Oracle® Financials for Mexico

User Guide

Release 11*i*

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ORACLE®

Oracle Financials for Mexico User Guide, Release 11*i*

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Contents

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Preface

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

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

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

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

About this Country-Specific User Guide

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

- Chapter 1 describes Oracle Assets for Mexico, including inflation adjustment and tax reporting.

- Appendix A describes how to use globalization flexfields..

- Glossary provides definitions of terms specific to Oracle Financials for Mexico that are used in this guide.

Audience for this Guide

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

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

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

- The Oracle Applications graphical user interface.

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

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

Other Information Sources

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

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

Online Documentation

All Oracle Applications documentation is available online (HTML and PDF). The technical reference guides are available in paper format only. Note that the HTML documentation is translated into over twenty languages.

The HTML version of this guide is optimized for onscreen reading, and you can use it to follow hypertext links for easy access to other HTML guides in the library. When you have an HTML window open, you can use the features on the left side of the window to navigate freely throughout all Oracle Applications documentation.

- You can use the Search feature to search by words or phrases.

- You can use the expandable menu to search for topics in the menu structure we provide. The Library option on the menu expands to show all Oracle Applications HTML documentation.

You can view HTML help in the following ways:

- From an application window, use the help icon or the help menu to open a new Web browser and display help about that window.

- Use the documentation CD.

- Use a URL provided by your system administrator.

Your HTML help may contain information that was not available when this guide was printed.

Related User Guides

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

You can read the guides online by choosing Library from the expandable menu on your HTML help window, by reading from the Oracle Applications Document

Library CD included in your media pack, or by using a Web browser with a URL that your system administrator provides.

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

Oracle Applications User Guide

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

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

Oracle Financials Common Country Features User Guide

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

Oracle Financials Country-Specific User Guides

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

Oracle Financials RXi Reports Administration Tool User Guide

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

Oracle General Ledger User Guide

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

Oracle Purchasing User Guide

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

Oracle Payables User Guide

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

Oracle Receivables User Guide

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

Oracle Assets User Guide

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

Oracle Projects User Guide

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 Cash Management User Guide

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

Using Oracle HRMS - The Fundamentals

This user guide explains how to setup and use enterprise modeling, organization management, and cost analysis. It also includes information about defining payrolls.

Oracle Workflow Guide

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 Financials Open Interfaces Guide

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

Oracle Applications Character Mode to GUI Menu Path Changes

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.

Multiple Reporting Currencies in Oracle Applications

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

Multiple Organizations in Oracle Applications

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

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

Oracle Applications Flexfields Guide

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

Oracle Alert User Guide

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

Oracle Applications Implementation Wizard User Guide

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

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

Oracle Applications User Interface Standards

This guide contains the user interface (UI) standards followed by Oracle Applications development. 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.

Installation and System Administration

Installing Oracle Applications

This guide provides instructions for managing the installation of Oracle Applications products. In Release 11*i*, much of the installation process is handled using Oracle One–Hour Install, which minimizes the time it takes to install Oracle Applications and the Oracle 8*i* Server technology stack by automating many of the required steps. This guide contains instructions for using Oracle One–Hour Install and lists the tasks you need to perform to finish your installation. You should use this guide in conjunction with individual product user guides and implementation guides.

Oracle Financials Country-Specific Installation Supplement

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

Upgrading Oracle Applications

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

Oracle Applications Product Update Notes

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

Oracle Applications System Administrator's Guide

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

Oracle Global Financial Applications Technical Reference Manual

The *Oracle Global Financial Applications 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.

Training and Support

Training

We offer 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. We also offer Net classes, where training is delivered over the Internet, and many multimedia–based courses on CD. In addition, we can tailor standard courses or develop custom courses to meet your needs.

Support

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

Do Not Use Database Tools to Modify Oracle Applications Data

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 guides.

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

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

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. Oracle Applications provides the E–business Suite, a fully integrated suite of more than 70 software modules for financial management, Internet procurement, business intelligence, 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, enabling organizations to integrate different computers, different operating systems, different networks, and even different database management systems, into a single, unified computing and information resource.

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

Thank You

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

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

Oracle Applications Global Financials Documentation
Oracle Corporation
500 Oracle Parkway
Redwood Shores, CA 94065
USA

Or send electronic mail to globedoc@us.oracle.com.

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Oracle Assets

This chapter describes Oracle Assets for Mexico, including:

- Inflation adjustment overview
- Tax reporting

Inflation Adjustment Overview

In Mexico, companies must adjust the cost, accumulated depreciation, and year-to-date depreciation expense amounts of their assets for inflation. The Mexican government requires companies to report historical amounts for their assets as well as inflation-adjusted amounts.

To satisfy this requirement, choose the historical/adjusted option in Oracle Assets. The historical/adjusted option lets you maintain and report both historical amounts and inflation-adjusted amounts by using two separate depreciation books. Keep the historical amounts in a corporate book and the inflation-adjusted amounts in a tax book

> **Note:** You can implement the Multiple Reporting Currencies (MRC) feature while using the historical/adjusted option in Oracle Assets by using the historical book as your MRC primary book. You must not use the adjusted depreciation book as your MRC primary book because the inflation adjustment transactions must not be included when MRC converts your transactions to another currency. Using the historical book as your MRC primary book ensures that you maintain only the correct transactions in your MRC reporting book.

> **See also:** Maintaining Both Historical and Inflation-Adjusted Amounts, *Oracle Financials Common Country Features User Guide*

Inflation Adjustment Setup

This section describes how to set up Oracle Assets for Mexico for the inflation adjustment process. Use this checklist to help you complete the appropriate steps.

❏ Enable Automatic Revaluation Rate Calculation

> **See also:** Enable Automatic Revaluation Rate Calculation, *Oracle Financials Common Country Features User Guide*

❏ Define Inflation Ratio Precision, on page 1-4

❏ Define Price Indexes

> **See also:** Define Price Indexes, *Oracle Financials Common Country Features User Guide*

❏ Set Up Depreciation Books, on page 1-5

❏ Set Up Asset Categories, on page 1-8

❏ Define Inflation Start Dates

> **See also:** Define Inflation Start Dates, *Oracle Financials Common Country Features User Guide*

❏ Set Up Assets in a Depreciation Book, on page 1-10

Define Inflation Ratio Precision

The JL: Inflation Ratio Precision profile option lets you enter the number of decimal positions that you want for the precision of the inflation rate calculation. Oracle Assets uses the JL: Inflation Ratio Precision profile option to determine the precision of the inflation rate calculation for both the inflation adjustments in your adjusted depreciation book and for the Mexican Fixed Assets ISR and IMPAC reports.

