

Oracle[®] Financials for Canada Documentation Update

RELEASE 11.0.1

July, 1998

ORACLE[®]

Enabling the Information Age[™]

Oracle® Financials for Canada Documentation Update, Release 11.0.1

Copyright © 1998, Oracle Corporation. All rights reserved.

Contributors: Sheila Bhaumik, Craig Borchardt, Alexander Fiteni, Clara Jaeckel, Jennifer Webster

The Programs (which include both the software and documentation) contain proprietary information of Oracle Corporation; they are provided under a license agreement containing restrictions on use and disclosure and are also protected by copyright, patent and other intellectual property law. Reverse engineering of the Programs is prohibited. No part of this document may be reproduced or transmitted in any form or by any means, electronic or mechanical, for any purpose, without the express written permission of Oracle Corporation.

The information contained in this document is subject to change without notice. If you find any problems in the documentation, please report them to us in writing. Oracle Corporation does not warrant that this document is error free.

RESTRICTED RIGHTS LEGEND

Programs delivered subject to the DOD FAR Supplement are 'commercial computer software' and use, duplication and disclosure of the Programs shall be subject to the licensing restrictions set forth in the applicable Oracle license agreement. Otherwise, Programs delivered subject to the Federal Acquisition Regulations are 'restricted computer software' and use, duplication and disclosure of the Programs shall be subject to the restrictions in FAR 52.227-14, Rights in Data -- General, including Alternate III (June 1987). Oracle Corporation, 500 Oracle Parkway, Redwood City, CA 94065." The Programs are not intended for use in any nuclear, aviation, mass transit, medical, or other inherently dangerous applications. It shall be licensee's responsibility to take all appropriate fail-safe, back up, redundancy and other measures to ensure the safe use of such applications if the Programs are used for such purposes, and Oracle disclaims liability for any damages caused by such use of the Programs.

Oracle is a registered trademark and Developer/2000, Enabling the Information Age, Oracle Alert, Oracle Application Object Library, Oracle Financials, Oracle Workflow, PL/SQL, SQL*, and SQL*Plus are trademarks or registered trademarks of Oracle Corporation.

All other company or product names are mentioned for identification purposes only, and may be trademarks of their respective owners.



Contents

SUMMARY OF CHANGES	5
OVERVIEW OF CANADIAN TAXES	7
OVERVIEW OF CANADIAN SALES TAXES.....	8
MULTIPLE TAX DISTRIBUTION OVERVIEW	9
MULTIPLE TAX DISTRIBUTION.....	10
<i>Using Multiple Tax Distribution</i>	10
SETUP	21
SETTING UP ORACLE PAYABLES FOR CANADA.....	22
CREATING TAX NAMES.....	24
CREATING TAX CREDIT NAMES.....	25
ASSIGNING TAX CREDIT NAMES TO SEGMENT RANGES.....	26
CLASSIFYING A REBATE TYPE.....	27
EXPENSE REPORTING	29
USING EXPENSE REPORTS.....	30
<i>Creating an Invoice</i>	30
RECURRING INVOICES	33
USING RECURRING INVOICES.....	34
<i>Entering a Distribution Set</i>	34
<i>Creating a Recurring Invoice</i>	35
<i>Viewing the Invoice and Creating the Tax Lines</i>	36
MULTIPLE TAX DISTRIBUTION FORMULA	39
FREQUENTLY ASKED QUESTIONS	45
FREQUENTLY ASKED QUESTIONS.....	46



Summary of Changes

This section contains important information. Please read this section for the latest updates and additions to your user's guide.

The updates include the following changes:

- The map of *Federal and Provincial Sales Tax Rates* for the *Overview of Canadian Sales Taxes* is updated.
- The description of the Use Item Account check box in *Multiple Tax Distribution Groups and Rules, Using Multiple Tax Distribution* is revised.
- The title of the section on *Setting up Oracle Financials for Canada* is changed to *Setting up Oracle Payables for Canada*, and the first Pre-Implementation step in that section is revised.
- The navigation paths in the first steps of *Creating Tax Credit Names*, *Assigning Tax Credit Names to Segment Ranges*, *Classifying a Rebate Type*, and *Creating an Invoice* are revised.
- Step 2 of *Creating an Invoice* is revised.
- A new *Recurring Invoices* chapter is added.
- Examples 5 and 6 for *Multiple Tax Distribution Formula* are revised, and new examples 8 and 9 are added.
- The answer to the second question (“I have created my Tax Names...”) in *Frequently Asked Questions* is revised, and three new questions are added at the end of the section.



CHAPTER

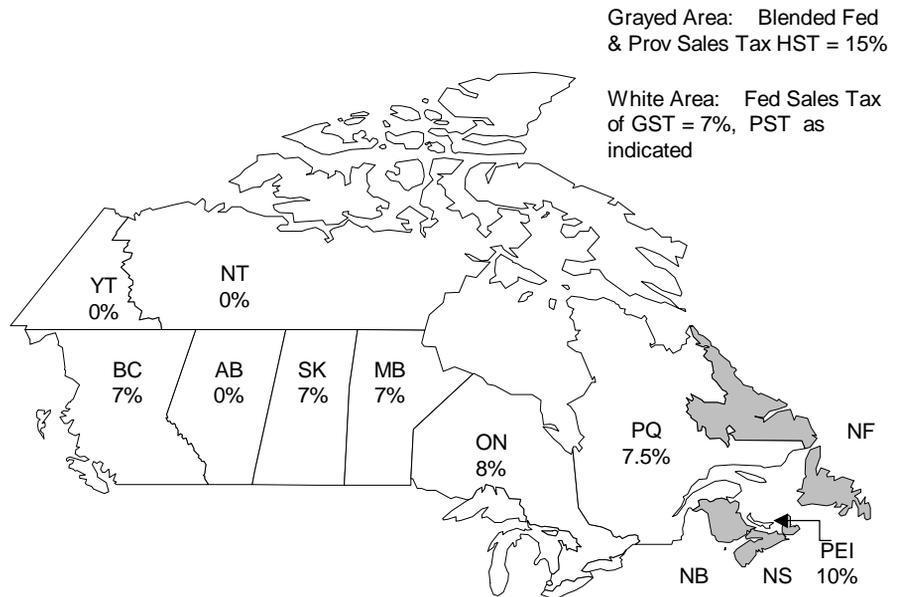
Overview of 1 Canadian Taxes

This chapter gives a brief overview of Canadian Sales Taxes.

