

# Oracle<sup>®</sup> Financials for Canada User's Guide

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**ORACLE<sup>®</sup>**

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Oracle® Financials for Canada User's Guide Release 11

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# Preface

Welcome to Release 11 of the *Oracle® Financials for Canada User's Guide*.

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

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

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

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## About this Country-Specific User's Guide

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

- Chapter 1 describes Canadian sales taxes, including Goods and Services Tax, Harmonized Sales Tax, Input Tax Credit, Provincial Sales Tax, tax statuses, and public service bodies.
- Chapter 2 describes how Oracle Payables handles multiple sales taxes for Canada and the business needs that it solves.
- Chapter 3 describes how to set up Oracle Financials for Canada with the following windows: Tax Parameters, Tax Names, Regional Quickcodes, Tax Credit Segment Ranges, Rebate Tax Names, and Multiple Tax Distributions.
- Chapter 4 describes how to use the Enter Invoices window from a Canadian perspective.
- Chapter 5 describes how to use Expense Reports from a Canadian perspective.
- Appendix A describes multiple tax distribution formulas.
- Appendix B answers frequently asked questions about Oracle Financials for Canada.

### **This user's guide is available online**

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All Oracle Applications user's guides are available online, in both HTML and Adobe Acrobat format. Most other Oracle Applications documentation is available in Adobe Acrobat format.

The paper and online versions of this manual have identical content; use whichever format is most convenient.

The translated HTML version of this book is optimized for on-screen reading, and lets you follow hypertext links for easy access to books across our entire online library; you can also search for words and phrases if your national language is supported by Oracle's Information Navigator. You can access our HTML documentation from the Oracle Applications toolbar, or from a URL provided by your system administrator.

You can order an Oracle Applications Documentation Library CD that contains Adobe Acrobat versions of each manual in the Oracle Applications documentation set. With this CD, you can search our documentation for information, read the documentation online, and print individual pages, sections, or entire books. When you print from Adobe Acrobat, the resulting printouts look just like pages from an Oracle Applications hardcopy manual.

There may be additional material that was not available when this user's guide was printed. To learn if there is a documentation update for this product, look at the main menu of your country's HTML help.

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## Assumptions

This guide assumes you have a working knowledge of the principles and customary practices of your business area. It also assumes you are familiar with Oracle Financials for Canada. If you have never used Oracle Financials for Canada, we suggest you attend training classes available through Oracle Education. See *Other Information Sources* for more information about Oracle Financials and Oracle training.

This guide also assumes that you are familiar with the Oracle Applications graphical user interface. To learn more about the Oracle Applications graphical user interface, read the *Oracle Applications User's Guide*.



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## Do Not Use Database Tools to Modify Oracle Applications Data

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

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

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

*Consequently, we STRONGLY RECOMMEND that you never use SQL\*Plus, Oracle Data Browser, database triggers, or any other tool to modify Oracle Applications tables, unless we tell you to do so in our manuals.*

---

## Other Information Sources

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

Most Oracle Applications documentation is available in Adobe Acrobat format on the *Oracle Applications Documentation Library* CD. We supply this CD with every software shipment.

If this user's guide refers you to other Oracle Applications documentation, use only the Release 11 versions of those manuals unless we specify otherwise.

### **Oracle Applications User's Guide**

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This guide explains how to navigate, enter data, query, run reports, and introduces other basic features of the graphical user interface (GUI) available with this release of Oracle Financials for Canada and any other Oracle Applications product. This guide also includes information on setting user profiles, as well as running and reviewing reports and concurrent requests.

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

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## **Related User's Guides**

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

If you do not have the hardcopy version of these manuals, you can read them by choosing Library from the Help menu, or by reading from the Oracle Applications Documentation Library CD, or by using a Web browser with a URL that your system administrator provides.

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### **Oracle General Ledger User's Guide**

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

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### **Oracle Cash Management User's Guide**

This manual explains how you can reconcile your payments with your bank statements.

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### **Oracle Purchasing User's Guide**

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

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### **Oracle HRMS User's Guide**

This manual explains how to enter your employees, so you can enter expense reports for them. It also explains how to set up organizations and site locations.

## **Oracle Payables User's Guide**

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

## **Oracle Receivables User's Guide**

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

## **Oracle Projects User's Guide**

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Use this manual to learn how to enter expense reports in Projects that you import into Payables to create invoices. You can also use this manual to see how to create Project information in Projects which you can then record for an invoice or invoice distribution.

## **Oracle Assets User's Guide**

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Use this manual to add assets and cost adjustments directly into Oracle Assets from invoice information.

## **Oracle Applications Flexfields Guide**

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

## **Oracle Workflow Guide**

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

## **Oracle Alert User's Guide**

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This manual explains how to define periodic and event alerts to monitor the status of your Oracle Applications data.

## **Country-Specific User's Guides**

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

## **Oracle Applications Character Mode to GUI Menu Path Changes**

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This is a quick reference guide for experienced Oracle Applications end users migrating from character mode to a graphical user interface (GUI). This guide lists each character mode form and describes which GUI windows or functions replace it.

## **Oracle Financials Open Interfaces Guide**

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This guide contains a brief summary of each Oracle Financial Applications open interface.

## **Multiple Reporting Currencies in Oracle Applications**

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

## **Multiple Organizations in Oracle Applications**

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

## **Report eXchange User's Guide**

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Read this guide to learn more about Report eXchange, which lets you customize the output of certain reports and download them to a spreadsheet program.

## **Oracle Applications Implementation Wizard User's Guide**

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If you are implementing more than one Oracle product, you can use the Oracle Applications Implementation Wizard to coordinate your setup activities. This guide describes how to use the wizard.

## **Oracle Applications Developer's Guide**

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This guide contains the coding standards followed by the Oracle Applications development staff. It describes the Oracle Application Object Library components needed to implement the Oracle Applications user interface described in the *Oracle Applications User Interface Standards*. It also provides information to help you build your custom Developer/2000 forms so that they integrate with Oracle Applications.

## **Oracle Applications User Interface Standards**

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This manual contains the user interface (UI) standards followed by the Oracle Applications development staff. It describes the UI for the Oracle Applications products and how to apply this UI to the design of an application built by using Oracle Forms 4.5.

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## Installation and System Administration

### **Oracle Applications Installation Manual**

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This manual and the accompanying release notes provide information you need to successfully install Oracle Financials, Oracle Public Sector Financials, Oracle Manufacturing, or Oracle Human Resources in your specific hardware and operating system software environment.

### **Oracle Financials Country-Specific Installation Supplement**

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

### **Oracle Applications Upgrade Manual**

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This manual explains how to prepare your Oracle Applications products for an upgrade. It also contains information on finishing the upgrade procedure for each product. Refer to this manual and the *Oracle Applications Installation Manual* when you plan to upgrade your products.

### **Oracle Applications System Administrator's Guide**

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

### **Oracle Financials Regional Technical Reference Manual**

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The *Oracle Financials Regional Technical Reference Manual* contains database diagrams and a detailed description of regional and related applications database tables, forms, reports, and programs. This information helps you convert data from your existing applications, integrate Oracle Financials with non-Oracle applications, and write custom reports for Oracle Financials.

You can order a technical reference manual for any product you have licensed. Technical reference manuals are available in paper format only.

## **Oracle Applications Product Update Notes**

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This manual contains a summary of each new feature we added since Release 10.7, as well as information about database changes and seed data changes that may affect your operations or any custom reports you have written. If you are upgrading from Release 10.6 or earlier, you also need to read Oracle Applications Product Update Notes Release 10.7.



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## **Training and Support**

### **Training**

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Oracle Education offers a complete set of training courses to help you and your staff master Oracle Applications. We can help you develop a training plan that provides thorough training for both your project team and your end users. We will work with you to organize courses appropriate to your job or area of responsibility.

