

PeopleSoft®

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EnterpriseOne 8.9  
Global Solutions: Mexico  
PeopleBook

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Global Solutions: Mexico PeopleBook  
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## Mexican VAT

Effective January 1, 2003, the Mexican government requires that value added tax (VAT) be recognized when companies post payments or receipts, rather than when the voucher or invoice is posted.

The Mexican VAT process applies only to payment and receipt transactions that you enter after you have completed the Mexican VAT setup process. Also, this process applies only to transactions with tax explanation codes that begin with V.

All payment and receipt transactions that have been posted before implementing this process must be reconciled manually. In addition, the Mexican VAT process is not co-existent.

The standard procedure is to calculate and post the VAT amount when posting vouchers and invoices. To meet the Mexican requirement, you set up your system to post the VAT amount to a Suspense VAT account when posting vouchers and invoices. The Suspense VAT account holds the tax amount until a payment or receipt is applied to the voucher or invoice, and the payment or receipt is posted.

When you post the payment or receipt, the system recalculates the VAT amount, based on the payment or receipt amount (partial or full) and the tax information from the voucher or invoice. The system uses journal entries to reclassify this VAT amount from the Suspense VAT account to the VAT account. Reclassification is done by pay item.

The system maintains an audit trail of the journal entries that are generated by the reclassification, including the receipt and payment (except prepayment) information with the key to the voucher or invoice and the key to the journal entries.

The system stores this information in the following tables:

- F0414 – Payment Detail Tag File – Mexico (F76M0414) for Accounts Payable
- Receipt Detail Tag File – Mexico (F76M0314) for Accounts Receivable

You can create customized reports based on these tables.

The Mexican VAT process supports the following Accounts Payable cases:

- Payments (automatic and manual)
- Partial payments
- Voided payments
- Discounts
- Prepayments
- Split vouchers

The Mexican VAT process supports the following Accounts Receivable cases:

- Receipts
- Partial receipts
- Zero dollar receipts (including credit memos)
- Discounts
- Write-offs

- Deductions
- Total and partial void receipts
- NSF
- Unapplied cash
- Auto debiting
- Payment with draft

### **Considerations for G/L Dates**

The G/L date of the reclassification journal entries is taken from the G/L date of the payment or receipt. However, if the payment or receipt is void, the system uses the Void G/L date.

### **Considerations for Journal Entry Types and Numbers**

The system uses the following document types to generate the reclassification journal entries for Accounts Payable transactions:

- JK (AP Redistribute Payment)
- JV (AP Redistribute Prepayment)

The system uses the descriptions of the document types set up in UDC 00/DT to populate the Explanation and Remark fields on the journal entries.

The system assigns the payment or voucher number as the document number in the journal entry for payments and prepayments, respectively.

For Accounts Receivable transactions, the system uses the following document type:

- JM (AR VAT Redistribution)

The system uses the Description 01 from the document types that are set up in UDC 00/DT to populate the Remark field in the journal entries. Also, the system displays invoice document type, invoice document number, and invoice pay item in the Explanation field on reclassification journal entries.

The system uses next number 76M/01 as the document number for journal entries.

### **See Also**

- *Setting Up System Next Numbers* in the *General Accounting Guide* for information about setting up next numbers for system 76M