Overview of Canadian Sales Taxes

Canadian sales taxes are levied at the federal level and the provincial level. The Goods and Services Tax (GST) is levied in the non-participating provinces and territories across Canada. In the participating provinces of Newfoundland, Nova Scotia, and New Brunswick, a federal and provincial *blended tax* called Harmonized Sales Tax (HST) is used instead of the separate sales tax levies. The tax recovery under either GST or HST is made through a rebate and/or an Input Tax Credit (ITC), depending on whether the purchases are commercial. Some goods and services are exempt from GST or HST.

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



Federal and Provincial Sales Tax Rates on January 1, 1998

Multiple Tax Distribution Overview

This chapter describes how Oracle Payables handles multiple sales taxes for Canada.

See *Implementing Canadian Sales Tax in the Oracle Receivables User's Guide* for more information about sales tax handling in Oracle Receivables for Canada.

Multiple Tax Distribution

Using Multiple Tax Distribution

Tax Parameters

The tax parameter setting lets you control your tax line behavior according to the defined conditions. The Summarize Tax Distributions check box should not be checked if you would like to see details about your tax transactions lines. This check box summarizes invoice lines by the tax type, General Ledger account, and the Tax Code according to each parent item line. By summarizing distributions, you can see fewer tax lines; however, all tax lines remain referenced to its parent item line.

Attention: An exception to this rule occurs when a Use tax is defined in a formula; summarization will not take place if the Use tax has the same account as another tax distribution line.

Allow Invoice Distribution Override lets you override the Tax Credit at the Invoice Distribution line level if it is checked. If you do not check the Allow Distribution Override check box, you cannot change the default Tax Credit code assignments in the Invoice Distribution window. The list of values for the Tax Credit Name is not available if the override is not allowed.

The Segment Name determines which accounting flexfield segment has the segment ranges assigned to the Tax Credit Names.

Warning: You can assign only one segment for tax purposes. Once the segment is saved, you cannot change it.

Tax Names

Use the Tax Names window to define all of the tax names that you will need to create your tax formulas to distribute your taxes and rebates to the appropriate expense and tax authority accounts.

The various tax names that you must define are:

- **Group Tax Name** - represents the bundle of taxes required to process the sales taxes levied on an item line. The rate must equal the sum of the Distribution Tax Rates defined as Sales Type for each Tax Code.

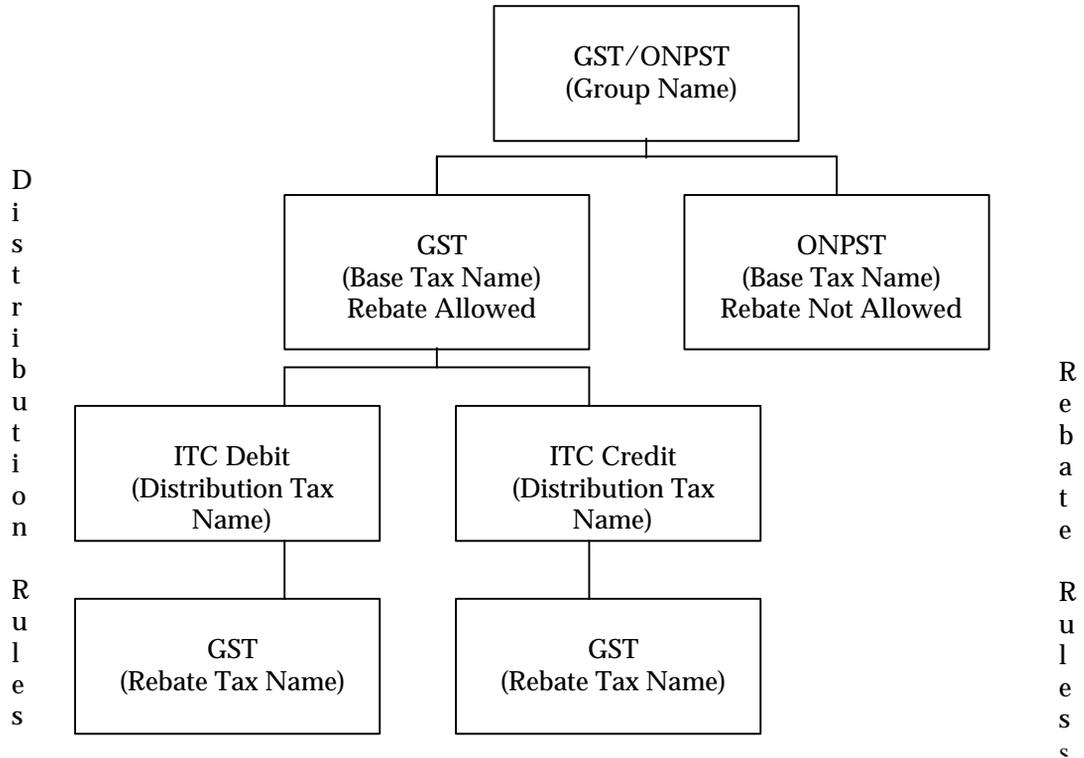
Suggestion: Try establishing a naming convention for the Group Tax Name to help identify the purpose of the group name. For example, if the tax group is PST self-assessed for Saskatchewan and GST applies, the name might be GST/SKPST-SA.

- **Distribution Tax Name** - is a place holder for either a Base Tax rule or a Rebate Tax rule. Here you need to set up all the sales and use taxes that will be used in your formula. **Note:** A Distribution Tax Name may also be a Rebate Tax Name.
- **Rebate Tax Name** - is used on Rebate Tax rule lines and references the exact Base Tax rule in the current Group Tax of the same name.
- **Base Tax Name** - represents the original sales tax charged and is usually referenced when rebates apply.

Suggestion: To help simplify identification and tracking, use unique Tax Names when you create your Distribution Tax Rule.