Training professionals can show you how to plan your training throughout the implementation process so that the right amount of information is delivered to key people when they need it the most. You can attend courses at any one of our many Educational Centers, or you can arrange for our trainers to teach at your facility. In addition, we can tailor standard courses or develop custom courses to meet your needs.

### **Support**

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

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## About Oracle

Oracle Corporation develops and markets an integrated line of software products for database management, applications development, decision support, and office automation, as well as Oracle Applications, an integrated suite of more than 45 software modules for financial management, supply chain management, manufacturing, project systems, human resources, and sales and service management.

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

Oracle is the world's leading supplier of software for information management, and the world's second largest software company. Oracle offers its database, tools, and applications products, along with related consulting, education, and support services, in over 140 countries around the world.

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## Thank You

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

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

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

Or send electronic mail to [globedoc@us.oracle.com](mailto:globedoc@us.oracle.com).



# Overview of 1 Canadian Taxes

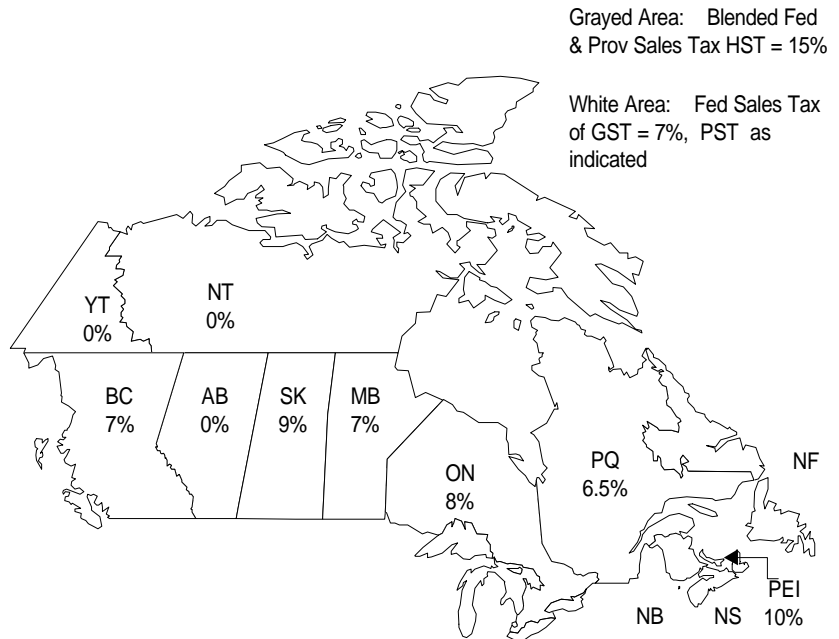
This chapter gives a brief overview of Canadian Sales Taxes, including:

- Goods and Services Tax
- Harmonized Sales Tax
- Input Tax Credit
- Provincial Sales Tax
- Tax Statuses
- Public Service Bodies

## 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 July 31, 1997**

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## Goods and Services Tax

Goods and Services Tax (GST) is tax levied on many consumer products and professional services. Some goods and services, however, are exempt from GST, such as health and educational services. A purchase must be considered Depending on whether a purchase is or is not considered commercial determines if the tax recovery is made through a rebate, an Input Tax Credit (ITC), or both. The GST rate is currently 7 %.

With Goods and Services Tax, the purchaser can file for an Input Tax Credit (ITC), a rebate on taxes payable, or both. To claim the ITC or rebate, the purchaser must have the supplier's GST registration number on record. The supplier's GST registration number on the invoice is usually enough to meet audit requirements. If purchases are used exclusively in commercial activities, the purchaser is eligible for a full ITC.

Non-profit organizations can also apply for rebates (at prescribed rates) for purchases that do not qualify for ITC. In addition, an organization can claim:

- An ITC on purchased goods and services that qualify as commercial activities
- A rebate on the non-commercial portion

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## Harmonized Sales Tax

On April 1, 1997, the provinces of Nova Scotia, New Brunswick, and Newfoundland combined their Provincial Sales Tax (PST) with the federal sales tax to form a blended, value added tax called Harmonized Sales Tax (HST). The HST operates as a single rate of 15% made of two rates:

- 7% — the federal component
- 8% — the provincial component

Most tax registrants operate on a tax-excluded basis. The Canadian government, however, reserves the right to legislate tax included if more than 51% of the population agrees to adopting this blended tax rate.

Harmonized Sales Tax is similar to GST in two ways:

- Some goods and services are exempt from HST
- Depending on whether a purchase is considered commercial or not determines if the tax recovery is made through a rebate, an Input Tax Credit (ITC), or both

To claim an ITC, a rebate on taxes payable, or both, the purchaser must have the supplier's HST registration number on record. If the purchases are used exclusively in commercial activities, the purchaser is eligible for a full ITC. Non-profit organizations can also apply for rebates (at prescribed rates) for purchases that do not qualify for ITC.

In addition, an organization can claim an ITC on purchased goods and services that qualify as commercial activities and a rebate on the non-commercial portion.

**Note:** Any references to Goods and Services Tax in the following sections also apply to Harmonized Sales Tax.



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## Input Tax Credit

Businesses that are registered for Goods and Services Tax (GST) purposes are required to collect GST for goods and services that are subject to GST. These businesses can claim Input Tax Credits (ITC) for the GST that they paid to produce the goods and services subject to GST.

The net amount (collectible GST, less ITC) is paid to the federal government. In general, all purchasers are required to pay GST for goods and services subject to GST, unless the federal government specifically exempts the purchaser.

### **Example**

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

---

## Provincial Sales Tax

Provincial Sales Tax (PST) is levied by each Canadian province, except in Alberta and the Territories where the rate is zero, and also in the participating provinces where the PST rate is now blended with the federal tax rate. Unlike GST, there is no recoverable ITC for provincial sales tax paid, except for Quebec where PST is recoverable as ITC, similar to GST.

Each province has its own legislation which determines its own PST rate as well as which goods and services are exempt from PST. The appropriate Provincial Sales Tax is based on the destination, not the origin, of the goods or services.

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

PST is payable by the ultimate consumer and is levied only once (except in Quebec). For example, the purchase of office supplies by a manufacturer for its own consumption is subject to PST, but office supplies purchased for resale are not.

Provincial taxes paid to the purchaser are not recoverable and therefore become part of the cost of the goods and services purchased (except in Quebec).

Sales of goods that are delivered by the supplier to destinations outside the province are exempt from PST within the province where the supplier is located; however, these goods are subject to PST in the province where they are consumed. If a company ships goods to three provinces, that company must comply with the collection and remittance of three different provincial sales taxes (where applicable) to each of the three provincial tax authorities.

**Note:** This example assumes that the supplier has a registered permanent establishment in each ship-to province. If the supplier is not registered in the ship-to province, no provincial sales tax is charged on the sale to that province. In this case, the customer is required to self-assess and remit the applicable provincial sales tax.

There might be a situation when a supplier not only sells to a PST-exempt distributor (who then sells to the ultimate consumer, responsible for PST), but also sells directly to the same consumer as the distributor.

For example, when Madewell, Inc bills and ships goods to PST-exempt Value Hardware, no PST applies. If, however, Value Hardware resells to Best Cleaning Supplies, it is Value Hardware's responsibility to charge PST. Similarly, no PST applies if Madewell, Inc sells to and bills Value Hardware, but ships directly to Best Cleaning Supplies (on behalf of Value Hardware).

If, however, Madewell, Inc also sells directly to Value Hardware (whose ship-to location is one of the supplier's permanent establishments), Madewell must charge PST on the direct sale to Best Cleaning Supplies. Because the ship-to location is the same (Best Cleaning Supplies), there is no PST when the supplier bills Value Hardware. The PST does apply, however, when the supplier bills Best Cleaning Supplies.

