is assigned to the responsible business unit, then 2. Select if a GeoCode is assigned to the supplier master record for the address number of the responsible business unit on the service order. If no address number is assigned to the responsible business unit, or if no GeoCode is assigned to the supplier master record, then set an error.	Same as Ship From hierarchy.

A.3.2.4 JD Edwards EnterpriseOne Service Management System - Service Order Use Tax

This table describes the JD Edwards EnterpriseOne Service Management System Service Order Use Tax, ship to, ship from, and order acceptance.

Ship To	Ship From	Order Acceptance
<p>1. Select if a GeoCode is assigned to the responsible business unit on the service order. If no GeoCode is assigned to the responsible business unit, then</p> <p>2. Select if a GeoCode is assigned to the supplier master record for the address number of the responsible business unit on the service order. If no address number is assigned to the responsible business unit, or if no GeoCode is assigned to the supplier master record, then set an error.</p>	<p>1. Select if a GeoCode is assigned to the supplier master record of the site address number on the service order.</p> <p>2. If no GeoCode is assigned to the supplier master record, then set an error.</p>	Same as Ship To hierarchy.

A.4 JD Edwards EnterpriseOne Sales Order Management

This table describes the Sales Order Detail File and Sales Order Header File tables, vertex field, value passed, and comments.

A.4.1 Sales Order Detail File (F4211) and Sales Order Header File (F4201) tables

Vertex Field	JD Edwards EnterpriseOne Field or Value Passed	Comments
Invoice Date	SDIVD (F4211)	.When you run the Sales Update program (R42800), the process writes the invoice number to this field.
Line Item Extended Amt	SDAEXP (F4211)	.
Quantity	SDSOQS	For the JD Edwards EnterpriseOne Sales Order Management system, Vertex uses the actual quantity.
Line Item Number	000	.
Transaction Type	0	Vertex records 0 as SALE.
Transaction Code	0	.
Register File Indicator	1 or NULL	.
Ship-To Address	SDTXA1 (F4211)	In the F4211 table, GeoCode is associated with the Ship-To address book number of the customer.
Ship-From Address	Derived from SHMCU (F4201)	The GeoCode is associated with the address book number of the detail business unit according to the hierarchy in Address Selection Hierarchy.
Order-Acceptance Address	Derived from SOMCU (F4211)	The GeoCode is associated with the address book number of the detail business unit according to the hierarchy in Address Selection Hierarchy.
Company Code	SDKCO (F4211)	.

Vertex Field	JD Edwards EnterpriseOne Field or Value Passed	Comments
Division Code	F0101 value	The F0101 category code is associated with the business unit in the Quantum Constants.
Customer Code	SDSHAN (F4211)	.
Customer Class	F0101 value	The F0101 category code is associated with the SHAN field (Ship-To Address Number) specified in the Quantum constants.
Product Code	For stock items, the category code associated with product category 1D in the item/branch plant that is specified in the Quantum constants. For non-stock items, the product code is taken from the F7307 table, based on the order type/line type combination.	.
Product Set Code	NULL	.
Component Code	NULL	.
Invoice Number	SDDOC (F4211)	.
Invoice Control Number	NULL	.
User Area	SDDCTO + SDDOCO (F4211)	.
Store Code	NULL	.

A.4.2 Address Selection Hierarchy

This table describes the Address Selection Hierarchy ship to, ship from, and order acceptance.

Ship To	Ship From	Order Acceptance
1. Select if a GeoCode is assigned to the customer master record for the address number on the Order Detail Line.	1. Select if a GeoCode is assigned to the business unit on the Order Detail Line. If no GeoCode is assigned to the business unit, then	1. Select if a GeoCode is assigned to the business unit on the order header. If no GeoCode is assigned to the business unit, then
2. If no GeoCode is assigned to the customer master record, then set an error.	2. Select if a GeoCode is assigned to the customer master record for the address number of the business unit on the Order Detail Line. If no address number is assigned to the business unit, or if no GeoCode is assigned to the customer master record, then	2. Select if a GeoCode is assigned to the customer master record for the address number of the business unit on the order header. If no address number is assigned to the business unit, or if no GeoCode is assigned to the customer master record, then
	3. Select if a GeoCode is assigned to the customer master record for the address number of the business unit on the Order Detail Line.	3. Select if a GeoCode is assigned to the customer master record for the address number of the business unit on the order header.
	4. If no address number is assigned to the business unit, or if no GeoCode is assigned to the customer master record, then set an error.	4. If no address number is assigned to the business unit, or if no GeoCode is assigned to the customer master record, then set an error.

A.5 JD Edwards EnterpriseOne Procurement

These tables describe the vertex field, value passed, and comments for these JD Edwards EnterpriseOne Procurement and JD Edwards EnterpriseOne Address Book tables:

- F43121
- F4301
- F4311
- F0101

Vertex Field	JD Edwards EnterpriseOne Field or Value Passed	Comments
Invoice Date	PRDGL (F43121)	.
Quantity	PRUREC (F43121)	This value equals the amount of goods received.
Line Item Number	PRSFX (F43121)	.
Transaction Type	1	If the Tax Explanation Code equals U, Vertex records 1 as PURCH . If the Tax Explanation Code equals S, Vertex records 0 as SALES .
Transaction Code	0	.
Register File Indicator	1	.
Ship-to Address	Derived from PHMCU (F4301)	GeoCode is assigned to the business unit on the Order Detail Line according to the hierarchy in Address Selection Hierarchy.