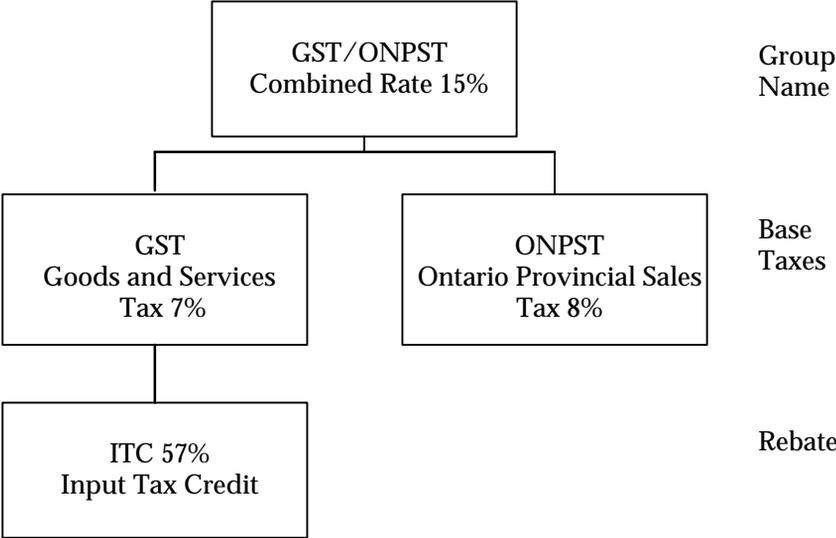
This hierarchy illustrates the relationships between the components used to create tax distribution rules.

Tax Hierarchy



This illustration shows the relationship between the Tax Groups and the associated rules and related tax rebates. Note that the actual rebate rate is determined by the relationship between the Rebate Tax Name and its assignment to Tax Credit Names.

Tax Levies with Rebates



Example: Tax names required for basic GST/PST with a rebate for the GST only.

Tax Name	Tax Type	Rate	Accounting Flexfield Suggested Setting	Comment
GST	Sales	7	Generally set to an Expense account.	Federal tax - Goods and Services Tax. Full GST is debited to this expense.
ONPST	Sales	8	Generally set to an Expense account.	Provincial tax - Ontario Sales Tax. Normally charged back to the original expense item. Note: The rate should be the effective rate, such as Quebec 6.955%.
GST Receivable	Sales	0	Generally set to a Receivable account.	GST is collected in this account for submission to tax authority.
GST Offset	Sales	0	Generally set to the same Expense account as the GST.	This account will offset the GST and be the same amount as the GST Receivable.
GST/ONPST	Sales	15	Generally set to an Expense account.	This would be the combined effective rate, such as GST & Quebec Sales Tax 13.955%.

Attention: If you set up a tax formula that handles self-assessed taxes, the combined rate for the Group Tax Name should only equal the sales tax rates that are in the formula. For example, the use tax rate should not be included in the combined effective rate. See *Multiple Tax Distribution Formulas* on page 39 for more information.

Tax Credit Name (Regional QuickCode)

The QuickCodes window lets you create the Tax Credit Names that suit your tax reporting process. Think of the Tax Credit Name as a parent that represents all of its children, which are the various rebates.

You must first enter and save the Tax Credit Names in this window so that they appear in the list of values for the Tax Credit Name field in the Tax Credit Segment Ranges window.

Tax Credit Assignment to Segment Range

Assign your tax credits according to your Chart of Account (COA) ranges for a previously defined segment in the Tax Credit Segment Ranges window. If a Tax Credit is not assigned to an account, the tax process will error out.

Note: You must define the Regional QuickCode and populate the Segment Name in the Tax Parameters window before you can proceed with the Tax Credit Segment Ranges window.

Warning: Do not overlap ranges across different Tax Credit Names.

Tax Rebates

You can use the Rebate Tax Names window to define one or more rebate rates and tax accounts assigned to each Tax Credit Name for a Rebate Tax Name, for example, categories for Recreation or Entertainment.

The same Rebate Tax Name, such as GST, can be assigned to more than one Tax Credit Name that will use the same MTD formula.

Note: The Tax Names and formulas are not shared across organizations.

You must use a different Tax Credit Name that is associated with a unique range of values if the rebates and/or tax accounts differ across segment range.

For example, an invoice is processed with two item lines that have two different accounting flexfields that each point to a different Tax Credit Name. The same Group Tax Name, however, is on both lines. The MTD formula creates the correct tax lines and apportions out the calculated values to the rebate and tax accounts that are defined in the setup.

Note: You must assign the Segment Ranges to the Tax Credit Name before you use the Rebate Tax Names window.

To populate the Tax Credit Name field, use the Query Find command and the list of values to view the QuickCodes that are available. If you previously defined a Tax Credit Name and you need to update or add a Rebate Tax Name, do the regular Query Enter/Run.

The Rebate Tax Name displays the Tax Names from the Define Tax Names window. Enter the rebate percent that your company is entitled to. The rate will be used in the MTD formula as follows:

GST = 7%

Recreational Rebate = 60%

Chlorine = \$100

Base Tax Name Rate * Rebate Tax Name Rate * Item Amount = Rebate Amount

$[.07 * .60] * \$100 = \4.20

The Tax Number lets you assign more than one rebate rate via the Rebate Tax Name in the Multiple Tax Distribution window. Entering a value such as 1, 2, etc. lets you differentiate which tax rebate rate to use. This rate is important for handling rebates in the MUSH sector where rebates and ITCs need to be apportioned out to different accounts.

For example, a municipality qualifies for 100% return on their GST for swimming costs through an ITC and rebate. The municipality have worked their statistics and found that 69% of the registrants are over 65 which qualifies as an ITC. The other 31% will qualify as a rebate.

The Tax Name and Number are used in conjunction with each other as the key to define the required rebate. For the last example, the Tax Name and Number are:

Name	Tax Number	%
ITC	1	69
MUSH	2	31

The last piece of functionality in the Rebate Tax Names window gives you the option to override tax distribution coding by using the Use Item Account check box in the Multiple Tax Distribution window.

If the Use Item Account check box is checked, the tax distribution is generated based on the same account that the item is taxed on. An unchecked check box creates the tax lines based on the account found in the Tax Names window.

If, however, a rebate applies and the Use Item Account check box is not checked, MTD will first search for an account combination in the Rebate Tax Name window, and next searches the Tax Names window for the account combination. MTD stops its search when an account combination is found.