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## **Tax Statuses**

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

- 7% GST rate
- Exemption
- Zero-rated

Certain goods and services, such as exports, are zero-rated. No GST is charged on zero-rated goods and services. ITC, however, can be claimed on purchases used to provide these goods and services. Certain goods and services are designated as exempt and are not subject to GST, such as educational services. GST paid for materials used to provide exempt goods and services are not eligible for ITC claims.

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## **Public Service Bodies**

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

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



# Multiple Tax Distribution Overview

This chapter provides a general overview of how Oracle Payables handles multiple sales taxes for Canada and the business needs that it solves.

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

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## Multiple Tax Distribution

Oracle Financials for Canada provides Multiple Tax Distribution (MTD) functionality as a part of Oracle Payables, which lets you manage, collect, track, and remit Canadian Federal and Provincial sales taxes as well as associated rebates or Input Tax Credits. MTD contains:

- Tax Parameters window
- Regional QuickCode window
- Tax Credit Name Segment Ranges window
- Tax Rebate Names window
- Multiple Tax Distribution window
- Global Flexfield extensions to the Oracle Payables Invoice Workbench

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## Basic Business Needs

MTD provides these features to satisfy the following basic business needs. You can:

- Record multiple levels of taxes on invoices, either for reporting purposes or for the distribution of taxes to separate accounts
- Record taxes allocated to the same account as the source taxable item
- Record taxes allocated to specific tax expense accounts
- Record tax rebates and/or tax credits in separate accounts from the tax charged to aid in reporting to the tax authority
- Accrue and track taxes that were not charged by the supplier (self-assessed tax) in a tax account
- Record the original Tax Name of the Item line and record on each tax line created the originating Item line for audit purposes
- Provide the ability to override the default Tax Credit Name for a distribution account
- Define and maintain tax groups and tax distribution rules for each tax group
- Define and maintain tax parameters to control MTD processing
- Define and maintain the default Tax Credit Name assignments to accounts
- Define and maintain the Rebate Tax Names assigned to Tax Credit Names

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## Major Features

Oracle Financials for Canada provides the following features:

### **Multiple Taxes**

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Multiple Taxes lets you define, handle, and maintain multiple sales tax, including side-by-side and effective compound tax calculations.

### **Self-Assessed Taxes**

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Self-Assessed Taxes provides self-assessed tax handling that can be dealt with by defining a formula which includes a use tax. The formula directs the tax to the appropriate tax authority General Ledger account.

### **Multiple Rebates /Input Tax Credits (ITC)**

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You can break out tax values by assigning percentages for Input Tax Credits and rebates which lets Multiple Tax Distributions apportion out the amounts to the appropriate General Ledger accounts.

### **Online Invoice Entry**

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The tax calculation on the invoice depends on the General Ledger account and rebate combination that is used. You can override a rebate at line level. You can immediately view the tax distribution either with online approval or after batch processing.



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## How Multiple Tax Distribution (MTD) Works

Multiple Tax Distribution is designed to handle collection, tracking, and remittance of federal and provincial sales taxes according to Canadian legislation. MTD creates the taxes for the appropriate tax authorities through functionality that lets you bundle taxes together using a group name. The bundling occurs when you associate a unique tax name (a Tax Group) with a formula that handles the distribution of one or more taxes and rebates.

When you attach the tax group name to an invoice line, you automatically make the invoice line eligible for MTD processing. MTD will check which account the invoice line is using and look to see which, if any, accounts fall in the tax credit segment ranges. Depending on how you have defined the formula and tax credits based on this information, the tax values are expanded to one or more expense, liability, or receivable accounts, in conjunction with the tax formula. This occurs regardless of whether or not you process tax on an inclusive or exclusive basis.

Depending on which market sector you work in and the types of goods and services that are purchased, you must determine how your taxes are configured. Generally, tax is not paid in the federal government sector. Commercial sectors may get back 100% of the federal tax or they might get nothing back.

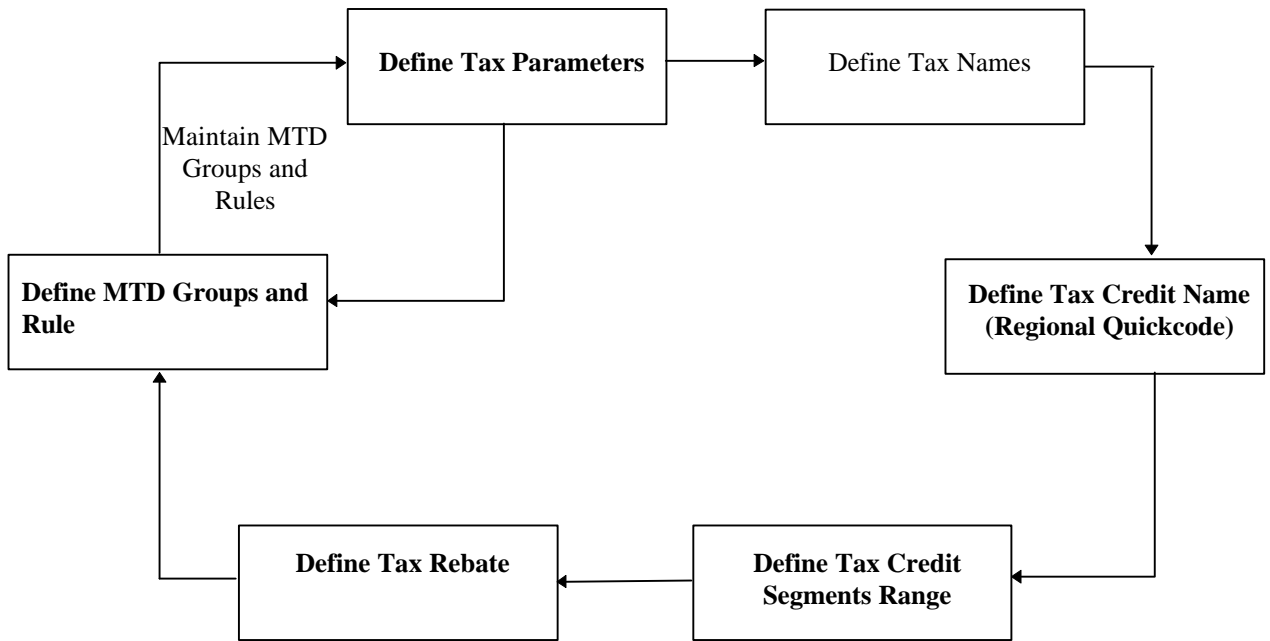
The MUSH sector is eligible for a graduated rebate system which may get back only 57% of the federal tax or possibly qualify for rebates of 57% and 25% respectively because the same good/service meets the criteria for two of the rebates. The MTD globalization is built to deal with these types of tax cases.

Self-assessed tax requirements are also a part of the MTD functionality. If you find that you need to remit un-invoiced tax to a tax authority, you can use a Tax Type of Use and incorporate the Tax Type into the tax formula.

**Attention:** There is only one tax group allowed per invoice.

**Suggestion:** Sketch out the different tax formulas and rebate results that your organization expects before you begin your implementation. These formulas will tell you which tax codes and rebates must be set up as well as your expected outcome. See *Appendix A* for examples.

## MTD Process Flow



Bold titles denote new MTD functionality

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## 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.