### **Considerations for Split Payments**

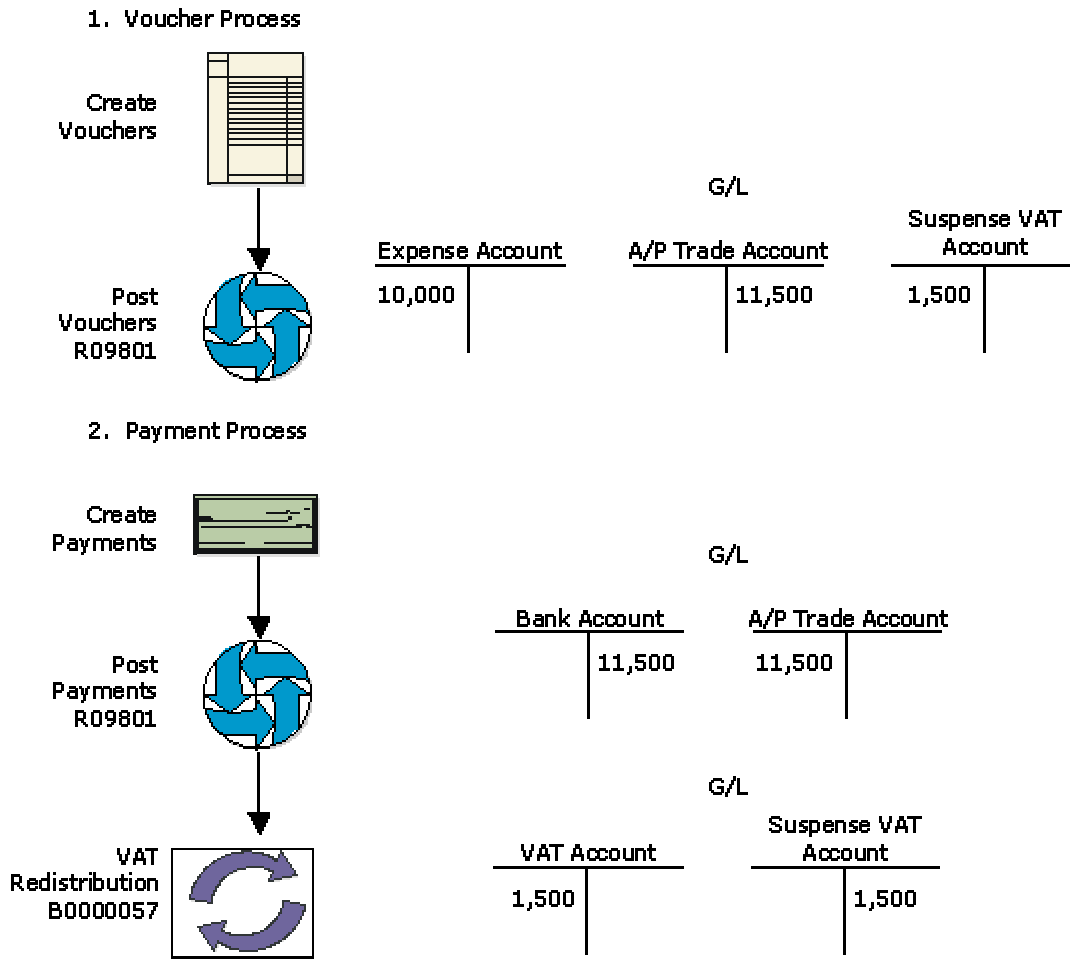
For OneWorld Xe only, the system preserves the tax information when vouchers are split through the Speed Release program (P0411S).

Vouchers split through automatic payments are not supported in any release.

# VAT Processing and the General Ledger

The following diagram illustrates the effect of the Mexican VAT process for vouchers on the General Ledger:

## Mexican VAT Process - Vouchers



### Input Tables

- Accounts Payable Ledger (F0411)
- Accounts Payable - Matching Document (F0413)
- Accounts Payable - Matching Document Detail (F0414)

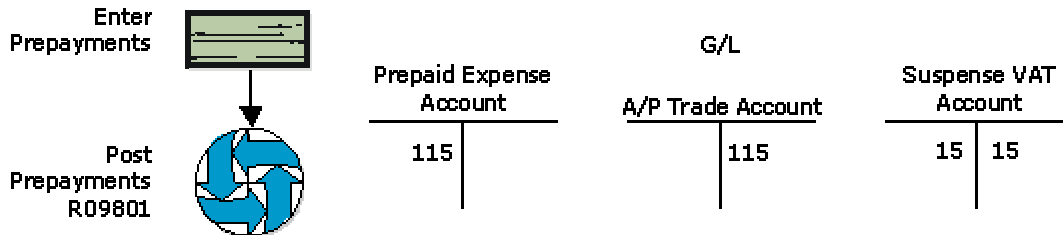
### Output Tables

- Account Ledger (F0911)
- Soft Rounding VAT Calculation (F76M411)
- F0414 - Payment Detail Tag File - Mexico (F76M0414)