Attention: The list of values for the Tax Credit Name is not available if the Tax Credit Segment Range is not defined.

Multiple Tax Distribution Groups and Rules

Canadian Multiple Tax Distribution Rules functionality is designed to give you the flexibility to handle your Canadian Tax requirements. Whether you have one rebate or multiple rebates, self assessed or regular sales tax, you can design the formula to handle most of your tax situations.

The Multiple Tax Distribution window lets you direct your taxes to the appropriate accounts depending on whether the tax value should go to a liability, expense or receivable account.

The Group Name list of values pulls the previously defined values from the Tax Names window.

The Distribution Tax Name also pulls the values from the Tax Names window and brings along the tax rate with it.

There are several rule types:

- **Base** - The tax code that the rebate could draw down from, such as GST or TPS.
- **Debit** - The tax value account that is submitted for rebate (target account).
- **Credit** - The account that offsets the base tax rule.

Consider a tax group with GST in it with a 70% rebate on GST and no summarization. The outcome is:

GL Account	Amount	Rule Type	Description
04.000.5600.000.000.000	7.00	Base	GST
04.000.5600.000.000.000	(4.90)	Credit	GST Offset
04.000.1100.000.000.000	4.90	Debit	GST Target (Receivable)

The Rebate check box indicates that there is a rebate associated with it, if the line is a Base Rule Type.

The Rebate Tax Name is only available when the Rule Type is a debit or credit. The Rebate Tax Name only has a list of values if the Rebate Tax Name is defined in the Rebate Tax Names window. When the Rebate Tax Name is chosen, the Tax Number associated with it also populates the window.

The Use Item Account check box controls which account code combination used for the automatic generation of tax lines. If the check box is checked, the tax distribution is generated based on the same account that the item being taxed. An unchecked check box creates the tax lines based on the account found in the Rebate Tax Names window. If MTD does not find an account combination in the Rebate Tax Name window, MTD will next search the Tax Names window for the account combination and stop when the account combination is found.

Here are several hints that you may follow when you design the group taxes:

1. MTD handles more than one rebate per formula. See *Multiple Tax Distribution Formula* on page 39 and *Frequently Asked Questions* on page 45 for more information.
2. Group Name (Tax), Distribution Tax Names and Rebate Tax Names must be set up in the Define Tax Names window before creating the formula.
3. Tax Type for the Group Name should usually be Sales keeping in mind that it will hold both Distribution Tax Names which are Sales and Use Tax Types.
4. Follow a naming convention that will identify that the Tax Group in the Group Name and/or Description.
5. If the Rebate box is checked, ensure that at least one pair of Debit and Credit base rules are associated with it.
6. The sum of Distribution Tax Name rates that are defined as Sales Tax Type should always equal the effective Tax Rate for the Group Name

Attention: MTD does not do compound taxes; effective rates must be used to ensure taxes are calculated properly.

7. The list of values for Rebate Tax Name will only appear when the previous entry for the Distribution Tax Name has the Rebate check box set to Yes.

8. The Rebate Tax Name used for the pair of debit and credit Rule Types must always be the same. It is strongly recommended that you set up the Credit Rebate rule type first, then the Debit rebate Rule.
9. Generally, the Base and the Credit Rule Types should both be set to Use Item Account so that if you are summarizing taxes, the two rules are netted out.

See *Multiple Tax Distribution Formula* on page 39 for tax formula examples.



CHAPTER

Setup

3

This chapter overviews how to set up Oracle Payables for Canada.

Setting up Oracle Payables for Canada

Complete the following steps, in the order indicated, to implement Canadian sales tax in Oracle Payables:

Pre-Implementation Steps

1. Complete all relevant steps in the *Oracle Financials for Canada Upgrade Manual*.
2. In Oracle Payables, navigate to the Payables Options window.
 - Check the *Use Automatic Tax Calculation* check box in the Invoice Tax region and set the Calculation Level to Line.
 - Check the Exclude Tax from Discount check box.

You may want to check the Allow Override button and the Distribution Amounts Include Tax button, depending on how you want your tax entry and processing to occur.



See also

Payables Options on Invoice Tax, *Oracle Payables User's Guide*

3. Set Tax Name Default settings in Oracle Payables. You can use these suggested Tax Name Defaults in Oracle Payables when Multiple Tax Distribution is used:

In this field...	Use this setting when Oracle Purchasing is not used...
Enforce Tax From Account	Null
Enforce PO Tax Name	Null
Template	1
Invoice Header	Null
Supplier Site	2
Supplier	Null
Financials Options	Null
Natural Account	Null
PO for Matched Invoices	Null

In this field...	Use this setting when Oracle Purchasing is used...
Enforce Tax From Account	Null
Enforce PO Tax Name	Yes
Template	1
Invoice Header	Null
Supplier Site	3
Supplier	Null
Financials Options	Null
Natural Account	Null
PO for Matched Invoices	2



See also

Defaulting Tax in Payables, *Oracle Payables User's Guide*

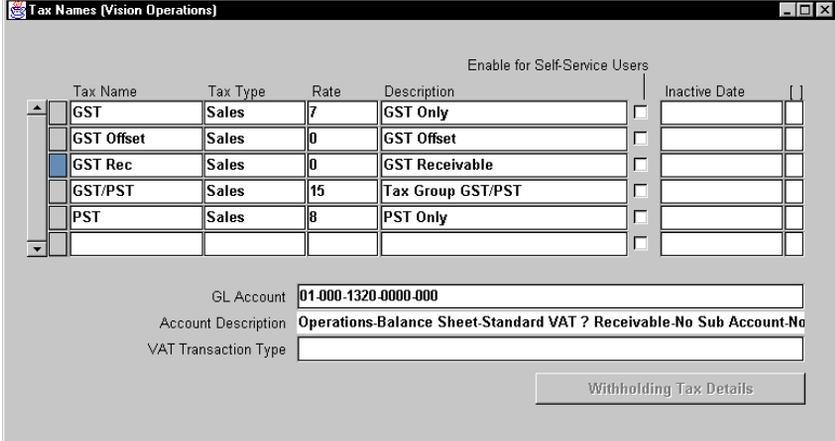
- Step 1** Set Tax Parameters
- Step 2** Create Tax Names
- Step 3** Create Tax Credit Names
- Step 4** Assign Tax Credit Names to Segment Ranges
- Step 5** Classify a Rebate Type
- Step 6** Create User-Defined Formulas

Warning: A Canada Payables Manager GUI responsibility is set up for Oracle Financials for Canada. If you create any new Canadian responsibilities, you must set the *JA: Multiple Tax Distribution* profile option to *Yes*.