When you adjust your assets for inflation in your adjusted depreciation book, you can use inflation rates with any precision you choose. In Mexico, however, companies are legally required to calculate inflation rates with a precision of four decimal positions when reporting inflation adjustments on the Mexican Fixed Assets ISR and IMPAC reports. To meet this requirement, ensure that you set the JL: Inflation Ratio Precision profile option appropriately.

> **See also:** Define Inflation Ratio Precision, *Oracle Financials Common Country Features User Guide*

Set Up Depreciation Books

Use the Book Controls window and the globalization flexfield to set up your depreciation books for inflation adjustment. You can enable or disable inflation adjustment at depreciation book level. If you enable inflation adjustment for a depreciation book, you can choose to enable or disable inflation adjustment for individual asset categories and assets when you define them. If you disable inflation adjustment for a depreciation book, none of the assets in that book can be adjusted.
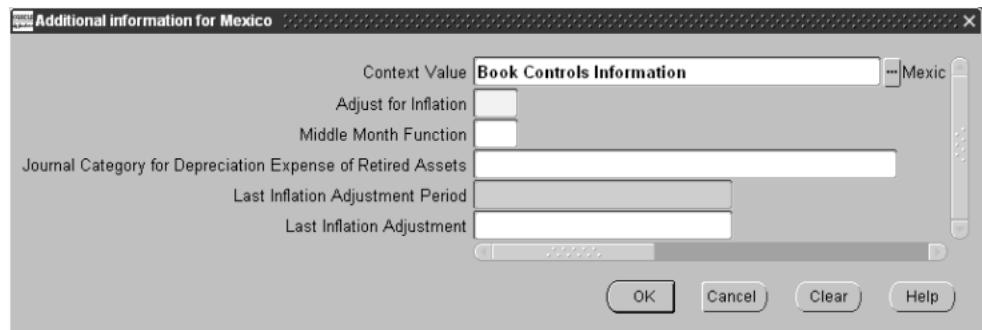
To set up depreciation books:

1. Navigate to the Book Controls window.

2. Enter a depreciation book.

3. Navigate to the globalization flexfield. For more information, see Using Globalization Flexfields on page A-2.

4. Enter *Yes* in the Adjust for Inflation field to enable inflation adjustment for assets in this depreciation book. Enter *No* to disable inflation adjustment for all assets in this book.

5. Enter *No* in the Middle Month Function field for your historical and adjusted depreciation books. The Middle Month Function only applies to a depreciation book used for tax reporting. For more information, see Enable Month Selection for a Depreciation Book on page 1-21.

(continued)

6. In the Journal Category for Depreciation Expense of Retired Assets field, enter the journal category that you want to use for the journal entries created by the Inflation Adjustment of Retired Assets process.

After you perform inflation adjustment for this book, you can view information about the most recent inflation adjustment in the next two fields. Oracle Assets displays the period name for the most recent inflation adjustment in the Last Inflation Adjustment Period field, and the revaluation ID for the most recent inflation adjustment in the Last Inflation Adjustment field.

7. Press the OK button.

8. In the Book Controls window, navigate to the Calendar alternate name region.

9. In the GL Set of Books field, select the General Ledger set of books that you want to transfer this depreciation book's journal entries to. If you are using the historical/adjusted option in both General Ledger and Oracle Assets, select the historical set of books for your historical book and the adjusted set of books for your adjusted book.

10. Complete the Allow GL Posting check box according to your depreciation book's requirements. If you are using the historical/adjusted option in both General Ledger and Oracle Assets, check the Allow GL Posting check box for both your historical book and your adjusted book.

11. Navigate to the Accounting Rules alternate name region.

12. If you want to allow revaluation in this book, check the Allow Revaluation check box.

13. If you want to revalue accumulated depreciation, check the Revalue Accumulated Depreciation check box.

14. If you want to revalue year-to-date depreciation, check the Revalue YTD Depreciation check box.

15. If you want to retire revaluation reserve, check the Retire Revaluation Reserve check box. In Mexico, you usually do not retire revaluation reserve.

16. If you want to amortize revaluation reserve, check the Amortize Revaluation Reserve check box. In Mexico, you usually do not amortize revaluation reserve.

17. If you want to revalue fully reserved assets, check the Revalue Fully Reserved Assets check box.

If you choose to revalue fully reserved assets, enter a life extension factor in the Life Extension Factor field. To maintain the current asset life without extending it, enter *1*. You can also enter the maximum number of times an asset can be revalued as fully reserved in the Maximum Revaluations field and enter a life extension ceiling in the Life Extension Ceiling field.

18. Navigate to the Tax Rules region.

19. If you are defining a tax book and you want to include CIP assets in the tax book, check the Allow CIP Assets check box. You must include CIP assets in your adjusted tax book, if you are using the historical/adjusted option, so that you can adjust the CIP assets for inflation in the adjusted tax book.

20. Save your work.

> **See also:** Defining Depreciation Books, *Oracle Assets User Guide*

> **See also:** Asset Management in a Highly Inflationary Economy (Revaluation), *Oracle Assets User Guide*

> **See also:** Construction-in-Process (CIP) Assets, *Oracle Assets User Guide*

Set Up Asset Categories

Use the Asset Categories window with the globalization flexfield and the Default Depreciation Rules window to set up your asset categories for inflation adjustment. In the Asset Categories window, you can specify the revaluation reserve account that you want to use to offset the inflation adjustments for assets in a category in a particular depreciation book.

In the globalization flexfield of the Asset Categories window, you can enable or disable inflation adjustment for the asset category in a particular depreciation book. If you enable inflation adjustment for an asset category in a book, you can choose to enable or disable inflation adjustment for individual assets when you define them. If you disable inflation adjustment for an asset category in a book, none of the assets in that category can be adjusted in that book.

In this way, you can choose to adjust an asset category in one depreciation book while preventing the same asset category from being adjusted in another book. You can also choose to adjust some asset categories in a depreciation book for inflation while preventing other categories in the same book from being adjusted.

If inflation adjustment is disabled for an entire depreciation book, however, none of the asset categories in that book can be adjusted.