Vertex Field	JD Edwards EnterpriseOne Field or Value Passed	Comments
Ship-from Address	PRTXA1 (F43121)	In the F43121 table, the GeoCode is assigned to the supplier master record for the address number on the Order Detail Line according to the hierarchy in Address Selection Hierarchy.
Order-acceptance Address	Derived from PDMCU (F4311)	GeoCode is assigned to the business unit on the order header according to the hierarchy in Address Selection Hierarchy.
Company Code	PRKCOO (F43121)	.
Division Code	From the F0101 table	This value is associated with the header business unit address as defined in the Quantum Constants.
Customer Code	PRAN8 (F43121)	.
Customer Class	From the F0101 table	The customer class is the category code in the F0101 table associated with the supplier address number as defined in the Quantum Constants.
Product Code	For stock items, the category code associated with product category 1D in the item/branch plant that is specified in the Quantum constants. For non-stock items, the product code is taken from the F7307 table, based on the document type/line type combination.	.
Product Set Code	NULL	.
Component Code	NULL	.
Invoice Number	PRDOC (F43121)	This field is updated with the voucher number assigned to the purchase order during voucher match (P4314).
Invoice Control Number	NULL	.
User Area	PRDCTO + + PRDOC + + PRKCOO	.
Store Code	NULL	.

A.5.1 Address Selection Hierarchy

This table describes the Procurement Use Tax ship to, ship from, and order acceptance.

A.5.1.1 JD Edwards EnterpriseOne Procurement - Use Tax

Ship To	Ship From	Order Acceptance
<p>1. Select if a GeoCode is assigned to the business unit on the Order Detail Line. If no GeoCode is assigned to the business unit, then</p> <p>2. Select if a GeoCode is assigned to the supplier master record for the address number of the business unit on the Order Detail Line. If no address number is assigned to the business unit, or if no GeoCode is assigned to the supplier master record, then</p> <p>3. Select if a GeoCode is assigned to the supplier master record for the address number of the business unit on the Order Detail Line.</p> <p>4. If no address number is assigned to the company, or if no GeoCode is assigned to the supplier master record, then set an error.</p>	<p>1. Select if a GeoCode is assigned to the supplier master record for the address number on the Order Detail Line.</p> <p>2. If no GeoCode is assigned to the supplier master record, then set an error.</p>	<p>3. Select if a GeoCode is assigned to the business unit on the order header. If no GeoCode is assigned to the business unit, then</p> <p>4. Select if a GeoCode is assigned to the supplier master record for the address number of the business unit on the order header. If no address number is assigned to business unit, or if no GeoCode is assigned to the supplier master record, then</p> <p>5. Select if a GeoCode is assigned to the supplier master record for the address number of the business unit on the order header.</p> <p>6. If no address number is assigned to the business unit, or if no GeoCode is assigned to the supplier master record, then set an error.</p>

B

JD Edwards EnterpriseOne Tax Processing Reports

This appendix contains the following topics:

- [Section B.1, "JD Edwards EnterpriseOne Tax Processing Reports: A to Z"](#)
- [Section B.2, "JD Edwards EnterpriseOne Tax Processing Reports: Selected Reports"](#)

B.1 JD Edwards EnterpriseOne Tax Processing Reports: A to Z

This table lists the tax processing reports, sorted alphanumerically by report ID. If more than three reports apply to one country, the reports are listed in a separate table by country.

Report ID and Report Name	Description	Navigation
R0018P Tax/Detail Summary	Use this program to list transaction details from the Taxes (F0018) table and provide totals for each tax rate/area for each document type by company.	Tax Processing and Reporting (G0021), Tax Detail/Summary.
R0018P1 Tax Summary Report/Use VAT	Use this program to print totals only for each tax area and tax rate for each company.	Tax Processing and Reporting (G0021), Tax Summary Report/Use VAT.
R0018P2 Sales Tax	Use this program to print the transaction details from the F0018 table and provide totals for each tax rate/area for each document type by company.	Tax Processing and Reporting (G0021), Sales Tax.
R0018P7 VAT Exception Report by Tax Area	Use this report to identify the transactions on which the tax amount entered by the user differs from the system-calculated tax amount. The report displays each amount, the amount variance, and the variance percent.	Tax Processing and Reporting menu (G0021), VAT Exception Report by Tax Area
R0018P8 GST/PST Tax	Use this program to print GST/PST tax amount for each tax authority. The report lists GST and PST and subdivides PST into seller-assessed PST and self-assessed PST.	Tax Processing and Reporting (G0021), GST/PST Tax

Report ID and Report Name	Description	Navigation
R0018R01 Report on Reconciled Taxes by Account ID	Use this program to print each transaction (totaled by document number) by account ID from the F0018R table. The system does not provide totals on the report.	Global Tax Reconciliation menu (G00217), Report on Reconciled Taxes by Account ID.
R0018R02 Report on Reconciled Taxes by Tax Rate Area	Use this program to print each transaction (totaled by document number) by tax rate/area from the F0018R table. The system does not provide totals on the report.	Global Tax Reconciliation menu (G00217), Report on Reconciled Taxes by Tax Rate Area.
R00320 VAT Journals	Use this program to print the VAT amounts by revenue and expense account for reconciliation purposes.	Tax Processing and Reporting (G0021), VAT Journals.