See *Overview of Canadian Taxes* on page 7 for information about how to implement Canadian MTD.

Creating Tax Names

Use the Tax Names window to create all tax names required to create tax formulas. You will use these tax formulas to distribute your taxes and rebates to the appropriate expense and tax authority accounts. See *Overview of Canadian Taxes* on page 7 for information about implementing Canadian Sales Taxes.



The screenshot shows the 'Tax Names (Vision Operations)' window. It features a table with columns for Tax Name, Tax Type, Rate, Description, Enable for Self-Service Users, and Inactive Date. Below the table are fields for GL Account, Account Description, and VAT Transaction Type, along with a 'Withholding Tax Details' button.

Tax Name	Tax Type	Rate	Description	Enable for Self-Service Users	Inactive Date
GST	Sales	7	GST Only	<input type="checkbox"/>	
GST Offset	Sales	0	GST Offset	<input type="checkbox"/>	
GST Rec	Sales	0	GST Receivable	<input type="checkbox"/>	
GST/PST	Sales	15	Tax Group GST/PST	<input type="checkbox"/>	
PST	Sales	8	PST Only	<input type="checkbox"/>	
				<input type="checkbox"/>	

GL Account: 01.000.1320.0000.000
Account Description: Operations-Balance Sheet-Standard VAT ? Receivable-No Sub Account-No
VAT Transaction Type:

Withholding Tax Details

Warning: Tax Names cannot be shared across an organization. Ensure that you create unique Tax Names within each organization.

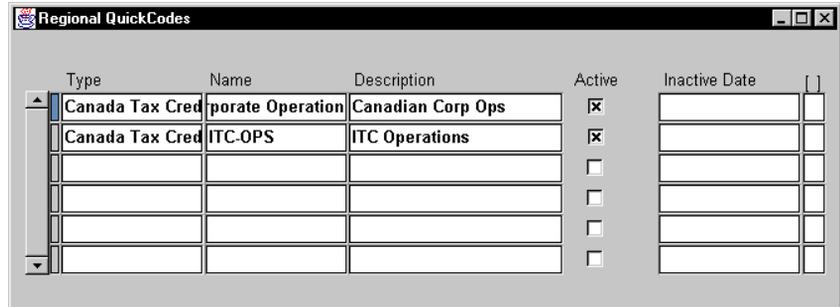


See also

Setting up Define Tax Names, *Oracle Payables User's Guide*

Creating Tax Credit Names

Use the Regional QuickCodes window to create various types of Tax Credit Names that let you categorize your tax rebates according to each Tax Credit Name. Accounting Flexfield segment values are also assigned to the Tax Credit Name in the Tax Credit Segment Range window.



Type	Name	Description	Active	Inactive Date	
Canada Tax Credit	Corporate Operation	Canadian Corp Ops	<input checked="" type="checkbox"/>		
Canada Tax Credit	ITC-OPS	ITC Operations	<input checked="" type="checkbox"/>		
			<input type="checkbox"/>		
			<input type="checkbox"/>		
			<input type="checkbox"/>		
			<input type="checkbox"/>		

To create Tax Credit Names:

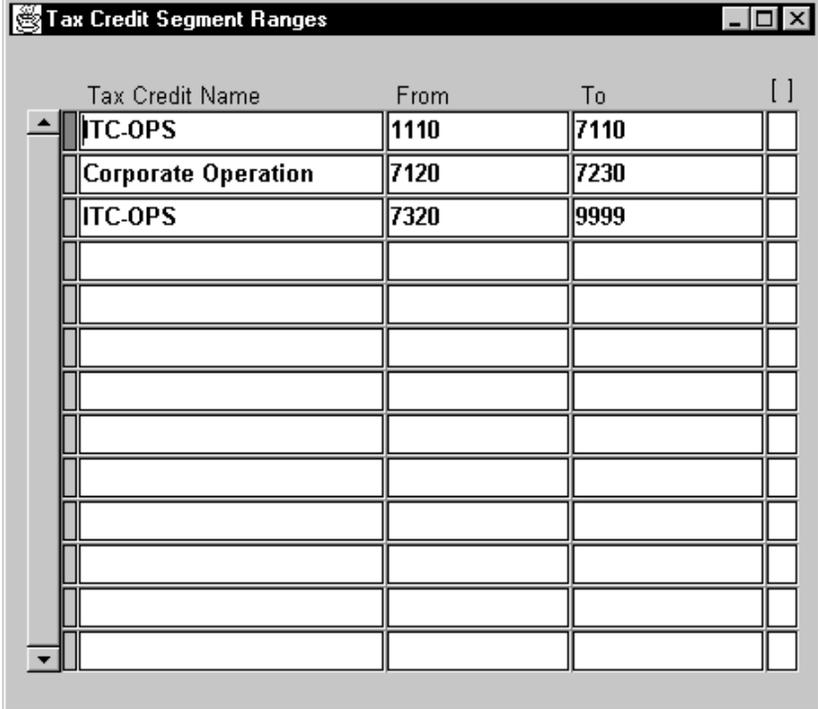
1. Navigate to the Regional QuickCodes window (Canadian Globalization: Setup > Tax > QuickCodes).
2. In the Type field, choose *Canada Tax Credit* from the list of values.
3. Enter your Tax Credit Name that represents the rebate's function in the Name field.
4. Enter a description that will help you identify the nature of your rebate's function.

The Active check box is automatically enabled for your QuickCode.

5. Enter the date that you want the Tax Credit Name QuickCode to become inactive in the Inactive Date field.

Assigning Tax Credit Names to Segment Ranges

Use the Tax Credit Segment Ranges window to assign Tax Credit Names to an appropriate range of values for that Name and its associated rebates. Note the values are derived from the segment chosen in the Tax Parameter window.