In the Default Depreciation Rules window, you can assign a price index to the asset category. The price index is used to calculate the inflation rate for all the assets in this asset category.
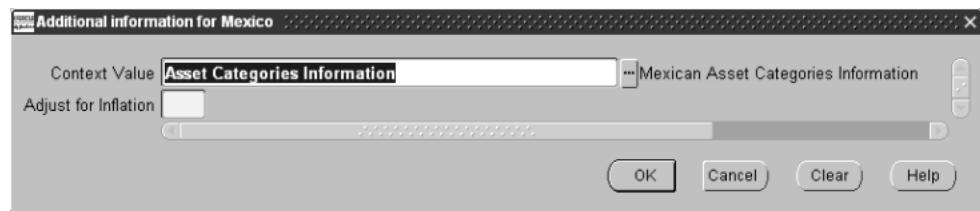
To set up asset categories:

1. Navigate to the Asset Categories window.

2. Enter an asset category.

3. Navigate to the General Ledger Accounts region.

4. Enter a depreciation book in the Book field.

5. In the Revaluation Reserve field, enter the revaluation reserve account used to offset inflation adjustments for assets in this category.

6. Navigate to the globalization flexfield. For more information, see Using Globalization Flexfields on page A-2.

7. Enter *Yes* in the Adjust for Inflation field to enable inflation adjustment for assets in this asset category. Enter *No* to disable inflation adjustment for all assets in this category.

    If inflation adjustment is enabled for this depreciation book, the Adjust for Inflation field defaults to *Yes*. Otherwise, the Adjust for Inflation field defaults to *No*.

8. Press the OK button.

9. In the Asset Categories window, press the Default Rules button. The Default Depreciation Rules window appears.

10. In the Price Index field, enter the price index that you want to use to calculate the inflation rate for this asset category.

11. Enter appropriate information in the remaining fields.

12. Save your work.

> **See also:**   Setting Up Asset Categories, *Oracle Assets User Guide*

> **See also:**   Asset Management in a Highly Inflationary Economy (Revaluation), *Oracle Assets User Guide*

Set Up Assets in a Depreciation Book

Use the globalization flexfield in the Books window to enable or disable inflation adjustment for individual assets. You enable or disable inflation adjustment for an asset in a particular depreciation book.

In this way, you can choose to adjust an asset in one depreciation book while preventing the same asset from being adjusted in another book. You can also choose to adjust some assets in a certain category in a depreciation book for inflation while preventing other assets in the same category and book from being adjusted.

If inflation adjustment is disabled for an entire depreciation book or an entire category in a book, however, none of the assets in that book or category can be adjusted.
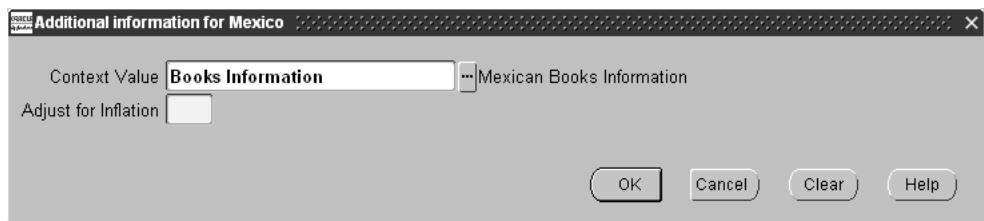
To set up assets in a depreciation book:

1. Navigate to the Asset Workbench.

2. Enter or query an asset.

3. Navigate to the Books window.

4. Enter a depreciation book in the Book field.

5. Navigate to the Depreciation region.

6. Navigate to the globalization flexfield. For more information, see Using Globalization Flexfields on page A-2.

7. Enter *Yes* in the Adjust for Inflation field to enable inflation adjustment for the asset. Enter *No* to disable inflation adjustment for the asset.

   If inflation adjustment is enabled for this depreciation book and for this category in this book, the Adjust for Inflation field defaults to *Yes*. Otherwise, the Adjust for Inflation field defaults to *No*.

8. Press the OK button.

9. Save your work.

> **See also:**   Asset Setup Processes (Additions), *Oracle Assets User Guide*

> **See also:**   Set Up Assets in a Depreciation Book, *Oracle Financials Common Country Features User Guide*

Revaluing Assets

Example for adjusting an asset for inflation

This example shows how inflation rates and adjustment amounts are calculated to adjust a capitalized asset for inflation in Mexico. Assume that the price index values for the given periods are:

Period	Price Index Value
February	208.995
March	211.596

The inflation rate in this example is calculated with a precision of nine decimal positions. The inflation rate is based on this formula:

Inflation Rate	=	*(Index Value for Current Period / Index Value for Previous Period) - 1*
March Inflation Rate	=	(211.596 / 208.995) - 1
	=	0.012445273

Assume that a company has an asset with these values at the beginning of March:

Cost	Accumulated Depreciation	YTD Depreciation Expense
311,749,901	201,338,477	4,329,860

Assume also that there are no cost adjustments other than the inflation adjustment in March.

The inflation adjustment amount for cost in the current period is calculated on the current cost of the asset, including any cost adjustments made in the period before inflation adjustment is performed.

> **Note:** If you want to adjust current period cost adjustment amounts for inflation, make the cost adjustments before you perform inflation adjustment for the current period. Otherwise, make the cost adjustments after you perform inflation adjustment for the current period.

The current cost for an asset is calculated as:

Current Cost	=	*Beginning Cost + Current Period Cost Adjustments*
March Current Cost	=	311,749,901 + 0
	=	311,749,901

The current period cost inflation adjustment is calculated as:

Cost Inflation Adjustment	=	*Current Cost * Inflation Rate*
March Inflation Adjustment	=	311,749,901 * 0.012445273
	=	3,879,813

The adjusted cost at the end of the period is calculated as:

Adjusted Cost	=	*Current Cost + Inflation Adjustment*
March Adjusted Cost	=	311,749,901 + 3,879,813
	=	315,629,714

The inflation adjustment amounts for accumulated depreciation and YTD depreciation expense in the current period are calculated on the current accumulated depreciation and current YTD depreciation expense of the asset, before the asset is depreciated for the period.