B.2 JD Edwards EnterpriseOne Tax Processing Reports: Selected Reports

Some reports include a more detailed description, as well as information about processing options. These reports are listed alphanumerically by report ID in this appendix.

B.2.1 R0018P - Tax/Detail Summary Report

The Tax Detail/Summary report (R0018P) lists transaction details from the F0018 table and provides totals for each tax rate/area for each document type by company.

Note: The system displays an * in the tax override column (TO) to indicate that the value of the tax amount entered differs from the system-calculated tax amount.

B.2.1.1 As If Currency Reporting

This report is enabled for as if currency processing, which enables you to print tax amounts in a currency other than the base currency of the company. As if currency processing for this tax report follows the no inverse method of exchange rate calculation, which is a legal requirement for EMU member currencies. The tax report print amounts as if they were entered in another currency; it does not write or update amounts in a tax table.

B.2.1.2 Intracommunity Reporting

This report includes a column for the value of the intracommunity flag (column heading IC). The system displays a Y in this column to indicate that the transaction has intracommunity taxes. The report also provides a separate total for intracommunity taxes.

B.2.2 Data Selection and Sequencing

Four versions of the report are available that provide different data selection and data sequencing. Although you can change the data selection for any of the versions, you

should not change the data sequence. Totals on the report depend on the data sequence that is set up. If you change the data sequence, the results will be unpredictable.

B.2.3 Processing Options for Tax Detail/Summary (R0018P)

Processing options enable you to specify the default processing for programs and reports.

B.2.3.1 Tax Report

1. Detail Records

Enter 1 to flag the detail records as having been read.

B.2.3.2 As-If Currency

1. Currency Code

Enter the currency code for as-if currency reporting. This option enables for amounts to print in a currency other than the currency they are stored in. Amounts will be translated and print in this as-if currency. If you leave this processing option blank, amounts will print in their database currency.

2. Date

Enter the As-Of date for processing the current exchange rate for the as-if currency. If you leave this processing option blank, the system date will be used.

B.2.3.3 Dates

1. From Date and 2. Thru Date

Enter the from date or the through date.

B.2.4 R0018P1 - Tax Summary Report/Use VAT

If you do not want detailed transaction information, you can print the Tax Summary Report/Use VAT report (R0018P1). This report displays totals only for each tax area and tax rate for each company.

B.2.4.1 Intracommunity Reporting

In addition to the columns listed, the Tax Summary Report/Use VAT report also includes these columns for intracommunity reporting:

- Intra-community taxable amount
- Intra-community tax

B.2.5 Processing Options for Tax Summary Report/Use VAT (R0018P1)

Processing options enable you to specify the default processing for programs and reports.

B.2.5.1 Tax Report

1. Records

Enter a 1 to flag the detail records as having been read.

B.2.5.2 As-If Currency

1. Currency Code

Enter the currency code for as-if currency reporting. This option allows for amounts to print in a currency other than the currency they are stored in. Amounts will be translated and print in this as-if currency. If left blank, amounts will print in their database currency.

2. Date

Enter the As-Of date for processing the current exchange rate for the as-if currency. If left blank, the system date will be used.

B.2.5.3 Dates

1. From Date and 2. Thru Date

Enter the from date or the through date.

B.2.6 R0018P2 - Sales Tax

The Sales Tax report (R0018P2) displays transaction details from the F0018 table and provides totals for each tax rate/area for each document type by company.

When you select to print the Sales Tax report, the system additionally processes and prints:

- The Tax Summary Report by Tax Authority (R0018P3)
This report prints totals only for each tax authority by tax rate for each company.
- The Tax Detail Report by Tax Authority (R0018P5)
This report prints each transaction for each tax authority and rate and provides totals by tax authority for each company.

The Tax Summary Report by Tax Authority and Tax Detail Report by Tax Authority reports do not have processing options. If you want to change the data selection for these reports, you must create a new version of the Sales Tax report (R0018P2). In the new version, set up the data selection that you need, check the version in, and run the version locally.

The Sales Tax report provides processing options for you to specify the versions of the R0018P3 and R0018P5 reports that you want to run.

B.2.7 Processing Options for Sales Tax (R0018P2)

Processing options enable you to specify the default processing for programs and reports.

B.2.7.1 Versions

1. Tax Summary Report by Tax Authority Version

Enter an override version number, to override the standard call for Tax Summary Report by Tax Authority (R0018P3). If left blank, ZJDE0001 will default.

2. Tax Detail Report by Tax Authority Version

Enter an override version number, to override the standard call for Tax Detail Report by Tax Authority (R0018P5). If left blank, ZJDE0001 will default.

B.2.8 R0018P7 - VAT Exception Report by Tax Area

You run the VAT Exception Report by Tax Area report (R0018P7) to identify the transactions on which the tax amount entered by the user differs from the system-calculated tax amount. The report displays each amount, the amount variance, and the variance percent.

B.2.8.1 As If Reporting

This report is enabled for "as if" currency processing, which enables you to print tax amounts in a currency other than the base currency of the company. As if currency processing for this tax report follows the no inverse method of exchange rate calculation, which is a legal requirement for EMU member currencies. The tax report print amounts as if they were entered in another currency; it does not write or update amounts in a tax table.