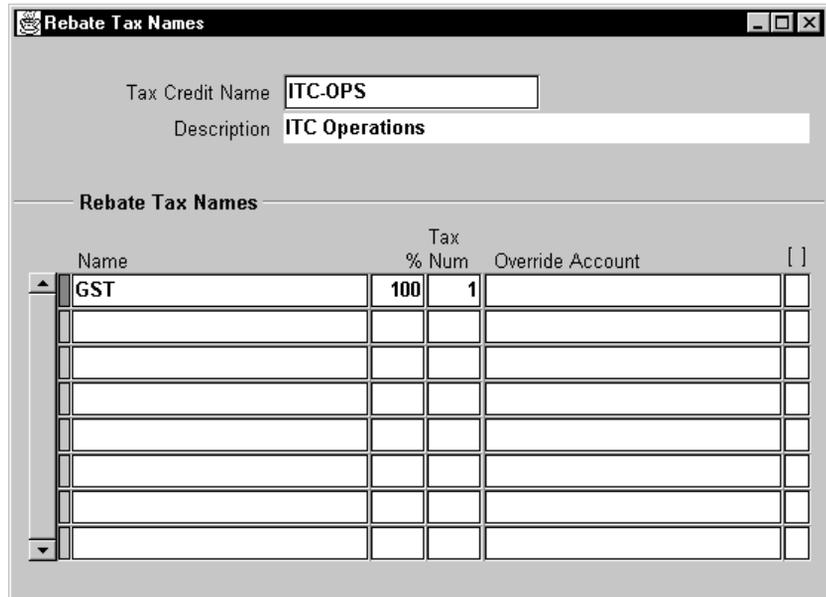
Tax Credit Name	From	To	[]
ITC-OPS	1110	7110	
Corporate Operation	7120	7230	
ITC-OPS	7320	9999	

To assign the Tax Credit Names:

1. Navigate to the Tax Credit Segment Ranges window (Canadian Globalization: Setup > Tax > Credit Segment Ranges).
2. Enter the Tax Credit Name that was defined as the Name in the QuickCode window.
3. In the From field, enter the beginning boundary value for the segment range that is associated with the Tax Credit Name.
4. In the To field, enter the end boundary value for the segment range that is associated with the Tax Credit Name.

Classifying a Rebate Type

Use Rebate Tax Names window to categorize a type of rebate that you can link to multiple rebates and their rates.



Name	Tax %	Num	Override Account	[]
GST	100	1		

To classify a rebate type:

1. Navigate to the Rebate Tax Names window (Canadian Globalization: Setup > Tax > Rebate Tax Names).
2. In the Tax Credit Name field, enter the previously defined QuickCode name from the list of values using the Query Find command.
The description automatically appears in the Description field.
3. Select a Tax Name from the list of values in the Name field. The names in the list of values originate from the Tax Names window.
4. Enter the percentage used to calculate your rebate entitlement amount.

5. Enter the tax number in the Tax Num field. The tax number assists in the unique identification of the tax rebate name used to define the tax rate for a specific Tax Credit Name.
6. Enter tax override information if you want to override the General Ledger tax distribution account combination when the tax lines are being created. This override information is used in conjunction with the Use Item Account check box in the Multiple Tax Distribution window.

When the Use Item Account check box is not checked, MTD will first search for an account combination in the Rebate Tax Name window, and next search the Tax Names window for the account combination. MTD stops its search when an account combination is found.



CHAPTER

Expense 4 Reporting

This chapter explains how to use Expense Reports from a Canadian perspective.

Using Expense Reports

Creating an Invoice

To bring an expense report across and create an invoice:

1. Navigate to the Payables Concurrent Request window (Other > Request > Run).
2. Run the Payables Import with the appropriate parameters to bring the expense report across and create an invoice. This program performs the tax extraction and distribution.
3. Query the new invoice in the Invoice Entry or Inquiry window.

Your result should appear as follows:

Invoice Header after expense report is imported and invoice is created

The screenshot displays the Oracle Invoices (Vision Operations) window. At the top right, there are fields for 'Batch Control Total' and 'Actual Total'. Below these is a table with the following columns: Type, Supplier, Supplier Num, Site, Invoice Date, Invoice Num, Invoice Curr, and Invoice Amount. The first row is highlighted and contains the following data: Expense, Jamie Fros, 1007, OFFICE, 06-JAN-1998, JAN0698-001, USD, and 400. Below the table, there are several summary fields: 'Amount Paid' (USD, 0.00), 'Holds' (0), 'Distribution Total' (400.00), 'Status' (Never Approved), and 'Posted' (No). The description 'EXPENSE REPORT' is also visible. At the bottom, there are several buttons: 'Actions... 1', 'Holds', 'Payments', 'Match', 'Scheduled Payments', 'Overview', and 'Distributions'.

Type	Supplier	Supplier Num	Site	Invoice Date	Invoice Num	Invoice Curr	Invoice Amount
Expense	Jamie Fros	1007	OFFICE	06-JAN-1998	JAN0698-001	USD	400.

Amount Paid: USD 0.00
Holds: 0
Distribution Total: 400.00
Status: Never Approved
Posted: No
Desc: EXPENSE REPORT

Buttons: Actions... 1, Holds, Payments, Match, Scheduled Payments, Overview, Distributions

Invoice Distribution

Distributions (Vision Operations) - JAN0698-0001, Jamie Frost

Invoice Total
 Distribution Total

Num	Type	Amount	Tax Name	GL Date	Account		Includes Tax	Track as Asset	Desi
1	Item	86.95		06-JAN-1998	01-510-7640-0000-000		<input type="checkbox"/>	<input type="checkbox"/>	Airfa
2	Item	260.87		06-JAN-1998	01-510-7670-0000-000		<input type="checkbox"/>	<input type="checkbox"/>	Lodg
3	Tax	6.09	GST	06-JAN-1998	01-510-7640-0000-000		<input type="checkbox"/>	<input type="checkbox"/>	GST
4	Tax	<6.09>	GST	06-JAN-1998	01-510-7640-0000-000		<input type="checkbox"/>	<input type="checkbox"/>	GST
5	Tax	6.09	GST	06-JAN-1998	01-000-1320-0000-000		<input type="checkbox"/>	<input type="checkbox"/>	GST
6	Tax	6.96	PST	06-JAN-1998	01-510-7640-0000-000		<input type="checkbox"/>	<input type="checkbox"/>	PST

Account Description:
 Status: PO Number:
 Posted:



CHAPTER

Recurring Invoices

5

This chapter explains how to use the recurring invoice functionality from a Canadian perspective.