The current period accumulated depreciation inflation adjustment calculated as:

Inflation Adjustment	=	*Current Accumulated Depreciation * Inflation Rate*
March Inflation Adjustment	=	201,338,477 * 0.012445273
	=	2,505,712

The adjusted accumulated depreciation at the end of the period, but before depreciation is run for the period, is calculated as:

Adjusted Accumulated Depreciation	=	*Current Accumulated Depreciation + Inflation Adjustment*
March Adjusted Accum Depreciation	=	201,338,477 + 2,505,712
	=	203,844,189

The current period YTD depreciation expense inflation adjustment is calculated as:

Inflation Adjustment	=	*Current Depreciation Expense * Inflation Rate*
March Inflation Adjustment	=	4,329,860 * 0.012445273
	=	53,886

The adjusted YTD depreciation expense at the end of the period, but before depreciation is run for the period, is calculated as:

Adjusted Depreciation Expense	=	*Current Depreciation Expense + Inflation Adjustment*
March Adjusted Depreciation Expense	=	4,329,860 + 53,886
	=	4,383,746

The journal entry to record the inflation adjustments in March is:

Accounts	Debit	Credit
Cost	3,879,813	
Depreciation Expense	53,886	
Accumulated Depreciation		2,505,712
Revaluation Reserve		1,427,987

Example for adjusting a CIP asset for inflation

This example shows how inflation rates and adjustment amounts are calculated to adjust a CIP asset for inflation in Mexico.

When you build a CIP asset, you add the cost amounts resulting from invoice lines. The invoice line amounts added in the current period are never adjusted for inflation in the current period. The adjustment amount for the current period is calculated only on the asset's adjusted cost as of the beginning of the period.

Assume that the price index values for the given periods are:

Period	Price Index Value
March	211.596
April	213.882
May	215.834

The inflation rates in this example are calculated with a precision of nine decimal positions. The inflation rates are based on this formula:

Inflation Rate	=	*(Index Value for Current Period / Index Value for Previous Period) - 1*
April Inflation Rate	=	(213.882 / 211.596) - 1
	=	0.010803606
May Inflation Rate	=	(215.834 / 213.882) - 1
	=	0.009126527

Assume that construction began on a CIP asset in March and that the invoice line amounts added each period are:

Period	Invoice Line Amount
March	1,093,827
April	347,219
May	2,460,024

The current period cost inflation adjustment is calculated as:

Inflation Adjustment	=	*Beginning Cost * Inflation Rate*

The adjusted cost at the end of the period is calculated as:

Adjusted Cost	=	*Beginning Cost + Inflation Adjustment + Invoice Line Amounts*
March Adjusted Cost	=	0 + 0 + 1,093,827
	=	1,093,827
April Inflation Adjustment	=	1,093,827 * 0.010803606
	=	11,817
April Adjusted Cost	=	1,093,827 + 11,817 + 347,219
	=	1,452,863

The journal entry to record the inflation adjustment in April is:

Accounts	Debit	Credit
Cost	11,817	
Revaluation Reserve		11,817

May Inflation Adjustment	=	1,452,863 * 0.009126527
	=	13,260
May Adjusted Cost	=	1,452,863 + 13,260 + 2,460,024
	=	3,926,147

The journal entry to record the inflation adjustment in May is:

Accounts	Debit	Credit
Cost	13,260	
Revaluation Reserve		13,260

Tax Reporting Overview

In Mexico, some taxes are calculated from inflation-adjusted amounts for asset cost, accumulated depreciation, and year-to-date depreciation. These taxes include the Tax on Income (Impuesto Sobre la Renta or ISR and the Tax on Assets (Impuesto al Activo or IMPAC).

Companies are legally required to use a special process called month selection for the inflation adjustments on the tax reports. With month selection, the inflation rates are calculated using index values selected according to the Month Selection tables.

When you adjust an asset for inflation at the end of the fiscal year with month selection, you calculate the adjustment from the acquisition date up to a selection period instead of up to the end of the fiscal year itself. For an asset acquired in a previous fiscal year, you calculate the adjustment from the acquisition date up to the period of June in the current fiscal year. For an asset acquired during the current fiscal year, you calculate the adjustment from the acquisition date up to the selection period assigned to the acquisition date in the Month Selection Table for Additions.

Similarly, if you retire an asset during the fiscal year, you do not calculate the adjustment from the acquisition date up to the retirement date itself. You only calculate the adjustment from the acquisition date up to the selection period assigned to the retirement date in the Month Selection Table for Retirements.

The selection period for an asset represents the period halfway through the time the asset was in use during the current fiscal year. Both Month Selection tables are published by the Mexican government and are fixed for all assets.

Since the tax reports require a special process for calculating inflation adjustment, you must not run these reports from the adjusted depreciation book where you maintain your ordinary inflation-adjusted asset information. Instead, you should define a separate tax depreciation book to use for Mexican tax reporting and enable month selection for that book. For more information, see Enable Month Selection for a Depreciation Book on page 1-21.

Oracle Assets for Mexico uses the date placed in service as the acquisition date for month selection. To use the Month Selection Table for Additions, check that you define the appropriate date placed in service when you enter your assets.

Companies are legally required to calculate inflation rates with a precision of four decimal positions when reporting inflation adjustments on the Mexican Fixed Assets ISR and IMPAC reports. To meet this requirement, set the JL: Inflation Ratio Precision profile option. For more information, see Define Inflation Ratio Precision on page 1-20.

Tax Reporting Setup

This section describes how to set up Oracle Assets for Mexico for tax reporting. Use this checklist to help you complete the appropriate steps.

❏ Define Inflation Ratio Precision, on page 1-20

❏ Define Price Indexes

> **See also:** Define Price Indexes, *Oracle Financials Common Country Features User Guide*

❏ Enable Month Selection for a Depreciation Book, on page 1-21

❏ Define the Date Placed in Service for Assets

> **See also:** Overview of Setting Up, *Oracle Assets User Guide*

Define Inflation Ratio Precision

The JL: Inflation Ratio Precision profile option lets you enter the number of decimal positions that you want for the precision of the inflation rate calculation. Oracle Assets uses the JL: Inflation Ratio Precision profile option to determine the precision of the inflation rate calculation for both the inflation adjustments in your adjusted depreciation book and for the Mexican Fixed Assets ISR and IMPAC reports.

In Mexico, companies are legally required to calculate inflation rates with a precision of four decimal positions when reporting inflation adjustments on the Mexican Fixed Assets ISR and IMPAC reports. To meet this requirement, you must set the JL: Inflation Ratio Precision profile option in the System Profile Values window before you run these reports. Assign this profile option a value of *4*.