B.2.9 Data Selection

The data selection for this report is set up for tax explanation code V (VAT) only; however, you can change this data selection to run the report for any or all tax explanation codes. The totals that appear on the report depend on the data sequence that is set up. Therefore, do not change the data sequence for this report.

B.2.10 Processing Options for VAT Exception Report by Tax Area (R0018P7)

Processing options enable you to specify the default processing for programs and reports.

B.2.10.1 As-If Currency

1. Currency Code

Enter the currency code for as-if currency reporting. This option allows for amounts to print in a currency other than the currency they are stored in. Amounts will be translated and print in this as-if currency. If left blank, amounts will print as normal.

2. Date

Enter the As Of date for processing the current exchange rate for the as-if currency. If left blank, the system date will be used.

B.2.11 R0018P8 - GST/PST Tax

The GST/ PST Tax report is specifically designed to meet Canadian reporting needs. For each address book number, the report lists GST and PST and subdivides PST into seller-assessed PST and self-assessed PST.

This report lists information by company and tax explanation code. Within each tax explanation code, the report separates taxes into categories such as taxable, nontaxable, GST, seller-assessed PST, and self-assessed PST.

Amounts for these fields are positive for vouchers and negative for invoices:

- Taxable Amount
- Non-Taxable
- Tax

This is the sum of GST, self-assessed PST, and seller-assessed PST.

- GST

- Self-Assessment Tax
This is the total payable to provincial governments for self-assessed PST. A processing option enables you to display the amount with the sign reversed.
- Sales Tax
This is the total payable to provincial governments for seller-assessed PST.

B.2.12 Processing Options for GST/PST Tax (R0018P8)

Processing options enable you to specify the default processing for programs and reports.

B.2.12.1 Update Options

1. Detail Records

Enter a **1** to flag the detail records as having been printed.

B.2.12.2 Display

1. Tax Identification

1. Enter the form of tax identification displayed on the report.

Blank. No ID displayed

1. European Company ID
2. European Individual ID
3. Tax ID

2. Tax Amount

Enter a **1** to reverse the sign on the Self Assessment (Use) Taxes. If left blank, the tax amount will print with the sign in the tax file.

B.2.13 R00320 - VAT Journals

A common business practice throughout Europe is tracking and reconciling VAT by revenue and expense account.

You can track and reconcile VAT by revenue and expense account by classifying each transaction as taxable or nontaxable. You can also give various reasons for the classification of each transaction. The system stores the tax information for transactions in the F0018 table.

Run the VAT Journal program to print a VAT report. The report includes all of the records in the Taxes table that meet the data selections and processing option criteria.

The VAT Journals report (R00320) is a detailed transaction report for which you can specify up to five custom columns to represent up to twelve different tax rates and areas. You can also specify whether a column contains taxable amounts or tax amounts. You set up codes in the user-defined code (UDC) for VAT Journals (00/VJ) to represent the tax rate/areas that you want to print on the report (up to 5) and specify the column number (1 through 5) in the Special Handling field. Processing options enable you to specify the column heading text and to control whether the system prints tax or taxable amounts in the column.

For example, you might want taxable amounts for the New York tax rate/area in the first column, for the Ontario tax rate/area in the second column, for the Quebec tax rate/area in the third column, and so on.

You can print VAT reports to review the taxes on sales or the taxes on purchases. To specify taxes on sales or purchases, include the document type in the data selection. For example, to print a VAT report for purchases, specify Document Type PV.

You can sequence VAT reports by any field in table F0018. The most common report sequence is:

1. Company
2. Document Type
3. Document Number

Note: If you print a VAT report that includes multiple currencies, the system does not print a grand total. To see grand total amounts, print separate VAT reports by company for each currency.

B.2.14 Processing Options for VAT Journals (R00320)

Processing options enable you to specify the default processing for programs and reports.

B.2.14.1 Select

1. Beginning GL Date

Specify to select records from the F0018 table to print. The system selects all records with a GL date that is greater than or equal to the date specified.

2. Ending GL Date

Specify to select records from the F0018 table to print. The system selects all records with a GL date that is less than or equal to the date specified.

B.2.14.2 Print

1. Amount to Distribute

Specify whether the system prints the Taxable or Tax amount into the Tax Rate Area columns that appear on the report. Values are:

Blank: Print the tax amount

1: Print the taxable amount

2. Company for Heading and VAT Registration

Specify the company number for the system to use for the heading information and VAT registration number that prints on the report. The system does not use this information for selection criteria.

3. Summary or Detail

Specify whether to print pay items or line items in summary or detail. Values are:

Blank: Detail. Print each transaction pay item or line item.

1: Summary. Summarize and print the information by document number.

B.2.14.3 Columns

1. Column 1 Upper Heading and 2/ Column 1 Lower Heading

Specify the title for the upper portion or the lower portion of the first column heading. Each column has an upper and lower heading that you can define.

The system retrieves the amount based on the tax rate/area specified in UDC (00/VJ) that has a value in the Special Handling field which corresponds to the column number. For example, if the UDC value ONT has 1 in the Special Handling field, the system prints the amount for ONT in column 1 of the report.

3. Column 2 Upper Heading and 4. Column 2 Lower Heading

Specify the title for the upper portion or the lower portion of the second column heading. Each column has an upper and lower heading that you can define.