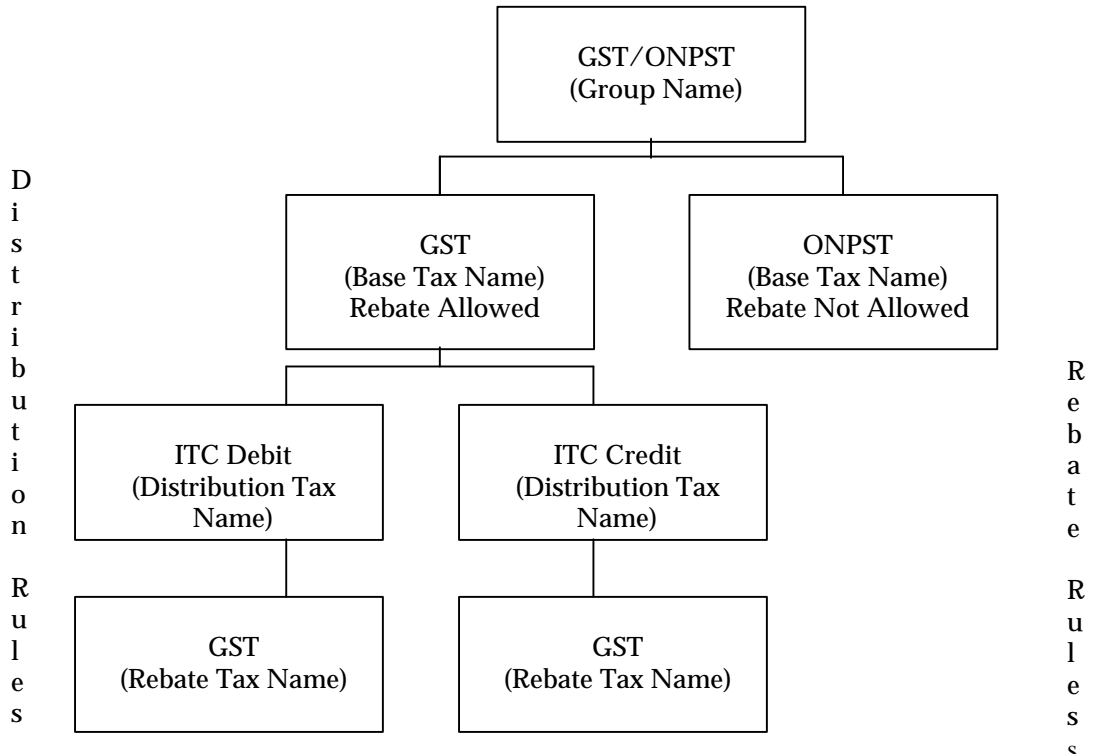
**Suggestion:** Try establishing a naming convention for the Group Tax Name to help identify the purpose of the group name. For example, if the tax group is PST self-assessed for Saskatchewan and GST applies, the name might be GST/SKPST-SA.

- **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.

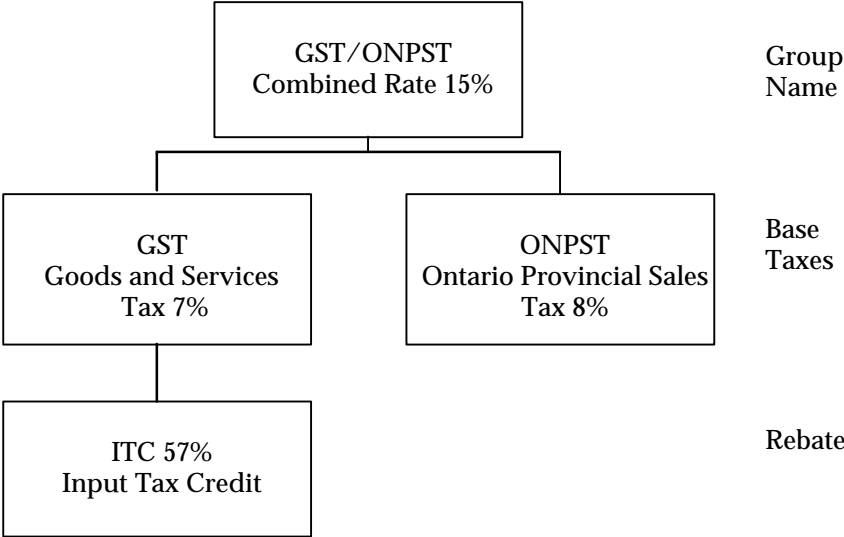
This hierarchy illustrates the relationships between the components used to create tax distribution rules.

### 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.

<b>Tax Name</b>	<b>Tax Type</b>	<b>Rate</b>	<b>Accounting Flexfield Suggested Setting</b>	<b>Comment</b>
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. <b>Note:</b> 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 69 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:

<b>Name</b>	<b>Tax Number</b>	<b>%</b>
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:

<b>GL Account</b>	<b>Amount</b>	<b>Rule Type</b>	<b>Description</b>
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 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 69 and *Frequently Asked Questions* on page 77 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 69 for tax formula examples.

# Setup

# 3

This chapter overviews how to set up Oracle Financials for Canada with the following windows:

- Tax Parameters
- Tax Names
- Regional Quickcodes
- Tax Credit Segment Ranges
- Rebate Tax Names
- Multiple Tax Distributions

# Setting up Oracle Financials 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 Canadian 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:

<b>In this field...</b>	<b>Use this setting when Oracle Purchasing is not used...</b>
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

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



### **See also**

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

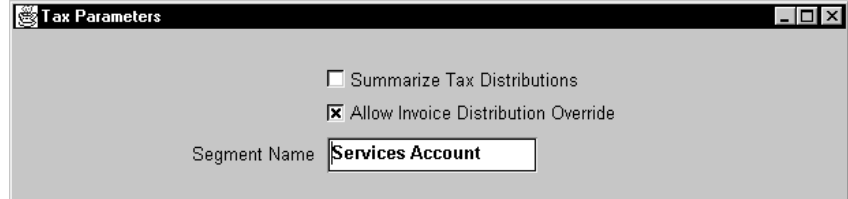
- Step 1** Set Tax Parameters
- Step 2** Create Tax Names
- Step 3** Create Tax Credit Names
- Step 4** Assign Tax Credit Names to Segment Ranges
- Step 5** Classify a Rebate Type
- Step 6** Create User-Defined Formulas

**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 21 for information about how to implement Canadian MTD.

## Setting Tax Parameters

Use the Tax Parameters window to set the required Multiple Tax Distributions parameters. Multiple Tax Distributions parameters are used to process tax lines within specific rules.



The screenshot shows a window titled "Tax Parameters". Inside the window, there are two checkboxes: "Summarize Tax Distributions" which is unchecked, and "Allow Invoice Distribution Override" which is checked. Below these checkboxes is a text field labeled "Segment Name" containing the text "Services Account".

### To set required parameters in the Tax Parameters window:

1. Navigate to the Tax Parameters window (Canadian Globalization: Setup > Tax > Parameters).
2. Check the Summarize Tax Distributions check box to get summarized details about your tax transactions by General Ledger account, tax type, and tax code according to each parent item line. Unchecking this check box displays every tax line that was created.
3. Check the Allow Invoice Distribution Override check box if you want to allow the override of the tax rebate at the invoice distribution line level.
4. In the Segment Name field, enter the segment name from your accounting flexfield that you want to assign your segment ranges to for your rebates.



# 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 21 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 input 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"/>	

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

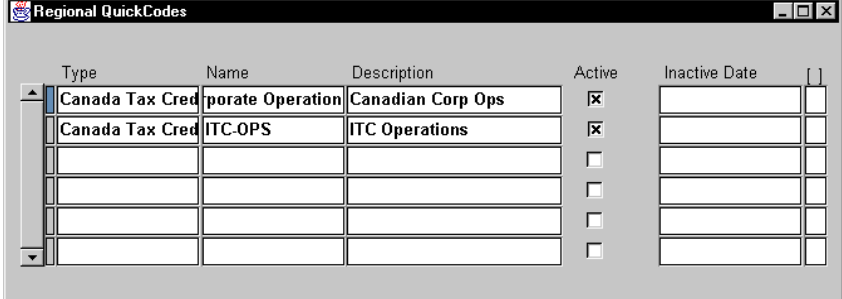
**Warning:** Tax Names cannot be shared across an organization. Ensure that you create unique Tax Names within each organization.