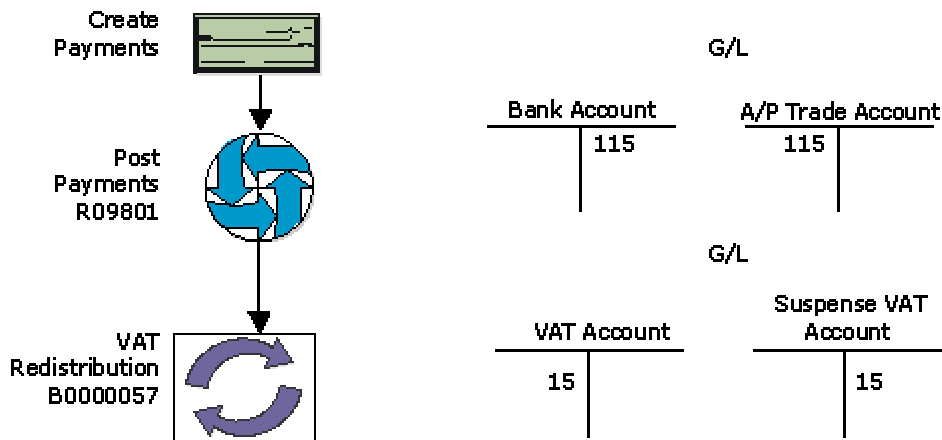
The following diagrams illustrate the effect of the Mexican VAT process for prepayments on the General Ledger:

### Mexican VAT Process - Prepayments

#### 1. Prepayment Process



#### 2. Payment Process



#### Input Tables

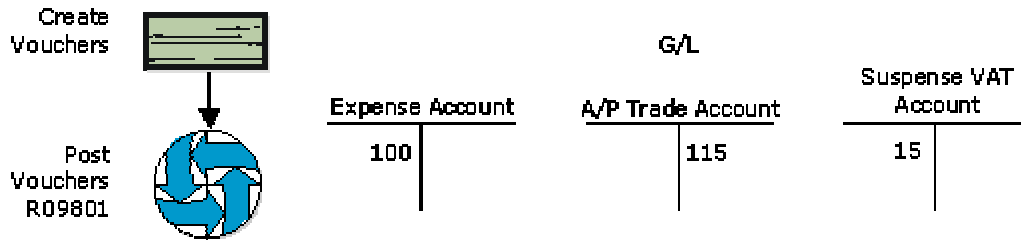
- Accounts Payable Ledger (F0411)

#### Output Tables

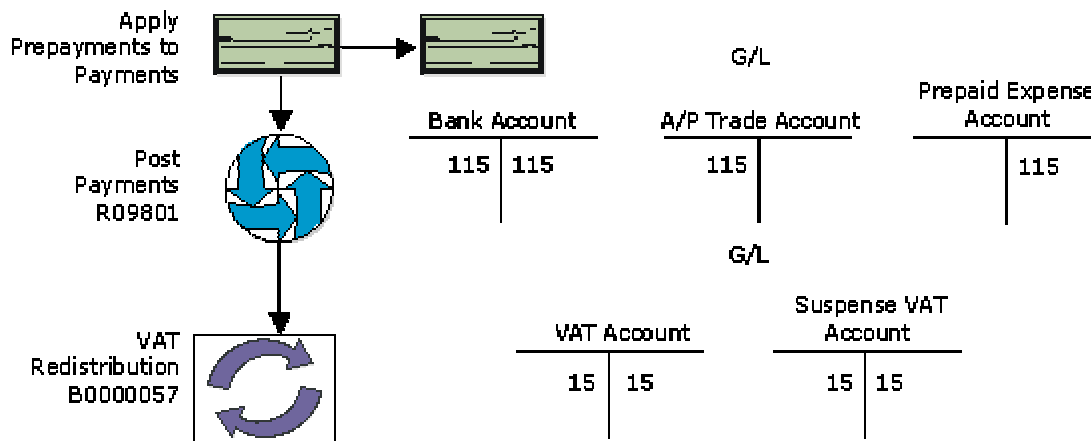
- Account Ledger (F0911)
- Soft Rounding VAT Calculation (F76M411)
- F0414 - Payment Detail Tag File - Mexico (F76M0414)