The system retrieves the amount based on the tax rate/area specified in UDC (00/VJ) that has a value in the Special Handling field which corresponds to the column number. For example, if the UDC value QUE has 2 in the Special Handling field, the system prints the amount for QUE in column 2 of the report.

5. Column 3 Upper Heading and 6. Column 3 Lower Heading

Specify the title for the upper portion or the lower portion of the third column heading. Each column has an upper and lower heading that you can define.

The system retrieves the amount based on the tax rate/area specified in UDC (00/VJ) that has a value in the Special Handling field which corresponds to the column number. For example, if the UDC value GMY has 3 in the Special Handling field, the system prints the amount for GMY in column 3 of the report.

7. Column 4 Upper Heading and 8. Column 4 Lower Heading

Specify the title for the upper portion or the lower portion of the fourth column heading. Each column has an upper and lower heading that you can define.

The system retrieves the amount based on the tax rate/area specified in UDC (00/VJ) that has a value in the Special Handling field which corresponds to the column number. For example, if the UDC value ITL has 4 in the Special Handling field, the system prints the amount for ITL in column 4 of the report.

9. Column 5 Upper Heading and 10. Column 5 Lower Heading

Specify the title for the upper portion or the lower portion of the fifth column heading. Each column has an upper and lower heading that you can define.

The system retrieves the amount based on the tax rate/area specified in UDC (00/VJ) that has a value in the Special Handling field which corresponds to the column number. For example, if the UDC value SPN has 5 in the Special Handling field, the system prints the amount for SPN in column 5 of the report.

B.2.14.4 Process

1. Calculate Gross Amount

Specify how the system calculates the gross amount that appears on the report, using the definition $Gross = Goods + VAT$. The system calculates the gross amount differently based on the tax explanation code that you entered for the transaction. For example, if the tax explanation code is **VT** (for tax only), the gross amount is equal to the tax amount. If the tax explanation code is **V**, the gross amount might be (taxable + nontaxable + tax), (taxable + tax), or nontaxable only, depending on the values entered. Values are:

Blank

The system calculates the gross amount as either (taxable + tax), or as nontaxable, whichever is applicable.

1

The system calculates the gross amount as (taxable + nontaxable + tax), if applicable.

Symbols

(00/EX), 2-1

Numerics

00/EX (Tax Explanation Codes), 2-1

70/TI (Tax ID Validation), 3-4

73/ST (GeoCode Assignment Search Type), 9-10

A

AAIs

automatic accounting instructions, 2-2

address book records

GeoCodes, 9-15

manually assigning GeoCodes, 9-17

overriding GeoCodes, 9-18

R730101 (Update Address Book GeoCodes), 9-16

updating effective dates, 9-17

valid related addresses for tax calculations, 9-15

Austria

VAT registration number example, 4-2

automatic accounting instructions

GTxxxx, 3-12

overview of setup for taxes, 3-11

PCVATP, 3-13

PTVATD, 3-12

PTxxxx, 3-12

purchase orders with sales tax (S) example, 2-2

purchase orders with use and sales tax

example, 2-17

purchase orders with use tax (U) example, 2-6

purchase orders with value-added tax (V)

example, 2-9

RTxxxxx, 3-12

sales orders with sales tax (S) example, 2-5

sales orders with value-added tax (V)

example, 2-11

setting up for the financial systems, 3-11

setting up for VAT, 3-12

setting up for Vertex Sales Tax Q Series, 9-9

setup for tax exempt transactions, 2-20

tax calculations on nonstock items with VAT and sales tax, 2-13

tax calculations on purchase orders with VAT and

sales tax, 2-12

tax calculations on sales orders with VAT and sales tax, 2-15

tax calculations on stock items with VAT and sales tax, 2-13

tax calculations on vouchers and invoices with VAT and sales tax, 2-16

Vertex Sales Tax Q Series, 9-3

vouchers and invoices with sales tax (S)

example, 2-5

vouchers and invoices with value-added tax (V)

example, 2-11

vouchers with use tax (U) example, 2-8

vouchers with VAT and use example, 2-19

Automatic Accounting Instructions (P0012), 3-11

B

Belgium

overriding tax ID validation, 4-5

business units

setting up default tax information, 3-21

C

Canada, 5-10

R0018P8 (GST/PST Tax)

description, B-1

overview, B-5

processing options, B-6

setting up states for the Vertex GeoCode database, 9-10

Vertex Sales Tax Q Series, 9-2

Colombia, journal entries with VAT, 5-25

companies

setting up tax rules, 3-5

Constants (P7306), 9-7

customers

setting up default tax information, 3-21

D

Denmark

VAT registration number example, 4-4

Distribution AAIs (P40950), 3-13

E

- Effective Address Update (R01840)
 - navigation, 9-23
 - overview, 9-17
- Enter Voucher - Payment Information form, 5-15
- entering tax information during voucher match, 5-6
- Europe
 - overriding tax ID validation, 4-4
 - validating tax IDs, 4-1

F

- F0018 (Taxes)
 - adding, modifying and deleting records, 6-2
 - overview of updating, 6-1
 - purging records, 6-4
- F0018R (Tax Reconciliation Repository), 7-1
- Finland
 - VAT registration number example, 4-4
- France
 - overriding tax ID validation, 4-4