**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:

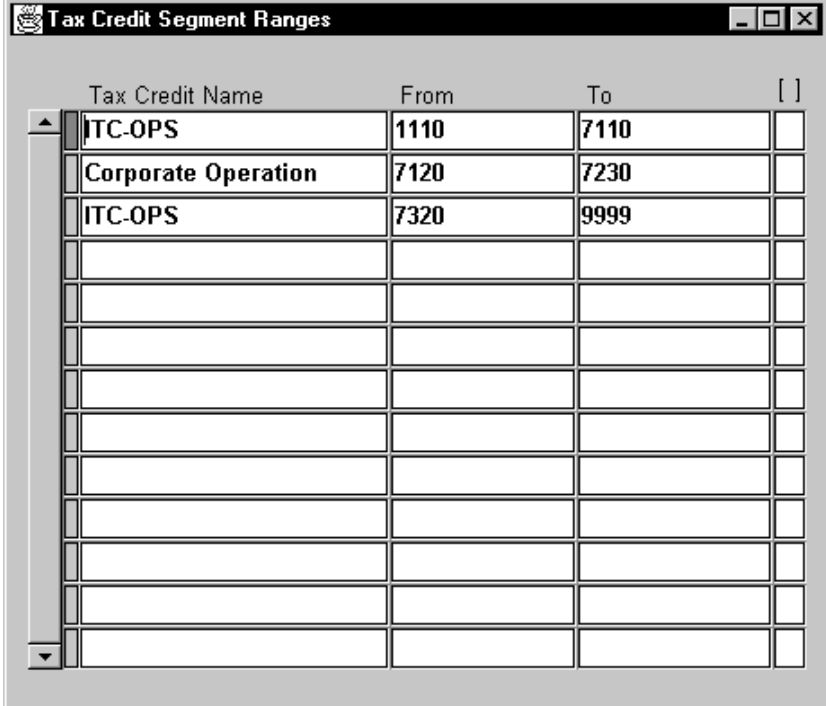
1. Navigate to the Regional QuickCodes window (Canadian Globalization: Setup > QuickCodes).
2. In the Type field, choose *Canada Tax Credit* from the list of values.
3. Enter your Tax Credit Name that represents the rebate's function in the Name field.
4. Enter a description that will help you identify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



The screenshot shows a window titled "Tax Credit Segment Ranges" with a table containing the following data:

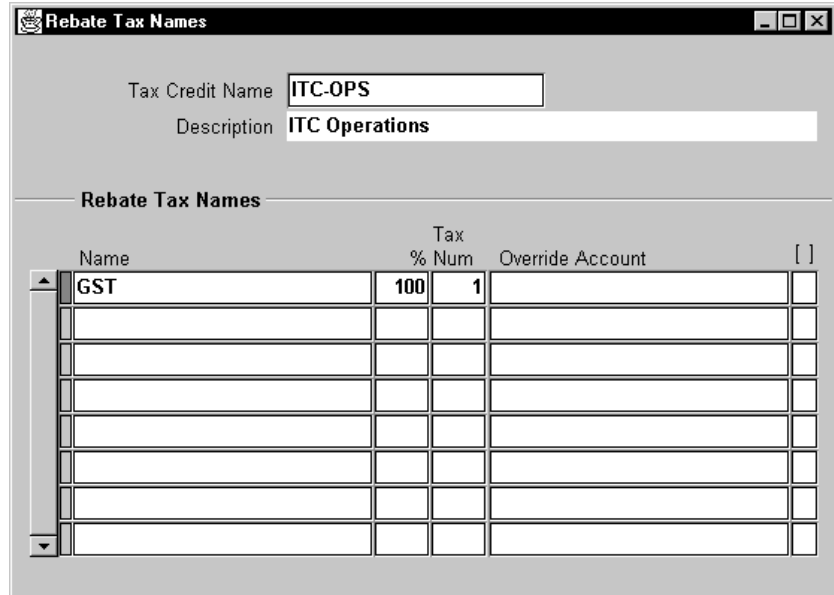
Tax Credit Name	From	To	[ ]
ITC-OPS	1110	7110	
Corporate Operation	7120	7230	
ITC-OPS	7320	9999	

### To assign the Tax Credit Names:

1. Navigate to the Tax Credit Segment Ranges window (Canadian Globalization: Setup > Tax 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.



The screenshot shows the 'Rebate Tax Names' window. At the top, there are two input fields: 'Tax Credit Name' with the value 'ITC-OPS' and 'Description' with the value 'ITC Operations'. Below these fields is a section titled 'Rebate Tax Names' containing a table. The table has four columns: 'Name', 'Tax % Num', 'Override Account', and an empty column with brackets. The first row of the table contains the value 'GST' in the 'Name' column, '100' in the 'Tax % Num' column, and '1' in the 'Override Account' column. There are several empty rows below the first one.

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 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.

## Creating User-Defined Formulas

Use Multiple Tax Distributions window to build a user-defined formula that lets you define rebate capabilities for a set of tax names as well as automatically distributing the tax lines for your invoices. See *Canadian Taxes* on page 21 for more information about rebate tax codes and how to setup parameters in the Tax Names window.

Tax Distributions							
Distribution Tax Name	Use Tax			Rebate			Use Item Account Description [ ]
	<input type="checkbox"/>	%	Rule Type	<input type="checkbox"/>	Rebate Tax Name	Tax Num	
GST	<input type="checkbox"/>	7	Base	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
GST Offset	<input type="checkbox"/>		Cr	<input type="checkbox"/>	GST	1	<input checked="" type="checkbox"/>
GST Rec	<input type="checkbox"/>		Dr	<input type="checkbox"/>	GST	1	<input type="checkbox"/>
PST	<input type="checkbox"/>	8	Base	<input type="checkbox"/>			<input checked="" type="checkbox"/>
	<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>
	<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>
	<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>
	<input type="checkbox"/>			<input type="checkbox"/>			<input type="checkbox"/>

### To create a user-defined formula:

1. Navigate to the Multiple Tax Distributions window (Canadian Globalization: Setup > Tax > Distributions).
2. In the Group Name field, pick a group name from the list of values that is representative of the multiple tax codes in the Tax Distribution region.

The tax type and rate are both displayed for the group name that you enter.

3. Enter the dates that you want the group name to become effective or inactive in the Effective Date fields.

4. Enter a description for your group name in the Description field.

**Suggestion:** Establish a naming convention to distinguish group names from individual tax codes.

5. In the Distribution Tax Name field, enter the tax code that represents a portion of the composite tax amount.

The tax rate percent is automatically displayed in the % field.

6. In the Rule Type field, enter the Rule Type from the poplist. There are three choices:

<b>Name</b>	<b>Poplist</b>	<b>Example</b>
Base	Base	Tax code that the rebate can draw from, such as GST or TPS
Debit	DR	The tax value account that is submitted for rebate
Credit	CR	The account that offsets the base tax rule (reduces the base account)

7. Check the rebate check box to indicate that a rebate is applicable to this tax name. The rebate check box should always be checked when used in conjunction with a base rule type that has a rebate.
8. Choose the Distribution Tax Name and corresponding Tax Number that applies to your rebate in the Rebate Tax Name field.  
The Tax Number is automatically displayed in the Tax Num field.
9. Check the Use Item Account check box to control which account code combination is used for automatic tax line generation.
10. Enter a description for your Distribution Tax Name line in the Distribution field.

**Warning:** Disabling a MTD formula by entering an end date could result in incorrect tax being calculated. To avoid calculating incorrect tax, inactivate the formula in the Distributions window as well as the corresponding Tax Names in the Tax Names window.







CHAPTER

# Entering Invoices

# 4

This chapter explains how to use the Enter Invoices window from a Canadian perspective.

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## Using the Enter Invoices Window

Use the Enter Invoices window to enter invoices and record accounting and tax transactions.