> **See also:** Define Inflation Ratio Precision, *Oracle Financials Common Country Features User Guide*

Enable Month Selection for a Depreciation Book

Use the globalization flexfield in the Book Controls window to enable month selection for the depreciation book that you will use for tax reporting. If you enable month selection for a depreciation book, the inflation rates on the Mexican Fixed Assets ISR and IMPAC reports are calculated using the Month Selection tables, for all the assets in that book.
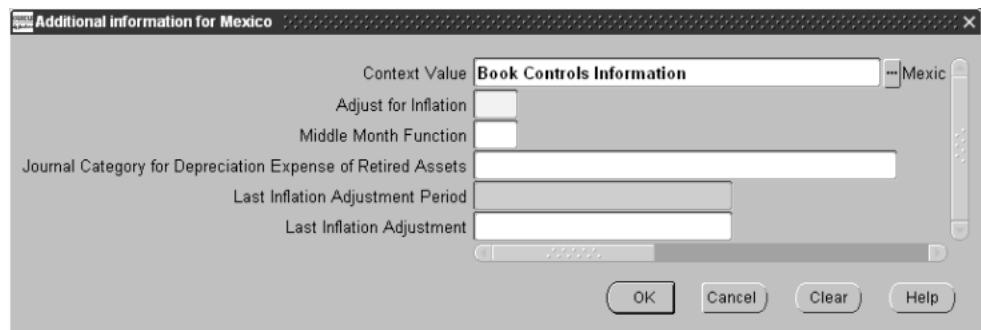
To enable month selection for a depreciation book:

1. Navigate to the Book Controls window.

2. Enter a depreciation book.

3. Navigate to the globalization flexfield. For more information, see Using Globalization Flexfields on page A-2.

4. Enter *No* in the Adjust for Inflation field to disable the ordinary inflation adjustment process for assets in this book. Oracle Assets does not use this process for the Mexican Fixed Assets ISR and IMPAC reports.

5. Enter *Yes* in the Middle Month Function field to enable month selection for the tax reporting depreciation book.

6. Enter a journal category as a placeholder in the Journal Category for Depreciation Expense of Retired Assets field. Oracle Assets for Mexico does not use this field for tax reporting, but you must enter a value. You can select any valid journal category from the list of values.

(continued)

7. Leave the Last Inflation Adjustment Period field and the Last Inflation Adjustment field blank. These fields are only used for adjusted depreciation books with the ordinary inflation adjustment process. For more information, see Set Up Depreciation Books on page 1-5.

8. Press the OK button.

9. Save your work.

> **See also:** Defining Depreciation Books, *Oracle Assets User Guide*

Adjusting Assets for Inflation with Month Selection

Example for inflation adjustment using month selection

For the Tax on Income, companies must calculate inflation adjustment amounts for accumulated depreciation using month selection. With month selection, the inflation rates are calculated using index values selected according to the Month Selection tables. Companies are legally required to calculate inflation rates for the Tax on Incomes with a precision of four decimal positions.

When you adjust accumulated depreciation for inflation at the end of the fiscal year with month selection, you calculate the adjustment up to a selection period instead of up to the end of the fiscal year itself. For an asset acquired in a previous fiscal year, you calculate the adjustment up to the period of June in the current fiscal year. For an asset acquired during the current fiscal year, you calculate the adjustment up to the selection period assigned to the acquisition date in the Month Selection Table for Additions.

Assume that a company has assets with these values in 1997:

Asset Number	Acquisition Date	Index Value for Acquisition Period	Selection Period	Index Value for Selection Period	Accumulated Depreciation for Current Fiscal Year
101	1-Oct-96	191.273	Jun-97	217.749	12,476
102	1-Feb-97	208.995	Jul-97	219.646	1,508,574

The selection period for an asset that was acquired during a previous fiscal year and that was in use during all of the current fiscal year is June. For asset 101, which was acquired in 1996, the selection period is June 1997.

The selection period for an asset acquired during the current fiscal year is the period assigned to the acquisition period in the Month Selection Table for Additions. For asset 102, which was acquired in February 1997, or period 2, the selection period is period 7, or July 1997.

Month Selection Table for Additions

Acquisition Period Number	Selection Period Number
1	6
2	7
3	7
4	8
5	8
6	9
7	9
8	10
9	10
10	11
11	11
12	12

The correction factors representing the inflation rates in this example are calculated with a precision of four decimal positions. The correction factor for each asset is calculated based on this formula:

Correction Factor　　　　　　　　　= *Index Value for Selection Period /*
　　　　　　　　　　　　　　　　　　　Index Value for Acquisition Period

The adjusted accumulated depreciation for the current fiscal year is calculated based on this formula:

Adjusted Accumulated Depreciation　= *Historical Accumulated Depreciation **
　　　　　　　　　　　　　　　　　　　Correction Factor

When the Tax on Income is calculated for these assets at the end of the fiscal year 1997, the correction factor and adjusted accumulated depreciation for each asset are:

Asset 101 Correction Factor	= 217.749 / 191.273
	= 1.1384
Asset 101 Adjusted Accumulated Depreciation	= 12,476 * 1.1384
	= 14,203
Asset 102 Correction Factor	= 219.646 / 208.995
	= 1.0509
Asset 102 Adjusted Accumulated Depreciation	= 1,508,574 * 1.0509
	= 1,585,360

Example for inflation adjustment of a retired asset using month selection

Similarly, if you retire an asset during the fiscal year, you do not calculate the adjustment up to the retirement date itself. You only calculate the adjustment up to the selection period assigned to the retirement date in the Month Selection Table for Retirements.

Assume that the current fiscal year is 1997 and that a company has an asset with these values:

Asset Number	Acquisition Date	Index Value for Acquisition Period	Retirement Date	Selection Period	Index Value for Selection Period	Accumulated Depreciation for Current Fiscal Year
103	1-Sep-96	188.915	1-Oct-97	Apr-97	213.882	31,797

The selection period for an asset retired during the current fiscal year is the period assigned to the retirement period in the Month Selection Table for Retirements. For asset 103, which was retired in October 1997, or period 10, the selection period is period 4, or April 1997.