G

- General ledger accounts
 - Tax information, 3-22
- general ledger accounts
 - reconciling taxes, 5-28
- General Ledger Post (R09801), 5-22
- GeoCode Assignment Search Type (73/ST), 9-10
- GeoCodes
 - setting up, 9-10
- Germany
 - setting up tax rules, 3-8
 - VAT registration number example, 4-3
- Great Britain
 - setting up tax rules, 3-8
 - VAT registration number example, 4-3
- GST/PST Tax (R0018P8)
 - description, B-1
 - overview, B-5
 - processing options, B-6

I

- input VAT, 8-1
- invoices
 - batch processing, 5-27
 - entering taxes, 5-10
 - revising invoices with taxes, 5-23
 - revising tax records, 6-2
 - rounding, 5-1
 - sales tax (S) example, 2-5
 - tax calculations for foreign transactions, 5-3
 - tax calculations on value-added tax (V)
 - example, 2-11
 - tax calculations on VAT and sales tax
 - example, 2-15
 - updating the F0018 table, 6-1
- Italy

- overriding tax ID validation, 4-4
- tax ID validation, 4-2
- VAT registration number example, 4-2
- items
 - consolidating lines by tax code or rate, 5-7
 - overview of taxes, 5-6
 - recording taxes for nonstock items, 2-3, 2-4
 - recording taxes for stock items, 2-3
 - tax calculations on nonstock items with use and sales tax example, 2-18
 - tax calculations on nonstock items with use tax, 2-7
 - tax calculations on nonstock items with VAT, 2-9
 - tax calculations on nonstock items with VAT and sales tax, 2-13
 - tax calculations on stock items with use and sales tax example, 2-17, 2-18
 - tax calculations on stock items with use tax, 2-6
 - tax calculations on stock items with VAT, 2-9
 - tax calculations on stock items with VAT and sales tax, 2-12
 - tax rate areas, 3-16
- Vertex Sales Tax Q Series
 - defining tax information, 9-13
 - tax fields for sales tax, 9-14
 - tax fields for use tax, 9-14
 - tax process, 9-11

J

- journal entries
 - batch processing, 5-29
 - entering with VAT, 5-24
 - tax calculations for changed amounts, 6-2
 - updating the F0018 table, 6-1
 - value-added taxes, 5-29
- Journal Entries with VAT (P09106)
 - overview, 5-24
 - processing options, 5-26

N

- Netherlands
 - VAT registration number example, 4-3
- nonrecoverable input VAT, 8-1
- nonrecoverable VAT, 3-16
- Non-Stock Product Categories (P7307), 9-12

P

- P0012 (Automatic Accounting Instructions), 3-11
- P0018 (Tax File Revisions), 6-2
- P0018R (Review Tax Reconciliation Repository), 7-8
- P0022 (Tax Rules), 3-5
- P0910 (Journal Entries with VAT)
 - processing options, 5-26
- P09106 (Journal Entries with VAT)
 - overview, 5-24
- P4008 (Tax Rate / Areas), 3-18
 - overview, 3-15
- P40950 (Distribution AAI), 3-13

P4314 (Voucher Match), 5-6
P7306 (Constants), 9-7
P7307 (Non-Stock Product Categories), 9-12
purchase orders
 entering tax information, 5-8
 overview of taxes, 5-6
 releasing retainage, 5-6
 sales tax (S) example, 2-2
 setting up default tax information, 3-21
 tax calculations for foreign transactions, 5-3
 tax calculations on use and sales tax
 example, 2-16
 tax calculations on VAT and sales tax
 example, 2-12
 tax calculations on VAT and use tax
 example, 2-19
 tax exempt example, 2-20
 use tax (U) example, 2-6
 value-added tax (V) example, 2-9

R

R0018 (Tax/Detail Summary)
 navigation, B-1
 overview, B-2
 processing options, B-3
R0018P1 (Tax Summary Report/Use VAT)
 navigation, B-1
 overview, B-3
 processing options, B-3
R0018P2 (Sales Tax)
 navigation, B-1
 overview, B-4
 processing options, B-4
R0018P7 (VAT Exception Report by Tax Area)
 navigation, B-1
 overview, B-5
 processing options, B-5
R0018P8 (GST/PST Tax)
 description, B-1
 overview, B-5
 processing options, B-6
R0018PURGE (Tax File Purge), 6-4
R0018R (Update Tax Reconciliation Repository)
 overview, 7-1
 processing options, 7-7
R0018R01 (Report on Reconciled Taxes by Account ID)
 navigation, B-2
R0018R02 (Report on Reconciled Taxes by Tax Rate Area)
 navigation, B-2
R00320 (VAT Journals)
 navigation, B-2
 overview, B-6
 processing options, B-7
R01840 (Effective Address Update)
 navigation, 9-23
 overview, 9-17
R09801 (General Ledger Post), 5-22

R730101 (Update Address Book GeoCodes)
 navigation, 9-23
 overview, 9-16
Report on Reconciled Taxes by Account ID (R0018R01)
 navigation, B-2
Report on Reconciled Taxes by Tax Rate Area (R0018R02)
 navigation, B-2
Retrieve GeoCode form, 9-8
Review and Revise Business Units (P0006), 3-21
Review Tax Reconciliation Repository (P0018R), 7-8