### See also

Entering Invoices, *Oracle Payables User's Guide*

You must perform these functions in this Enter Invoices window:

1. Ensure that the following Payables options are set. Calculate tax at the line level. If this option is not set, you must move to the Tax Name field for the Tax Calculation pop-up window to appear and choose line level every time you process an invoice.

Check that the Allow Override check box and the Distribution Amounts Include Tax check box, depending on how you want your tax entry and processing to occur.

2. You should not populate the Tax Name in the header because taxes are calculated only at the line level.
3. In the Invoice Distributions region of the Enter Invoice window, enter the amount inclusive or exclusive of tax, whichever is the preferred processing method.

**Note:** You can only use Tax Exclusive with a Use Tax Type.

4. The Tax Name field must contain the Group Name. The Group Name represents the formula title.
5. To view the tax breakout, you must either:
  - Save the data and then press return again. The distribution occurs.
  - or
  - Press the Calculate Tax button. Oracle Payables saves the data and then completes the tax distribution.

The tax distribution can occur in batch via Payables approval.

## Invoice Distribution before tax processing

Distributions (Vision Operations) - 01-JAN-98, Advanced Network Devices

Invoice Total **115.00**  
 Distribution Total **115.00**

Num	Type	Amount	Tax Name	( )	GL Date	Account	[ ]	Includes Tax	Trac
1	Item	115.00	GST/PST	..	06-JAN-1998	01-510-7650-0000-000		<input checked="" type="checkbox"/>	
								<input type="checkbox"/>	
								<input type="checkbox"/>	
								<input type="checkbox"/>	
								<input type="checkbox"/>	

Account Description: **Operations-Vision Operations In-Car Rental-No Sub Account-No Product**  
 Status: **Never Approved** PO Number:   
 Posted: **No**

Prorate... 1    Reverse 1    View PO    Calculate Tax

An item is entered in the Invoice Distribution window using the previously defined Group Tax name (tax formula/rules). When the tax calculation is executed, the tax calculation will use the information from the Multiple Tax Distribution formula, first deriving the tax values (Federal and/or Provincial taxes) and rebate assignments. Then the tax calculation will look at the General Ledger account to see if the General Ledger account is linked to a Tax Credit Segment Range, and ultimately the Rebate Tax Name.

*(continued)*

## Invoice Distribution after tax processing

Distributions (Vision Operations) - 01-JAN-98, Advanced Network Devices

Invoice Total **115.00**  
 Distribution Total **115.00**

Num	Type	Amount	Tax Name	( )	GL Date	Account	[ ]	Includes Tax	Trac
1	Item	100.00			06-JAN-1998	01-510-7650-0000-000		<input type="checkbox"/>	
2	Tax	7.00	GST	.1	06-JAN-1998	01-510-7650-0000-000		<input type="checkbox"/>	
3	Tax	<7.00>	GST	IT	06-JAN-1998	01-510-7650-0000-000		<input type="checkbox"/>	
4	Tax	7.00	GST	IT	06-JAN-1998	01-000-1320-0000-000		<input type="checkbox"/>	
5	Tax	8.00	PST	.1	06-JAN-1998	01-510-7650-0000-000		<input type="checkbox"/>	

Account Description: **Operations-Vision Operations In-Car Rental-No Sub Account-No Product**  
 Status: **Never Approved** PO Number:   
 Posted: **No**

Prorate... 1    Reverse 1    View PO    Calculate Tax

The tax breakout results show that the GST rebate went to a receivable account because the MTD rule did not indicate that the Use Item Account checkbox was checked so the tax package defaulted in the General Ledger account from the Tax Name window. The rest of the tax values went to the original item account as indicated in the tax formula.

## Viewing Tax Audit Details

The screenshot shows a dialog box titled "Canada Globalization". It contains the following fields and controls:

- Tax Credit Name:** ITC-OPS
- Parent Line Number:** 1
- Original Tax Name:** GST Rec
- Buttons:** Clear, Cancel, OK

### To view the tax audit trail details:

1. Navigate to the globalization flexfield.
2. Select Show Field from the Folders menu.
3. Select “( )” from the list of fields.

Oracle Payables displays the globalization pop-up window and adds the globalization flexfield column, labeled “( )” to the window.

Once the globalization flexfield column is added to the window, you can access the pop-up window at any time by clicking on it.

**Attention:** You can change the Tax Credit Name at invoice entry when you set the Tax Parameter to Allow Invoice Distribution Overrides.

**Warning:** You will lose your audit trail if you change any information after the tax lines are created because the fields in the globalization flexfield are not protected from update.





CHAPTER

# Expense 5 Reporting

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

## Using Expense Reports

To record employee expenses using tax-inclusive functionality, you must set up the appropriate tax-inclusive functionality before you begin your work.



### See also

Defaulting Tax in Payables, Automatic Tax Calculation Overview and Invoice Tax Payables Option, Expense Reports, *Oracle Payables User's Guide*

Expense Report Templates (Vision Operations)

Template Name: **Relocation Expenses** Inactive Date:

Description: **Employee Relocation Expense Report Template**

Enable for Self-Service Users

Expense Item	Type	Includes Tax	
		Tax Name	GL Account
Airfare	Item	<input checked="" type="checkbox"/> GST/PST	01-7640.0000.000
Car rental	Item	<input checked="" type="checkbox"/> GST/PST	01-7650.0000.000
Lodging	Item	<input checked="" type="checkbox"/> GST/PST	01-7670.0000.000
Shipping	Item	<input checked="" type="checkbox"/> GST/PST	01-7660.0000.000
Other	Item	<input checked="" type="checkbox"/> GST/PST	01-7699.0000.000
		<input type="checkbox"/>	

GL Account Description: **Operations-Airfare-No Sub Account-No Product**

Self-Service Interface Attributes

Friendly Prompt: **Airfare**

Image File Name: **FNDIAIR**

Receipt Required Above:

Justification Required  Calculate Amount

Viewable From All Templates

### To create the template:

1. Navigate to the Expense Report Template window (Setup > Invoice > Expense Report Templates).
2. In the Expense Report Template window, define the types of reporting that your organization requires for tracking taxes and expenses.
3. Enter the expense item as you want it to appear on the expense report. Note that the Includes Tax check box is checked as soon as you move to the Expense Item field. The Includes Tax check box must be checked for the functionality to perform correctly.
4. Use the default setting of Item for the Type column.
5. Pick the appropriate previously defined Group Tax to fill in the Tax Name field.
6. Enter the General Ledger account.



## Entering an Expense Report

The screenshot shows the 'Expense Report (Vision Operations)' window. At the top, it displays employee information: Employee 'Frost, Mr. Jamie' (Number 31), GL Account '01-520-7699-0000-000', and 'Operations-Manufacturing Plant -Miscellaneous Trav'. The 'Send to' is 'Office' and the 'Date' is '06-JAN-1998'. The 'Invoice Num' is 'JAN0698-001'. Below this, there are fields for 'Function', 'Invoice Currency' (USD), 'Amount' (400.00), and 'Lines Total' (400.00). A 'Currency' section shows 'USD' with fields for 'Type', 'Date', and 'Rate'. There is an 'Apply Advances' checkbox and a 'Reviewed By' section with checkboxes for 'Payables' and 'Management'. The 'Template' is 'Relocation Expe' and the 'Accounting' dropdown is set to 'Accounting'. At the bottom, a table lists expense items:

Item	Amount	GL Account	Tax Name	Includes Tax	Withholding Tax Group
Airfare	100.00	01-510-7640-0000-000	GST/PST	<input checked="" type="checkbox"/>	
Lodging	300.00	01-510-7670-0000-000	GST/PST	<input checked="" type="checkbox"/>	
				<input type="checkbox"/>	
				<input type="checkbox"/>	

### To enter an expense report:

1. Navigate to the Expense Report window (Invoices > Entry > Expense Reports).
2. Enter the expense report.
3. In the Template field, use the template that you created to handle your specific tax-inclusive employee report scenario. The Tax Name and Include Tax fields are automatically populated based on the template's definition when you choose it.