Using Recurring Invoices

Recurring invoice functionality lets you record regularly scheduled expense items that you do not receive an invoice for. This chapter outlines the steps that you must follow to use Recurring Invoices with Multiple Tax Distribution functionality.



See also

Entering Recurring Invoices, Distribution Sets, Defaulting Tax in Payables, Automatic Tax Calculation Overview, Invoice Tax Payables Options, *Oracle Payables User's Guide*

Entering a Distribution Set

Num	%	Project Related	Account	Description	Income Tax Type	Invoice Tax Name
1	40	<input type="checkbox"/>	01-110-7430-0000-000			GST/PST
2	60	<input type="checkbox"/>	01-120-7430-0000-000			GST/PST
		<input type="checkbox"/>				
		<input type="checkbox"/>				
		<input type="checkbox"/>				

Account Description: Operations-Facilities Resources-Property Tax and Insuranc-No Sub Accou

Project Accounting

To enter a distribution set:

1. Navigate to the Distribution Set window (Setup > Invoice > Distribution Set).
2. Enter the Name and Description fields to define the different types of periodic expenses for tracking and recording these transaction types. Note the distribution set should be for 100%.
3. Enter the percentage of the expense amount that you want to go against your General Ledger accounts. Note that tax included is understood.
4. Enter the appropriate General Ledger accounts that correspond to the entered percentages.

5. Enter the previously defined Group Tax Name in the Invoice Tax Name field for every line created in the distribution set, if tax should be assigned to that line.

Attention: The tax included functionality must be activated for the Recurring Invoice process to behave correctly.

Creating a Recurring Invoice

The screenshot shows the 'Recurring Invoices (Vision Operations)' window with the following fields and values:

- Supplier:** Name: Advanced Network Devices, Number: 1013, Site: SANTA CLARA, Pay Group: Standard
- Calendar:** Name: Monthly, Number of Periods: 4, First: Jan-98, Next: Jan-98, Number Remaining: 4
- Template Definition:** Number: AND, Currency: USD, Hold: (empty), GL Date: (empty), Terms: Immediate, Pay Alone
- Template Definition (Right):** Description: (empty), Liability Account: 01-000-2210-0000-000, Payment Method: Check, Expiration Date: (empty), Withholding Tax Group: (empty)
- Distribution Origin:** Set, PO, Name: Insurance, Shipment: (empty)
- Bottom:** Number of Invoices: 1, Create Invoices... button

To create a recurring invoice:

1. Navigate to the Recurring Invoice window (Invoices > Entry > Recurring Invoices).
2. Enter the required information in the Supplier, Calendar, Template Definition, and Amounts regions.
3. In the Distribution Origin region, check the Set check box. In the Name field, enter the name of the Distribution Set that you previously created to direct the expense amounts and tax values (via the Group Tax Name) to the appropriate General Ledger accounts.
4. Create the invoice.

Viewing the Invoice and Creating the Tax Lines

Distributions (Vision Operations) - AND-Jan-98, Advanced Network Devices

Invoice Total
 Distribution Total

Num	Type	Amount	Tax Name	()	GL Date	Account	[]	Includes Tax	Trac
1	Item	608.56	GST/PST	..	01-JAN-1998	01-110-7430-0000-000		<input checked="" type="checkbox"/>	
2	Item	912.85	GST/PST		01-JAN-1998	01-120-7430-0000-000		<input checked="" type="checkbox"/>	
								<input type="checkbox"/>	
								<input type="checkbox"/>	
								<input type="checkbox"/>	
								<input type="checkbox"/>	

Account Description:
 Status: PO Number:
 Posted:

Prorate... 1 Reverse 1 View PO Calculate Tax

To view the invoice and create tax lines:

1. Navigate to the Invoice Distribution window (Invoices > Entry > Invoices).
2. Query the previously created invoice and move to the Invoice Distribution region.
 Note the tax breakout has not occurred.
3. To see the tax lines, run the invoice through Payables Approval, or navigate to the Calculate Tax button and activate the button to begin the tax calculation.

Distributions (Vision Operations) - AND-Jan-98, Advanced Network Devices

Invoice Total **1,521.41**
 Distribution Total **1,521.41**

Num	Type	Amount	Tax Name	()	GL Date	Account	[]	Includes Tax	Trac
1	Item	529.19			01-JAN-1998	01-110.7430-0000-000		<input type="checkbox"/>	
2	Item	793.79			01-JAN-1998	01-120.7430-0000-000		<input type="checkbox"/>	
3	Tax	37.04	GST	.1	01-JAN-1998	01-110.7430-0000-000		<input type="checkbox"/>	
4	Tax	<37.04>	GST	IT	01-JAN-1998	01-110.7430-0000-000		<input type="checkbox"/>	
5	Tax	37.04	GST	IT	01-JAN-1998	01-000.1320-0000-000		<input type="checkbox"/>	
6	Tax	42.33	PST	.1	01-JAN-1998	01-110.7430-0000-000		<input type="checkbox"/>	

Account Description: **Operations-Facilities Resources-Property Tax and Insuranc-No Sub Account-No**
 Status: **Never Approved** PO Number:
 Posted: **No**

Prorate... 1 Reverse 1 View PO Calculate Tax



APPENDIX

Multiple Tax Distribution Formula

A

This chapter overviews Multiple Tax Distribution formulas.