S

sales orders
 consolidating lines by tax code or rate, 5-7
 example of tax calculations for foreign transactions, 5-5
 overview of taxes, 5-6
 sales tax (S) example, 2-5
 setting up default tax information, 3-21
 tax calculations on VAT and sales tax
 example, 2-15
 value-added tax (V) example, 2-11
Sales Tax (R0018P2)
 navigation, B-1
 overview, B-4
 processing options, B-4
soft rounding, 5-1
Spain
 overriding tax ID validation, 4-4
 tax ID validation, 4-2
Standard Invoice Entry form, 5-13
suppliers
 setting up default tax information, 3-21
Sweden
 VAT registration number example, 4-3

T

tax calculations
 batch processing with foreign amounts, 5-29
 example of foreign amounts on invoices, 5-3
 examples, 3-6
 foreign amounts on invoices, 5-3
 foreign amounts on purchase orders, 5-3
 foreign amounts on sales orders, 5-4
 foreign amounts on vouchers, 5-3
 GeoCodes, 9-15
 invoice entry, 5-10
 overview of tax explanation codes, 2-1
 posting to general ledger accounts, 9-23
 printing documents, 9-24
 purchase orders with sales tax (S), 2-2
 purchase orders with use and sales tax
 example, 2-16
 purchase orders with use tax (U), 2-6
 purchase orders with value-added tax (V), 2-9
 purchase orders with VAT and sales tax, 2-12

- purchase orders with VAT and use tax
 - example, 2-19
- revising tax amounts for journal entries, 6-2
- rounding, 5-1
- rules for discount and tax amounts, 3-6
- sales orders with sales tax (S), 2-5
- sales orders with value-added tax (V), 2-11
- sales orders with VAT and sales tax, 2-15
- setting up tax rules, 3-5
- setting up tolerance rules, 3-5
- tax exempt purchase and sales orders
 - example, 2-20
- tax rules, 3-5
- Vertex Sales Tax Q Series, 9-23
- voucher entry, 5-10
- vouchers and invoices with sales tax (S), 2-5
- vouchers and invoices with value-added tax (V), 2-11
- vouchers and invoices with VAT and sales tax, 2-15
- vouchers with use tax (U), 2-8
- tax explanation codes
 - GeoCodes update, 9-16
 - hierarchy in Vertex Sales Tax Q Series, A-2
 - nonrecoverable VAT, 3-16
 - overview, 2-1
 - purchase orders with sales tax (S) example, 2-2
 - purchase orders with use and sales tax example, 2-16
 - purchase orders with use tax (U) example, 2-6
 - purchase orders with value-added tax (V) example, 2-9
 - purchase orders with VAT and sales tax example, 2-12
 - purchase orders with VAT and use tax example, 2-19
 - sales orders with sales tax (S) example, 2-5
 - sales orders with value-added tax (V) example, 2-11
 - sales orders with VAT and sales tax example, 2-15
 - tax exempt example, 2-20
 - Vertex Sales Tax Q Series, 9-4
 - vouchers and invoices with sales tax (S) example, 2-5
 - vouchers and invoices with value-added tax (V) example, 2-11
 - vouchers and invoices with VAT and sales tax example, 2-15
 - vouchers with use tax (U) example, 2-8
- Tax File Purge (R0018PURGE), 6-4
- Tax File Revisions (P0018), 6-2
- Tax File Revisions form, 6-2
- tax ID validation
 - activating, 4-4
 - overriding, 4-4
 - overview, 4-1
- Tax ID Validation (70/TI), 3-4
- tax rate areas
 - expiration dates, 3-16
 - setting up, 3-15
 - Vertex Sales Tax Q Series, 9-3
- Tax Rate/Area Revisions form, 3-18
- Tax Rate/Areas (P4008)
 - overview, 3-15
 - processing options, 3-18
- Tax Reconciliation Repository (F0018R), 7-1
- tax rules
 - examples of tax calculations, 3-6
 - Vertex Sales Tax Q Series, 9-3
- Tax Rules (P0022), 3-5
- Tax Rules Revisions form, 3-9
- tax setup
 - automatic accounting instructions, 3-11
 - default values for transaction entry, 3-21
 - distribution AAIs, 3-13
 - financial AAIs, 3-11
 - post program, 5-22
 - tax authorities, 3-3
 - tax explanation codes, 2-1
 - tax rate areas, 3-15
 - tax rules, 3-5
 - user-defined codes, 3-4
- Tax Summary Report/Use VAT (R0018P1)
 - navigation, B-1
 - overview, B-3
 - processing options, B-3
- Tax/Detail Summary (R0018P)
 - navigation, B-1
 - overview, B-2
 - processing options, B-3
- taxes
 - allocating amounts to general ledger
 - accounts, 7-1
 - calculating for nonstock items, 2-3, 2-4
 - calculating for stock items, 2-3
 - entering for purchase and sales orders, 5-6
 - entering on invoices and vouchers, 5-10
 - journal entries with VAT, 5-24
 - updating the tax reconciliation repository
 - example, 7-2
 - overview, 7-1
 - pay items, 7-4
 - reconciling by the general ledger account, 7-1
 - reviewing the records, 7-8
 - revising reconciled transactions, 7-2
- Taxes (F0018)
 - adding, modifying and deleting records, 6-2
 - overview of updating, 6-1
 - purging records, 6-4
- tax-on-tax calculations
 - formula for purchase orders with use and sales tax, 2-17
 - formula for purchase orders with VAT and sales tax, 2-12
 - formula for sales orders with VAT and sales tax, 2-15
 - formula for vouchers and invoices with VAT and sales tax, 2-16