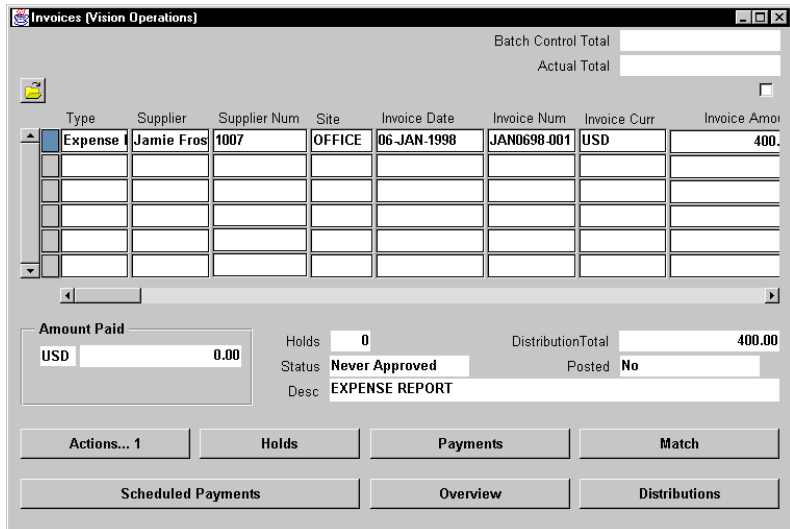
## Creating an Invoice

### To bring an expense report across and create an invoice:

1. Navigate to the Payables Concurrent Request window (Other > Request > Run > Run > Payables Import).
2. Run the 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. The main table shows one invoice line item:

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

Summary fields at the bottom of the window:

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

Buttons at the bottom include: Actions... 1, Holds, Payments, Match, Scheduled Payments, Overview, and Distributions.

# Invoice Distribution

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

Invoice Total **400.00**  
 Distribution Total **400.00**

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: **Operations-Vision Operations In-Airfare-No Sub Account-No Product**  
 Status: **Never Approved** PO Number:   
 Posted: **No**



# Multiple Tax Distribution Formula

## A

This chapter overviews Multiple Tax Distribution formulas.



**Example 1 GST, single rebate = 100% and Ontario PST, no rebate**

Compounding: No

Define New Tax Names

<b>Tax Name</b>	<b>Tax Type</b>	<b>Rate</b>	<b>GL Account</b>
GST	Sales	7	01.000.7000.000
GST Receivable	Sales	0	01.000.1200.000
GST Offset	Sales	0	01.000.7000.000
ONPST	Sales	8	01.000.7100.000
GST/ONPST	Sales	15	01.000.7000.000

Group Name: GST/ONPST

Rebate Tax Name: GST #2 = 100%

Tax Type: Sales

Rate: 15%

<b>Distribution Tax Name</b>	<b>Use Tax</b>	<b>%</b>	<b>Rule Type</b>	<b>Rebate</b>	<b>Rebate Tax Name</b>	<b>Tax Num</b>	<b>Use Item Acc't</b>	<b>Desc.</b>
GST		7	Base	X			X	
GST Offset			Cr		GST	2	X	
GST Receivable			Dr		GST	2		
ONPST		8	Base				X	

**Note:** You can share Tax Names across formulas as long as they are used within the same organization. However, the Tax Name that represents the Group must be unique for every formula. If you use a tax name in more than one formula, there are ramifications to all formulas if you inactivate a Tax Name.

**Example 2    GST, single rebate = 60%, No PST**

Group Name: GST Only  
Tax Type: Sales  
Rate: 7%

Rebate Tax Name: GST #1 = 60%

<b>Distribution Tax Name</b>	<b>Use Tax</b>	<b>%</b>	<b>Rule Type</b>	<b>Rebate</b>	<b>Rebate Tax Name</b>	<b>Tax Num</b>	<b>Use Item Acc't</b>	<b>Desc</b>
GST		7	Base	X			X	
GST Offset			Cr		GST	1	X	
GST Receivable			Dr		GST	1		

**Example 3      TPS(GST), single rebate=100% and Quebec TVQ(PST), single rebate=100%**

Use: Non-recoverable portion of tax allocated back to original expense item.

Compounding: Yes

Define Tax Names

<b>Tax Name</b>	<b>Tax Type</b>	<b>Rate</b>	<b>GL Account</b>
TPS	Sales	7	01.000.7000.000
TPS (Receivable)	Sales	0	01.000.1200.000
TPS (Offset)	Sales	0	01.000.7000.000
TVQ	Sales	6.955	01.000.7200.000
TVQ (Receivable)	Sales	0	01.000.1210.000
TVQ (Offset)	Sales	0	01.000.7200.000
TPS/TVQ	Sales	13.955	01.000.7000.000

Group Name: TPS/TVQ

Tax Type: Sales

Rate: 13.955% (effective rate)

Rebate Tax Name: TPS #1= 100

Rebate Tax Name: TVQ #2 = 100%

<b>Distribution Tax Name</b>	<b>Use Tax</b>	<b>%</b>	<b>Rule Type</b>	<b>Rebate</b>	<b>Rebate Tax Name</b>	<b>Tax Num</b>	<b>Use Item Acc't</b>	<b>Desc.</b>
TPS		7	Base	X			X	
TPS (Offset)			Cr		TPS	1	X	
TPS (Receivable)			Dr		TPS	1		
TVQ		6.955	Base	X			X	
TVQ (Offset)			Cr		TVQ	2	X	
TVQ (Receivable)			Dr		TVQ	2		



**Example 4      TPS(GST), single rebate=100% and Quebec TVQ(PST), single rebate=100%**

Use: When a non-recoverable portion of tax is not allocated back to the original expense item, but to a specific account

**Note:** Useful for budgetary control without a tax effect in the expense item.

Compounding: Yes

Define Tax Name

<b>Tax Name</b>	<b>Tax Type</b>	<b>Rate</b>	<b>GL Account</b>
TPS (Offset)	Sales	0	01.000.9999.000
TVQ (Offset)	Sales	0	01.000.8888.000

Group Name: TPS/TVQ                      Rebate Tax Name: TPS #1= 100  
 Tax Type: Sales                              Rebate Tax Name: TVQ #2 = 100%  
 Rate: 13.955% (effective rate)

<b>Distribution Tax Name</b>	<b>Use Tax</b>	<b>%</b>	<b>Rule Type</b>	<b>Rebate</b>	<b>Rebate Tax Name</b>	<b>Tax Num</b>	<b>Use Item Acc't</b>	<b>Desc.</b>
TPS		7	Base	X			X	
TPS (Offset)			Cr		TPS	1		
TPS (Receivable)			Dr		TPS	1		
TVQ		6.955	Base	X			X	
TVQ (Offset)			Cr		TVQ	2		
TVQ (Receivable)			Dr		TVQ	2		

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

Compounding: No

Define Tax Name

<b>Tax Name</b>	<b>Tax Type</b>	<b>Rate</b>	<b>GL Account</b>
ONPST-SA	Use	8	01.000.2200.000

Group Name: GST/ONPST-SA    Rebate Tax Name: GST #3=  
100%

Tax Type: Sales  
Rate: 7%

<b>Distribution Tax Name</b>	<b>Use Tax</b>	<b>%</b>	<b>Rule Type</b>	<b>Rebate</b>	<b>Rebate Tax Name</b>	<b>Tax Num</b>	<b>Use Item Acc't</b>	<b>Desc.</b>
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

<b>Tax Name</b>	<b>Tax Type</b>	<b>Rate</b>	<b>GL Account</b>
HST	Sales	15	01.000.7500.000
HST Offset	Sales	0	01.000.7500.000
HST Receivable	Sales	0	01.000.1200.000