## Mexican VAT Process – Prepayments Continued

### 3. Voucher Process



### 4. Payment Process



#### Input Tables

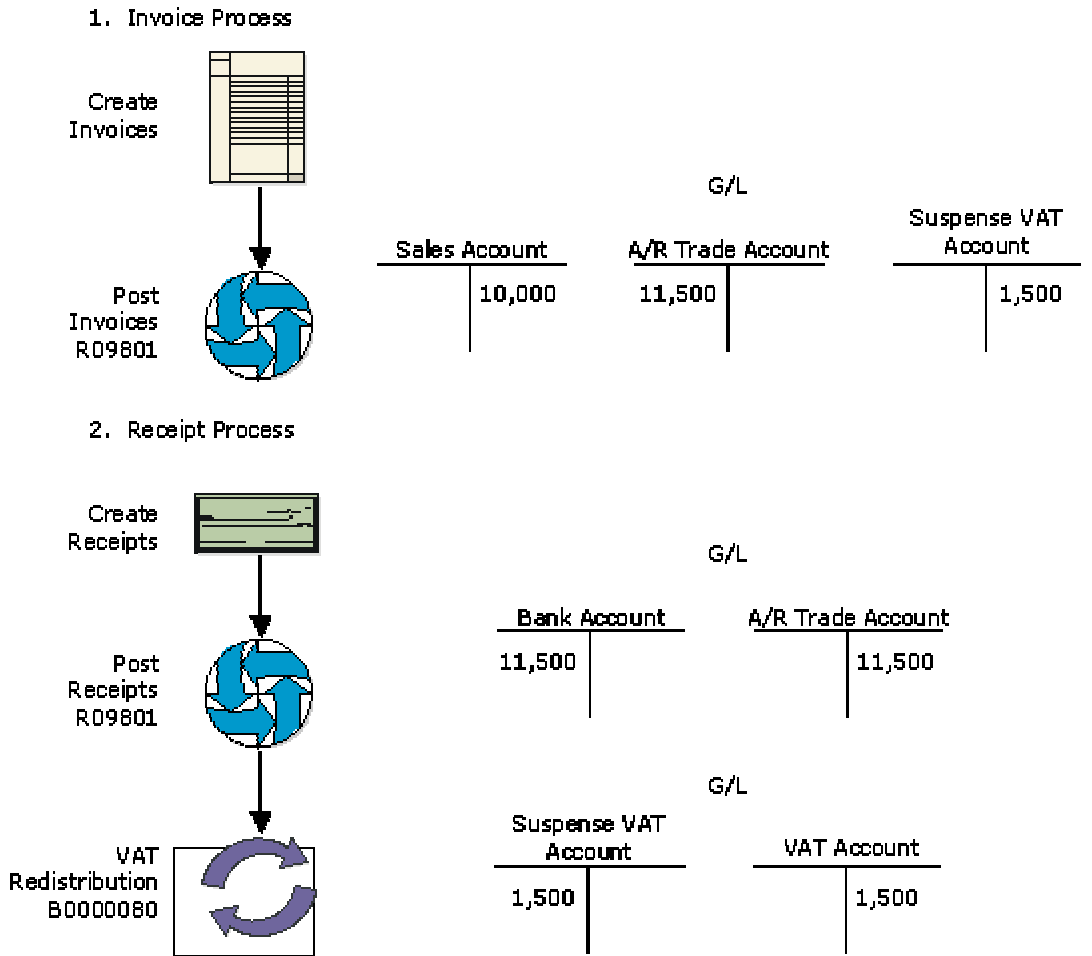
- Accounts Payable Ledger (F0411)
- Accounts Payable - Matching Document (F0413)
- Accounts Payable Matching Document Detail (F0414)

#### Output Tables

- Account Ledger (F0911)
- Soft Rounding VAT Calculation (F76M411)
- F0414 - Payment Detail Tag File - Mexico (F76M0414)

The following diagram illustrates the effect of the Mexican VAT process for invoices on the General Ledger:

### Mexican VAT Process - Invoices



**Input Tables**

- Customer Ledger (F03B11)
- A/R Check Detail File (F03B14)

**Output Tables**

- Account Ledger (F0911)
- AR Soft Rounding VAT - Mexico (F76M311)
- Receipt Detail Tag File - Mexico (F76M0314)

## Setting Up for VAT on Payments and Receipts

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You must complete the following setup before processing Mexican VAT transactions.

### Discounts and Write-Offs

Discounts (A/P and A/R) and Write-offs (A/R) proportionally decrease the amount of the suspense VAT during the post of the receipt or payment.

To calculate discounts and write-offs correctly, you must complete the following setup:

- Turn on the following options in the Tax Rules program (P0022) for both Accounts Payable and Accounts Receivable:
  - Tax on Gross Including Discount
  - Discount on Gross Including Tax
- Set the processing options on the Taxes tab for the General Ledger Post Report program (R09801) as follows:
  - Update Tax File = 3 (for all Tax Explanation Codes)
  - Adjust V.A.T. Account for Discount Taken = 2 (Update VAT, Ext. Price and Taxable)
  - Adjust V.A.T. Account for Receipt Adjustments and Write Offs = 2 (Update VAT, Ext. Price and Taxable)

### See Also

- *Setting Up Tax Rules* in the *Tax Reference Guide* for information about the Tax Rules program (P0022)

### G/L Date for Vouchers and Invoices

For Mexican VAT calculations, you must set the Service/Tax Date processing option on the following master business functions to use the G/L date:

- Voucher Entry MBF Processing Options (P0400047)
- Invoice Entry MBF Processing Options (P03B0011)

### Automatic Accounting Instructions

To post the tax amount that is calculated when posting vouchers and invoices to a Suspense VAT account, you must set up the following AAls to reference the Suspense VAT account:

- PTxxxx
- RTxxxx

The Suspense VAT account holds the tax amount until a payment or receipt is applied to the voucher or invoice, and the payment or receipt is posted.