Month Selection Table for Retirements

Retirement Period Number	Selection Period Number
1	12
2	12
3	1
4	1
5	2
6	2
7	3
8	3
9	4
10	4
11	5
12	5

The correction factor representing the inflation rate in this example is calculated with a precision of four decimal positions. The correction factor is calculated based on this formula:

Correction Factor = *Index Value for Selection Period / Index Value for Acquisition Period*

The adjusted accumulated depreciation for the current fiscal year is calculated based on this formula:

Adjusted Accumulated Depreciation = *Historical Accumulated Depreciation * Correction Factor*

When the Tax on Income is calculated for this asset at the end of the fiscal year 1997, the correction factor and adjusted accumulated depreciation are:

Asset 105 Correction Factor	=	213.882 / 188.915
	=	1.1321
Asset 105 Adjusted Accum Depreciation	=	31,797 * 1.1321
	=	35,997

Mexican Fixed Assets ISR Report

```
NL_LOC_ORG                                       Mexican Fixed Assets ISR Report                        Report Date: 10-MAY-2001    17:05
        Book: MEX FIS VI                                                                                Page:        1 of       1
    Fiscal Year: 2000
                                                   |--------- Accumulated Depreciation ----------|
Asset                              Date in       Original      Previous        Current     Life To CPI for Date      CPI for Correction          Adjusted
Number       Description           Service           Cost  Fiscal Years    Fiscal Year        Date in Service  Half Period     Factor      Depreciation
-----------  ----------------------  ----------  -----------  -------------  --------------  -------------  ------------  -----------  ----------  ---------------

Asset Category: MX Buildings.MX Buildings

MX012-VI     OFFICE BUILDING         31-AUG-00    3,901,070              0         65,017         65,017    221.59900    226.15200     1.02055            66,353
MX030-VI     OFFICE BUILDING         31-DEC-00    2,500,000              0              0              0    231.88600    231.88600     1.00000                 0
                                                  ------------  -------------  --------------  -------------                                         ---------------
                          Asset Category Total:   6,401,070              0         65,017         65,017                                                  66,353

Asset Category: MX Furnitures and Fixture.MX Fur

MX006-VI     FURNITURE AND FIXTURE   31-JAN-00       91,304          8,370          9,130         17,500    162.55600    217.74900     1.33953            12,230
MX015-VI     FURNITURE AND FIXTURE   31-MAY-00       35,770              0          2,086          2,086    215.83400    221.59900     1.02671             2,142
MX017-VI     FURNITURE AND FIXTURE   30-SEP-00      132,884              0          3,322          3,322    224.35900    226.15200     1.00799             3,349
MX018-VI     FURNITURE AND FIXTURE   31-OCT-00      109,000              0          1,816          1,816    226.15200    228.68200     1.01119             1,836
                                                  ------------  -------------  --------------  -------------                                         ---------------
                          Asset Category Total:     368,958          8,370         16,354         24,724                                                  19,557

Asset Category: MX Standard Automobiles.MX Vehic

MX002-VI     AUTOMOBILES             31-JAN-00      265,210        193,382         11,050        204,432     97.20270    205.54100     2.11456            23,366
MX005-VI     AUTOMOBILES             31-MAY-00      154,000         60,958          9,624         70,582    133.02900    205.54100     1.54508            14,870
MX008-VI     AUTOMOBILES             30-SEP-00      169,565         10,598         31,797         42,395    188.91500    213.88200     1.13216            35,999
MX013-VI     AUTOMOBILES             31-MAR-00      190,434              0         35,706         35,706    211.59600    219.64600     1.03804            37,064
MX014-VI     AUTOMOBILES             30-APR-00       91,304              0         15,217         15,217    213.88200    221.59900     1.03608            15,766
                                                  ------------  -------------  --------------  -------------                                         ---------------
                          Asset Category Total:     870,513        264,938        103,394        368,332                                                 127,065
                                 Report Total:    7,640,541        273,308        184,765        458,073                                                 212,975
                                                  ============  =============  ==============  =============                                         ===============


                                               *** End of Report ***
```

In Mexico, the Tax on Income (Impuesto Sobre la Renta or ISR) is calculated on the inflation-adjusted value of a company's assets. Use the Mexican Fixed Assets ISR report to show the accumulated depreciation for your assets, including the results of inflation adjustment with month selection, according to Mexican legal requirements. You can use this information to help you calculate the amount of tax that you must pay to the Mexican government.

The Mexican Fixed Assets ISR report shows every asset that had a depreciation charge during the current fiscal year, including retired assets. The report groups assets by asset category and shows the subtotal for each category.

The Mexican Fixed Assets ISR report complements the Mexican Fixed Assets IMPAC report. These two reports are submitted together in the Mexican ISR-IMPAC Reports request set.

Use the Standard Request Submission windows to submit the Mexican ISR-IMPAC Reports request set.

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

Report Parameters

Depreciation Book

Enter the depreciation book that you want to report on. You should choose a depreciation book with month selection enabled for tax reporting.

Fiscal Year

Enter the fiscal year that you want to report on.

Report Headings

In this heading…	Oracle Assets prints…
<Organization Name>	The name of your organization
Book	The name of the tax depreciation book
Fiscal Year	The fiscal year
<Report Title>	Mexican Fixed Assets ISR Report
Report Date	The date and time that you ran the report
Page	The page number

Column Headings

In this column…	Oracle Assets prints…
Asset Number	The asset number.
Description	A description of the asset.
Date in Service	The date placed in service.
Original Cost	The original cost.
Accumulated Depreciation - Previous Fiscal Years	The historical amount of accumulated depreciation for previous fiscal years.
Accumulated Depreciation - Current Fiscal Year	The historical amount of accumulated depreciation for the current fiscal year.
Accumulated Depreciation - Life To Date	The historical amount of the accumulated depreciation for the asset's life to date, calculated by adding the accumulated depreciation for the previous fiscal years to the accumulated depreciation for the current fiscal year.
CPI for Date in Service	The index value (CPI) for the date placed in service.
CPI for Half Period	The index value (CPI) for the period halfway through the time of use. For assets that were in use throughout the entire fiscal year, the halfway period is June. For assets that were added or retired during the current fiscal year, the halfway period is determined by the Month Selection tables.
Correction Factor	The correction factor, calculated by dividing the index value for the period halfway through the time of use by the index value for the date placed in service.
Adjusted Depreciation	The adjusted depreciation for the current fiscal year, calculated by multiplying the historical depreciation for the current fiscal year by the correction factor.