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

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



**Example 7      GST, rebate = 59%, ITC = 22 % and Ontario PST, no rebate**

Compounding: No

Group Name: GST/ONPST  
 Tax Type: Sales  
 Rate: 15%

Rebate Tax Name: GST 3 = 59%  
 Rebate Tax Name: GST 4 = 22%

<b>Distribution Tax Name</b>	<b>Use Tax</b>	<b>%</b>	<b>Rule Type</b>	<b>Rebate</b>	<b>Rebate Tax Name</b>	<b>Tax Num</b>	<b>Use Item Acc't</b>	<b>Desc.</b>
GST		7	Base	X			X	
GST Offset			Cr		GST	3	X	
GST Receivable			Dr		GST	3		
GST Offset			Cr		GST	4	X	
GST Receivable			Dr		GST	4		
ONPST		8	Base				X	



APPENDIX

# Frequently Asked Questions **B**

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



---

## Frequently Asked Questions

**Q: The list of values in the Rebate Tax Name window does not show the QuickCode that I created for my rebate.**

A: Check that you have assigned the segment ranges to the Tax Credit Name in the Tax Credit Segment Ranges window.

**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.
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

**Q: How does the MTD process decide which Accounting Flexfield (AFF) to use?**

A: If the Use Item Account check box is checked, the tax distribution is generated based on the same account as the item being taxed. An unchecked 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 search the Tax Names window for the account combination. MTD stops its search when an account combination is found.

**Q: I have created a new Tax Credit and need to assign the segment values to it. When I do a list of values I cannot see the value I want to use for it.**

A: Once the segment is used, the segment is no longer available in the list of values.

**Q: I need to change my segment range for my tax rebates. How do I do it?**

A: Let's say you had a rebate range set up for the company segment as follows:

	<b>From</b>	<b>To</b>
<b>ITC</b>	1	10

A year later, segment 5 didn't qualify for the same rebate. The new setup is:

<b>ITC</b>	1	4
<b>ITC1</b>	5	5
<b>MUSH</b>	6	10

Now it's a year later and the government decides to change things back to the original state.

<b>ITC</b>	1	4
<b>ITC (Previously ITC1)</b>	5	5
<b>ITC (Previously MUSH)</b>	6	10

**Q: My self assessed tax formula is not distributing the tax value to my tax authority account.**

A: Follow these steps:

1. Check that you have the tax set up as a *Use* tax type for that tax authority, such as Ontario PST.
2. Check that you only used tax exclusive for processing self-assessed invoices.

**Q: My tax lines are not summarizing correctly.**

A: Ensure that the Summarize Tax Distributions check box in the Tax Parameters window is checked. You should also look at your formula to ensure that you have directed the tax names towards the appropriate accounts. Remember it summarizes by Tax Type, General Ledger account, and Tax Name for each parent Item Line.

**Q: How do I correct an invoice where the wrong tax name was used after MTD has run?**

A: All of the distribution lines must be completely reversed before the invoice lines can be entered with the correct tax name.

**Q: Can I use Oracle Financials for Canada for Canadian tax with Web Expense?**

A: Absolutely. Define a Web-enabled template with tax inclusive and assign the appropriate tax name (tax group).

**Q: Can I use the Calculate Tax button more than once?**

A: You can only use the Calculate Tax button once. You can only re-calculate tax if the base window allows it. If mistakes are made, the invoice must be completely reversed or adjusted by hand, or canceled and re-entered.

**Q: Can MTD handle more than one tax rebate per formula (the Multiple Tax Distribution form)?**

A: Absolutely. There are three key points to consider:

1. The segment value that you use on your invoice distribution line is connected with the Tax Credit Name by the segment range.
2. The Tax Credit Name is associated with the Rebate Tax Name.
3. The Rebate Tax Name has the rebate percentages and optionally, an override account available.

When an Invoice Distribution is created with a Group Tax for one or more rebates, the invoice distribution works in conjunction with the segment values that you use in the Accounting Flexfield, which lets you create the rebate scenarios your tax requirements dictate. See *Multiple Tax Distribution Formulas* on page 69 for more information.

**Q: Is there any other way to reverse lines (Item and Tax) other than highlighting and hitting the reverse button?**

A: Yes. Reverse and save the incorrect parent item line. Navigate to that reversed parent item line and populate the Tax Name with the original Group Tax name. Press the Calculate Tax button and the reversed tax lines are generated because you have used that reversed parent item line.

**Q: How do I deal with rounding problems for my rebates?**

A: Generally, the invoice tolerances for tax handles your rounding issues. Set a reasonable tax amount range for the dollar value. Remember that the range is an absolute value. Setting the tax amount range lets you keep control over your invoice processing.



**Q: What's the best way to make changes to a formula?**

A: Navigate to the record that you want to change, and delete and save the record. Re-enter the line with the correct information. Remember that you will lose your audit trail if you make changes to a previously used formula.

**Q: What's the best way to inactivate a formula?**

A: There are two steps that you should follow to inactivate a formula.

1. Navigate to the Multiple Tax Distribution window and enter an end date on the appropriate formula.
2. Navigate to the Tax Names window and inactivate all of the codes associated with the obsolete formula.





# Glossary

### **Base Distribution Rule**

---

A rule to allow for basic tax component calculation, such as GST and PST. The rule will deal with the distribution target and offsets, Use tax types as well as the eligibility for one or more rebates.

### **Distribution Rules**

---

A rule used to determine the actions taken to compute and distribute taxes. A rule must be a base or a rebate rule (Debit, Credit).

### **Distribution Tax Name**

---

A place holder for either a Base Tax rule or a Rebate Tax rule.

### **Goods and Service Tax (GST)**

---

Goods and Service Tax is a federal sales tax levied on many consumer products and services.

### **Group Tax Name**

---

Represents the tax grouping levied on an item line such as Goods and Service Tax and Ontario Provincial Sales Tax.

### **Harmonized Sales Tax (HST)**

---

Harmonized Sales Tax is a blended provincial and federal sales tax levied by the participating provinces (Newfoundland, Nova Scotia, and New Brunswick).

### **ITC (Input Tax Credit)**

---

An organization can claim Input Tax Credits for the Goods and Service Tax that they paid to produce the goods and services that are subject to GST. ITC is generally used in the commercial sector. Typical rates for ITC are 100% or fully reclaimable GST for production related expenses or 80% for certain entertainment expenses.

### **Multiple Tax Distribution (MTD)**

---

Oracle functionality designed to handle collection, tracking, and remittance of federal and provincial sales taxes according to Canadian legislation.

## **MUSH**

---

A term used in the Not-for-Profit sector that stands for Municipalities, Universities, Schools, and Hospitals.

## **Provincial Sales Tax (PST)**

---

Provincial Sales Tax is a provincial sales tax levied by each participating Canadian province.

## **Rebate**

---

Used in the Not-for-Profit sector to claim back Goods and Service Tax paid out on goods and services. The rebate is typically a partial rate.

## **Rebate Distribution Rule**

---

A rule to determine eligible rebate Tax Names for the Tax Group, and the relevant distributions. A rebate Distribution Rule must be a pair, that creates one Credit and one Debit rule.

## **Rebate Tax Name**

---

Refers to a Base Rule Tax Type.

## **Tax Credit Name**

---

Represents the rebate that you are entitled to, such as entertainment or recreation.

## **Tax Number**

---

A number or alpha character that lets you define more than one rebate rate for a Rebate Tax Name assigned to a Tax Credit Name. The Tax Number must appear in both the Rebate Tax names assignment and a specific Multiple Tax Distribution Rule pair to be effective.

## **TPS**

---

The French terminology for the Goods and Service Tax.

## **TVQ**

---

The French terminology for the Provincial Sales Tax.



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