U

United States

- Vertex Sales Tax Q Series, 9-2
- Update Address Book GeoCodes (R730101)
 - navigation, 9-23
 - overview, 9-16
- Update Tax Reconciliation Repository (R0018R)
 - overview, 7-1
 - processing options, 7-7
- use tax
 - setting up AAIs, 3-13
 - tax calculation examples for purchase orders, 2-6
 - tax calculation examples for purchase orders with VAT and use tax, 2-16
 - tax calculation examples for vouchers, 2-8
 - tax calculation examples for vouchers with VAT and use tax, 2-19
 - tax explanation codes, 2-1

V

value-added taxes

- automatic accounting instructions for deferred VAT, 3-12
- batch processing journal entries, 5-29
- calculating retainage on purchase orders, 5-6
- entering in journal entries, 5-24
- hierarchy for posting to accounts, 3-12
- nonrecoverable VAT example, 3-16
- nonrecoverable VAT overview, 3-16
- setting up AAIs, 3-12
- tax calculation examples for purchase orders, 2-9
- tax calculation examples for purchase orders with VAT and sales tax, 2-12
- tax calculation examples for purchase orders with VAT and use tax, 2-16
- tax calculation examples for sales orders, 2-11
- tax calculation examples for sales orders with VAT and sales tax, 2-15
- tax calculation examples for vouchers and invoices, 2-11
- tax calculation examples for vouchers and invoices with VAT and sales tax, 2-15
- tax calculation examples for vouchers with VAT and use tax, 2-19
- tax explanation codes, 2-1
- tolerance rules, 3-5
- updating the F0018 table, 6-1

VAT

- input, 8-1
- nonrecoverable input, 8-1
- VAT Exception Report by Tax Area (R0018P7)
 - navigation, B-1
 - overview, B-5
 - processing options, B-5
- VAT Journals (R00320)
 - navigation, B-2
 - overview, B-6
 - processing options, B-7
- Vertex Sales Tax Q Series

- activating the log, 9-9
- address selection hierarchy for accounts payable records, A-2
- address selection hierarchy for accounts receivable records, A-5
- address selection hierarchy for contract billing and service billing records, A-7
- address selection hierarchy for procurement records, A-12
- address selection hierarchy for sales order records, A-10
- automatic accounting instructions, 9-3
- Canada, 9-2
- databases, 9-5
- defining tax information for items, 9-13
- foreign tax calculations, 9-2
- GeoCodes
 - assigning globally, 9-16
 - assigning manually, 9-17
 - assigning to address book records, 9-15
 - overriding in the service billing system, 9-22
 - overriding on a call record, 9-22
 - overriding on a contract billing line, 9-22
 - overriding on a purchase order, 9-21
 - overriding on a sales order, 9-20
 - overriding on a service contract, 9-21
 - overriding on a service order, 9-21
 - overriding on a voucher, 9-20
 - overriding on an invoice, 9-20
 - overview of override process, 9-18
 - related addresses, 9-15
 - tax explanation codes, 9-16
 - types, 9-15
- GeoCodes setup, 9-10
- integrations with JD Edwards EnterpriseOne software, 9-1
- mapping to the F03B11 table, A-3
- mapping to the F0411 table, A-1
- mapping to the F4211 and F4201 tables, A-9
- mapping to the F4812 table, A-5
- mapping to the Procurement and Address Book tables, A-11
- overview, 9-2
- overview of calculation process, 9-23
- processing for stock and nonstock items, 9-11
- setting up AAIs, 9-9
- setting up user-defined codes, 9-10
- setup, 9-6
- tax authorities, 9-3
- tax explanation codes, 9-4
- tax rate areas, 9-3
- tax rules, 9-3
- testing the connection, 9-8
- United States, 9-2
- Vertex Tax Decision Maker
 - automating tax exceptions, 9-5
 - exceptions in tax processing, 9-2
 - product categories, 9-13
 - tax exempt transaction in Service Management, 9-4

- Vertex Tax Decision Maker (TDM)
 - overriding GeoCodes, 9-18
- Vertex Sales Tax Q Series Debug Log form, 9-9
- voucher match
 - entering tax information, 5-6
- Voucher Match (P4314), 5-6
- vouchers, 2-20
 - batch processing, 5-27
 - entering taxes, 5-10
 - revising tax records, 6-2
 - revision vouchers with taxes, 5-23
 - rounding, 5-1
 - tax calculations for foreign transactions, 5-3
 - tax calculations on nonstock items with use tax, 2-7, 2-8
 - tax calculations on nonstock items with VAT, 2-9
 - tax calculations on nonstock items with VAT and sales tax, 2-13
 - tax calculations on stock items with use tax, 2-6
 - tax calculations on stock items with VAT, 2-9
 - tax calculations on stock items with VAT and sales tax, 2-12
 - tax calculations on two-way match for nonstock items, 2-14
 - tax calculations on two-way voucher match, 2-10
 - tax calculations on value-added tax (V)
 - example, 2-11
 - tax calculations on VAT and sales tax
 - example, 2-15
 - taxes for nonstock items, 2-3
 - taxes for three-way match, 2-3
 - taxes for two-way match, 2-4
 - updating the F0018 table, 6-1
 - use tax (U) example, 2-8

W

- Work With Vertex Q Series Constants Revision form, 9-7