Row Headings

In this row…	Oracle Assets prints…
Asset Category	The asset category
Asset Category Total	The totals for the asset category
Report Total	The totals for all categories on the report

Mexican Fixed Assets IMPAC Report

```
NL_LOC_ORG                                                Mexican Fixed Assets IMPAC Report                              Report Date:   10-MAY-2001 17:05
         Book: MEX FIS VI                                                                                                Page:            1 of     1
     Fiscal Year: 2000                                                                        NBV at End of
                                                                                 |---- Previous Fiscal Year ----|
Asset                          Date in           CPI for     CPI for    Correction                                  50% Adjusted    Adjusted NBV
Number         Description     Service    Date in Service     June      Factor      Historical      Adjusted        Depreciation      Less 50%        IMPAC Value
--------------- ----------------- ----------- --------------- ---------  ----------  ---------------  ---------------  ------------  ---------------  ---------------

    Asset Category:    MX Buildings.MX Buildings
MX012-VI       OFFICE BUILDING   31-AUG-00      221.59900  217.74900   1.00000      3,901,070       3,901,070         33,177       3,867,893        1,289,298
MX030-VI       OFFICE BUILDING   31-DEC-00      231.88600  217.74900   1.00000      2,500,000       2,500,000              0       2,500,000                0
                                                                                 ---------------  ---------------  ------------  ---------------  ---------------
                                         Asset Category Total:                       6,401,070       6,401,070         33,177       6,367,893        1,289,298

    Asset Category:    MX Furnitures and Fixture.MX Furnitures
MX006-VI       FURNITURE AND FIX 31-JAN-00      162.55600  217.74900   1.33953         82,934         111,093          6,115         104,978          104,978
MX015-VI       FURNITURE AND FIX 31-MAY-00      215.83400  217.74900   1.00887         35,770          36,087          1,071          35,016           20,426
MX017-VI       FURNITURE AND FIX 30-SEP-00      224.35900  217.74900   1.00000        132,884         132,884          1,675         131,209           32,802
MX018-VI       FURNITURE AND FIX 31-OCT-00      226.15200  217.74900   1.00000        109,000         109,000            918         108,082           18,014
                                                                                 ---------------  ---------------  ------------  ---------------  ---------------
                                         Asset Category Total:                         360,588         389,064          9,779         379,285          176,220

Asset Category:    MX Standard Automobiles.MX Vehicles
MX002-VI       AUTOMOBILES       31-JAN-00       97.20270  217.74900   2.24015         71,828         160,906         11,683         149,223           24,871
MX005-VI       AUTOMOBILES       31-MAY-00      133.02900  217.74900   1.63685         93,042         152,296          7,435         144,861           36,215
MX008-VI       AUTOMOBILES       30-SEP-00      188.91500  217.74900   1.15263        158,967         183,230         18,000         165,230          123,923
MX013-VI       AUTOMOBILES       31-MAR-00      211.59600  217.74900   1.02908        190,434         195,972         18,532         177,440          133,080
MX014-VI       AUTOMOBILES       30-APR-00      213.88200  217.74900   1.01808         91,304          92,955          7,883          85,072           56,715
                                                                                 ---------------  ---------------  ------------  ---------------  ---------------
                                         Asset Category Total:                         605,575         785,359         63,533         721,826          374,804


                                         Report Total:                              7,367,233       7,575,493        106,489       7,469,004        1,840,322
                                                                                 ===============  ===============  ============  ===============  ===============

                                                            *** End of Report ***
```

In Mexico, the Tax on Assets (Impuesto al Activo or IMPAC) is calculated on the inflation-adjusted value of a company's assets. Use the Mexican Fixed Assets IMPAC report to show the value of your assets, including the results of inflation adjustment, according to Mexican legal requirements. You can use this information to help you calculate the amount of tax that you must pay to the Mexican government.

The Mexican Fixed Assets IMPAC report complements the Mexican Fixed Assets ISR report. These two reports are submitted together in the Mexican ISR-IMPAC Reports request set.

Use the Standard Request Submission windows to submit the Mexican ISR-IMPAC Reports request set.

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

Report Parameters

Depreciation Book
Enter the depreciation book that you want to report on. You should choose a depreciation book with month selection enabled for tax reporting.

Fiscal Year
Enter the fiscal year that you want to report on.

Report Headings

In this heading…	Oracle Assets prints…
<Organization Name>	The name of your organization
Book	The name of the tax depreciation book
Fiscal Year	The fiscal year
<Report Title>	Mexican Fixed Assets IMPAC Report
Report Date	The date and time that you ran the report
Page	The page number

Column Headings

In this column…	Oracle Assets prints…
Asset Number	The asset number
Description	A description of the asset
Date in Service	The date placed in service
CPI for Date in Service	The index value (CPI) for the date placed in service
CPI for June	The index value (CPI) for June
Correction Factor	The correction factor, calculated by dividing the index value for June by the index value for the date placed in service
NBV at End of Previous Fiscal Year - Historical	The historical net book value at the end of the previous fiscal year, calculated by subtracting the historical accumulated depreciation of previous fiscal years from the original cost
NBV at End of Previous Fiscal Year - Adjusted	The adjusted net book value at the end of the previous fiscal year, calculated by multiplying the historical net book value at the end of the previous fiscal year by the correction factor
50% Adjusted Depreciation	Half of the amount of the adjusted depreciation for the current fiscal year
Adjusted NBV Less 50%	An amount calculated by subtracting half of the adjusted depreciation for the current fiscal year from the adjusted net book value at the end of the previous fiscal year
IMPAC Value	The IMPAC base value, calculated by dividing the value for the Adjusted NBV Less 50% by 12 and then multiplying the result by the number of months of use

Row Headings

In this row…	Oracle Assets prints…
Asset Category	The asset category
Asset Category Total	The totals for the asset category
Report Total	The totals for all categories on the report

Mexican Fixed Assets Fiscal Gain and Loss on Assets Retirements Report

```
Mexico Operations                       Mexican Fixed Assets Fiscal Gain and Loss on Assets Retirements Report          Report Date: 10-MAY-2001    17:05
         Book:   MEX FIS VI                                                                                             Page:       1 of      1
  Fiscal Year:   2000
                                        |-------- Depreciation Reserve -------|    CPI for   CPI for
Asset                   Date in      Original      Previous      Current                Date in    Half  Adjusting       Adjusted Date              Proceeds
Number - Description    Service          Cost  Fiscal Years  Fiscal Year      Total     Service  Period     Factor   Depr Reserve Retired            of Sale    Gain/Loss
--------------------    ----------   --------  ------------  ----------- ------------  ---------- -------  ---------  ------------- ----------    ----------   ----------
MX002-VI - AUTOMOBILES  31-JAN-2000   265,210       193,382       11,050      204,432   97.20270 205.541   2.11456        432,284 31-03-1997        10,000      118,519
MX005-VI - AUTOMOBILES  31-MAY-2000   154,000        60,958        9,624       70,582  133.02900 205.541   1.54508        109,055 30-04-1997       105,443       23,445
MX008-VI - AUTOMOBILES  30-SEP-2000   169,565        10,598       31,797       42,395  188.91500 213.882   1.13216         47,998 31-10-1997       144,566        <589>
                                     --------- ------------  ----------- ------------                                -------------               ----------   ----------
Report Total:                         588,775       264,938       52,471      317,409                                      589,337               260,009      141,375
                                     ========= ============  =========== ============                                =============               ==========   ==========

                                                                  *** End of Report ***
```

The Mexican Fixed Assets Fiscal Gain and Loss on Assets Retirements report
displays the gain or loss generated for an asset when it is no longer in use. You
should run the Mexican Fixed Assets Fiscal Gain and Loss on Assets Retirements
report after you close a period by running depreciation.