Example 5 GST, single rebate = 100% and Ontario PST self assessed

Compounding: No

Define Tax Name

Tax Name	Tax Type	Rate	GL Account
ONPST-SA	Use	8	01.000.2200.000
GST/ONPST-SA	Sales	7	01.000.7000.000

Group Name: GST/ONPST-SA Rebate Tax Name: GST #3 = 100%
 Tax Type: Sales
 Rate: 7%

Distribution Tax Name	Use Tax	%	Rule Type	Rebate	Rebate Tax Name	Tax Num	Use Item Acc't	Desc.
GST		7	Base	X			X	
GST Offset			Cr		GST	3	X	
GST Receivable			Dr		GST	3		
ONPST-SA	X	8	Base				X	

Example 6 HST only, single rebate = 60%

Define Tax Name

Tax Name	Tax Type	Rate	GL Account
HST	Sales	15	01.000.7500.000
HST Offset	Sales	0	01.000.7500.000
HST Receivable	Sales	0	01.000.1200.000
HST Only	Sales	15	01.000.7000.000

Group Name: HST Only Rebate Tax Name: HST #1 = 60%
 Tax Type: Sales
 Rate: 15%

Distribution Tax Name	Use Tax	%	Rule Type	Rebate	Rebate Tax Name	Tax Num	Use Item Acc't	Desc
HST		15	Base	X			X	
HST Offset			Cr		HST	1	X	
HST Receivable			Dr		HST	1		

Example 8 GST, PST-no rebates

Use: Allows break out of GST and PST, values are allocated back to the account of purchased item.

Compounding: No

Define Tax Name

Tax Name	Tax Type	Rate	GL Account
GST/PST	Sales	15	01.000.7000.000

Group Name: GST/PST

Tax Type: Sales

Rate: 15%

Distribution Tax Name	Use Tax	%	Rule Type	Rebate	Rebate Tax Name	Tax Num	Use Item Acc't	Desc.
GST		7	Base				X	
ONPST		8	Base				X	

Example 9 HST self assessed, single rebate = 50%

Compounding: No

Define Tax Names

Tax Name	Tax Type	Rate	GL Account
HST Only_SA	Use	15	01.000.7000.000
HST_SA	Use	15	01.000.2100.000
HST Receivable	Use	0	01.000.1200.000
HST Offset	Use	0	01.000.7000.000

Group Name: HST Only_SA

Rebate Tax Name:: HST_SA #2 = 50%

Tax Type: Use

Rate: 15%

Distribution Tax Name	Use Tax	%	Rule Type	Rebate	Rebate Tax Name	Tax Num	Use Item Acc't	Desc.
HST_SA	X	15	Base	X			X	
HST Offset	X	0	Cr		HST_SA	2	X	
HST Receivable	X	0	Dr		HST_SA	2		



APPENDIX

Frequently Asked Questions **B**

This chapter answers frequently asked questions about Oracle Financials for Canada.

Frequently Asked Questions

Q: I have created my Tax Names and defined my MTD formula; however, the tax distribution was not successful.

A: Review these steps:

1. Review your set up.
2. Check that there is no Tax Name in the Enter Additional Invoice Level Information in the invoice header.
3. In the Invoice Distributions region, ensure that the appropriate Tax Name (Group Name) is entered in the Tax Name field for the Invoice line item.
4. If there is only one tax line, then the MTD calculation procedure did not run. Check that the profile option JA: Multiple Tax Distribution is set to *Yes* for the Responsibility being used.
5. If no rebates were calculated and you know there should be at least one rebate, then check that:
 - A Tax Credit Name is assigned to the General Ledger Account's segment range
 - There is a Rebate Tax Name and Number assigned to the Tax Credit Name
 - The Tax Credit Name and Number are the same as the Tax Group that you used on the expense distribution line
6. Check the effective dates that are used on the invoices against the effective dates in the Tax Names and Multiple Distribution windows to see if the formulas and tax names are inactive for that time.

Q: The Calculate Tax Button in the Distribution region of the Invoice Workbench is not working. What should I do?

A: Review the following:

1. Check the Invoice Tax region in the Payables Options window. Minimum settings are: Use Automatic Tax Calculation = *Yes* and Calculation Level = *Line*.
2. Check the Invoice Tax region in the Supplier Header window. Ensure that the Invoice Tax Name field is not populated. Minimum settings are: Use Automatic Tax Calculation = *Yes* and Calculation Level = *Line*.
3. Check the Invoice Tax region in the Supplier Site window. Ensure that the Invoice Tax Name field is not populated. Minimum settings are: Use Automatic Tax Calculation = *Yes* and Calculation Level = *Line*.

Q: What does the journal entry look like when the MTD process is finished?

A: The General Ledger accounts can be derived from many sources. In the Multiple Tax Distribution window the Rule Type is chosen in conjunction with the Use Item Account to determine the General Ledger accounts that are used. So the tax engine will debit (DR) or credit (CR) the account depending on which rule (DR or CR) you choose, no matter what the nature of the account is. As for the Base Rule Type, the tax engine will perform the tax calculation according to the nature of the transaction.

For example, if an invoice is charged to inventory or expense and the Use Item Account is marked, the process will debit the General Ledger account where the originally purchased item was charged. If the transaction was a Debit Memo (refund for some or all of the charges) against an inventory or an expense and the Use Item Account is marked, the Base Rule will credit the appropriate General Ledger account.

If a rebate applies and the Use Item Account check box is not checked, MTD will first search for a General Ledger account in the Rebate Tax Names window, and next search the Tax Names window for the account combination, stopping when one is found. An example journal entry is as follows for a pre-tax item purchase of \$100 using the Example 1 formula in Appendix A:

Expense account	7100 (DR)	\$100	
Expense account	7100 (DR)	7	
Expense account	7100 (CR)		\$7
Receivable account	1100 (DR)	7	
Expense account	7100 (DR)	8	

Q: AutoApproval put a Tax Difference hold on an Oracle Purchasing/Oracle Payables-matched MTD invoice. How do I fix this?

A: In Oracle Payables, navigate to the Match region in the Payables Options window. The Validate PO Tax Name option verifies the tax name that is assigned to the invoice against the tax name on the purchase order.

Since MTD changes the tax name on your invoices once MTD processes the taxes, these tax names no longer match the purchase order. To prevent AutoApproval from placing a Tax Difference hold on your invoices, turn off the Validate PO Tax Name option in Payables. For more information, see Matching Payables Options, *Oracle Payables User's Guide*.

We Appreciate Your Comments

Reader's Comment Form

Oracle Corporation welcomes your comments about this manual's quality and usefulness. Your feedback is an important part of our revision process.

- Did you find any errors?
- Is the information presented clearly?
- Are the examples correct? Do you need more examples?
- What features did you like?

If you found any errors or have any other suggestions for improvement, please write the topic, chapter, and page number below:

Please send your comments to:

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

Or send comments by e-mail to: globedoc@us.oracle.com

Please include your name, address, and telephone number for a reply:

Thank you for your help.