You must set up the following AAls with the VAT account to reclassify the tax amount from the Suspense VAT account to the VAT account when the payments or receipts are posted:

- Plxxxx
- Rlxxxx

The suffix xxxx indicates the G/L offset code that is defined on the corresponding tax rate areas. Blank is a valid G/L offset code.

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**Note**

You can specify a unique VAT account in the processing options for the POs Redistribute A/P VAT – Mexico program (R76M1630) and the POs to Redistribute A/R VAT Accounts – Mexico program (R76M1010).

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**See Also**

- *Setting Up AAls for Taxes* in the *Tax Reference Guide* for information about setting up AAls

## **Processing Options for POs Redistribute A/P VAT – Mexico (R76M1630)**

### **Default Tab**

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#### **Enter an Account to Redistribute the VAT**

Use this processing option to specify the VAT account to which VAT amounts should be posted. If you leave this processing option blank, the system uses the account specified in the PI AAl.

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### **Versions Tab**

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#### **Enter the version to post General Journal.**

#### **Blank - Use ZJDE0001**

Use this processing option to specify the version of the General Ledger Post Report program (R09801) to use to post the new VAT batch. If you leave this processing option blank, the system uses version ZJDE0001.

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## **Processing Options for POs to Redistribute A/R VAT Accounts – Mexico (R76M1010)**

### **Default Tab**

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#### **1. VAT Account Number**

Use this processing option to specify the VAT account to which VAT amounts should be posted. If you leave this processing option blank, the system uses the account specified in the RI AAI.

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### **Versions Tab**

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#### **1. Post General Journal (R09801)**

##### **Blank - Use ZJDE0001**

Use this processing option to specify the version of the General Ledger Post Report program (R09801) to use to post the new VAT batch. If you leave this processing option blank, the system uses version ZJDE0001.

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## Reviewing Mexican VAT Transactions

You can inquire on the reclassification journal entries in the Account Ledger Inquiry program (P09200).

For Accounts Payable, you can inquire using the supplier invoice number or purchase order number in addition to the payment or prepayment number.

For Accounts Receivable, you can inquire using the invoice number within wildcard characters (for example, \*12345\*) in the Explanation field of the QBE line, as shown in the following example:

Account Ledger Inquiry - [Work With Account Ledger]

File Edit Preferences Form Row Report Window Help

Select Find Close Seg... New... Dis... Abo Links As-If... OLE... Internet

Account: 1.4433.MEX VAT Mexico 15%

Ledger Type 1: USD General Ledger From Date: 1/1/2003

Ledger Type 2: CA Foreign Currency Thru Date: 9/30/2003

Subledger/Type: \* Currency Code: \*

Posted  Unposted  All YTD: 931.31- Cumulative: 931.31-

Do Ty	Doc Number	Doc Co	G/L Date	Explanation	LT 1 Amount	LT 1 Debit	P C	LT2 PC
				*5287*				
JM	17	00001	9/9/2003	RI 5287 001	37.50-		P	
JM	19	00001	9/9/2003	RI 5287 001	37.50	37.50	P	
				Column Total		37.50		
				Ledger Total				
				Posted Total		37.50		
				Unposted Total				

Find records

### See Also

- *Reviewing Account Ledgers* in the *General Accounting Guide* for information about using the Account Ledger Inquiry program (P09200)

## **Error Handling**

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In some cases, the Mexican VAT process might be unable to reclassify the tax information successfully. If this situation happens, you can view the error in the Work Center.

If a fatal error occurs during VAT reclassification and no journal entries are generated, you must calculate the VAT amount to reclassify and enter the journal entry manually.

When the AAI does not exist or when an invalid account has been set up for the Mexican VAT process, the reclassification journal entry is generated with a blank account number. In this case, you must correct the account number on the journal entry and post the journal entry.