Use the Standard Request Submission windows to submit Mexican Fixed Assets
Fiscal Gain and Loss on Assets Retirements report.

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

Report Parameters

Depreciation Book
Enter the depreciation book that you want to report on.

Fiscal Year
Enter the fiscal year that you want to report on.

Report Headings

In this heading…	Oracle Assets prints…
<Organization Name>	The name of your organization
Book	The name of the tax depreciation book
Fiscal Year	The fiscal year
<Report Title>	Mexican Fixed Assets Fiscal Gain and Loss on Assets Retirements Report
Report Date	The date and time that you ran the report
Page	The page number

Column Headings

In this column…	Oracle Assets prints…
Asset Number - Description	The asset number and description of the asset
Date in Service	The date placed in service
Original Cost	The original cost
Depreciation Reserve - Previous Fiscal Years	The historical amount of accumulated depreciation for previous fiscal years
Depreciation Reserve - Current Fiscal Years	The historical amount of accumulated depreciation for the current fiscal year
Depreciation Reserve - Total	The sum of the historical accumulated depreciation from the previous fiscal year and the historical accumulated depreciation from the current fiscal year
CPI for Date in Service	The index value (CPI) for the date placed in service
CPI for Half Period	The index value (CPI) for half of the period of use
Adjusting Factor	The correction factor, calculated by dividing the index value for half of the period of use by the index value for the date placed in service
Adjusted Depr Reserve	The adjusted accumulated depreciation, calculated by multiplying the historical accumulated depreciation by the correction factor
Date Retired	The retirement date
Proceeds of Sale	The proceeds of the sale
Gain/Loss	The net gain or loss, calculated by subtracting the adjusted accumulated depreciation from the proceeds of sale and then adding the current cost

Row Headings

In this row...	Oracle Assets prints...
Report Total	The totals for the report

A

Using Globalization Flexfields

This appendix describes how to use globalization flexfields.

Using Globalization Flexfields

Oracle Financials for Mexico uses globalization flexfields that let you enter country-specific information in Oracle Assets. Your system administrator should complete setup steps to enable globalization flexfields for your country-specific responsibilities.

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

There are globalization flexfields on these windows:

Oracle Assets

- Asset Categories
- Asset Details
- Book Controls
- Books
- Mass Additions
- QuickAdditions

The globalization flexfield appears in the window after you complete all setup steps to enable globalization flexfields. The globalization flexfield is enclosed in round brackets. Click in the globalization flexfield to display the flexfield window.

Glossary

Constant Unit of Money

A constant unit of money represents the real value of money at the end of a period. Financial statements must be prepared using the constant unit of money.

CPI (Consumer Price Index)

See *Price Index.*

End of Period's Unit of Money

The end of period's unit of money is the value that represents money's acquiring power as of period end.

Estimated Index Value

When the index value for a period is not known an estimated index value must be used. The inflation adjustment process behaves the same way as when the exact index value is known. Journal entries are also generated.

IMPAC (Impuesto al Activo)

See *Tax on Assets.*

Index Values

An index value represents the price level for the period that the value applies to in relation to a fixed base level. Index values are used to calculate the correction factor that represents the inflation rate in the inflation adjustment process. In Mexico, the Bank of Mexico publishes index values monthly.

Inflation Start Date

The inflation start date for an asset specifies when inflation begins to impact an asset. The asset is adjusted for inflation from this date onward.

The inflation start date is generally the same date as the date placed in service. You can, however, define an inflation start date that is different than the date placed in service. For example, if you enter an asset that is already in service and that has already been adjusted for inflation, you can set the inflation start date to an appropriate date to begin calculating new inflation adjustments in Oracle Assets.

ISR (Impuesto Sobre la Renta)

See *Tax on Income.*

Month Selection Table

The Month Selection Table for Additions and the Month Selection Table for Retirements are tools used in Mexico to calculate inflation adjustment for assets for tax purposes. You specify whether you want to use the Month Selection Tables for assets in a tax depreciation book when you define the book.

The Month Selection Tables are used only for assets with an acquisition date or retirement date in the current fiscal year. For these assets, the Month Selection Tables are used to find the period number whose index value in the current fiscal year must be used to calculate the reexpression coefficient. This period number is tied to the period number of the asset's acquisition date or retirement date.

Price Index

A price index is a measure of the overall cost of goods and services bought by various entities. The base value of the index represents the cost level in a certain period. The index values for each other period represents the cost level for that period as a proportion of the base value. The difference between the index value for a certain period and the base value represents the inflation rate between that period and the base period.

The Consumer Price Index (CPI) measures the cost of goods and services bought by a typical consumer. The Producer Price Index (PPI) measures the cost of goods and services bought by companies.

Reexpression Coefficient

The reexpression coefficient (revaluation rate or correction factor) is the factor used to adjust cost, accumulated depreciation, and depreciation expense amounts for inflation. Historical amounts are multiplied by the reexpression coefficient to calculate the inflation-adjusted amounts.

Revaluation Reserve Account

The revaluation reserve account is the gain or loss account used to offset inflation adjustments for your assets. The balance of this account shows the net gain or loss from inflation adjustment journal entries. In some countries, such as Mexico, revaluation reserve accounts are also known as Result of Monetary Possession accounts.

Tax on Assets

The Tax on Assets (Impuesto al Activo or IMPAC) is a special tax that is paid in Mexico. The amount to be paid is calculated from inflation-adjusted amounts for cost, accumulated depreciation, and depreciation expense, and from Tax on Income amounts.

Tax on Income

The Tax on Income (Impuesto Sobre la Renta or ISR) is a special tax that is paid in Mexico. The amount to be paid is calculated from the inflation-adjusted amounts for cost, accumulated depreciation, and depreciation expense.

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